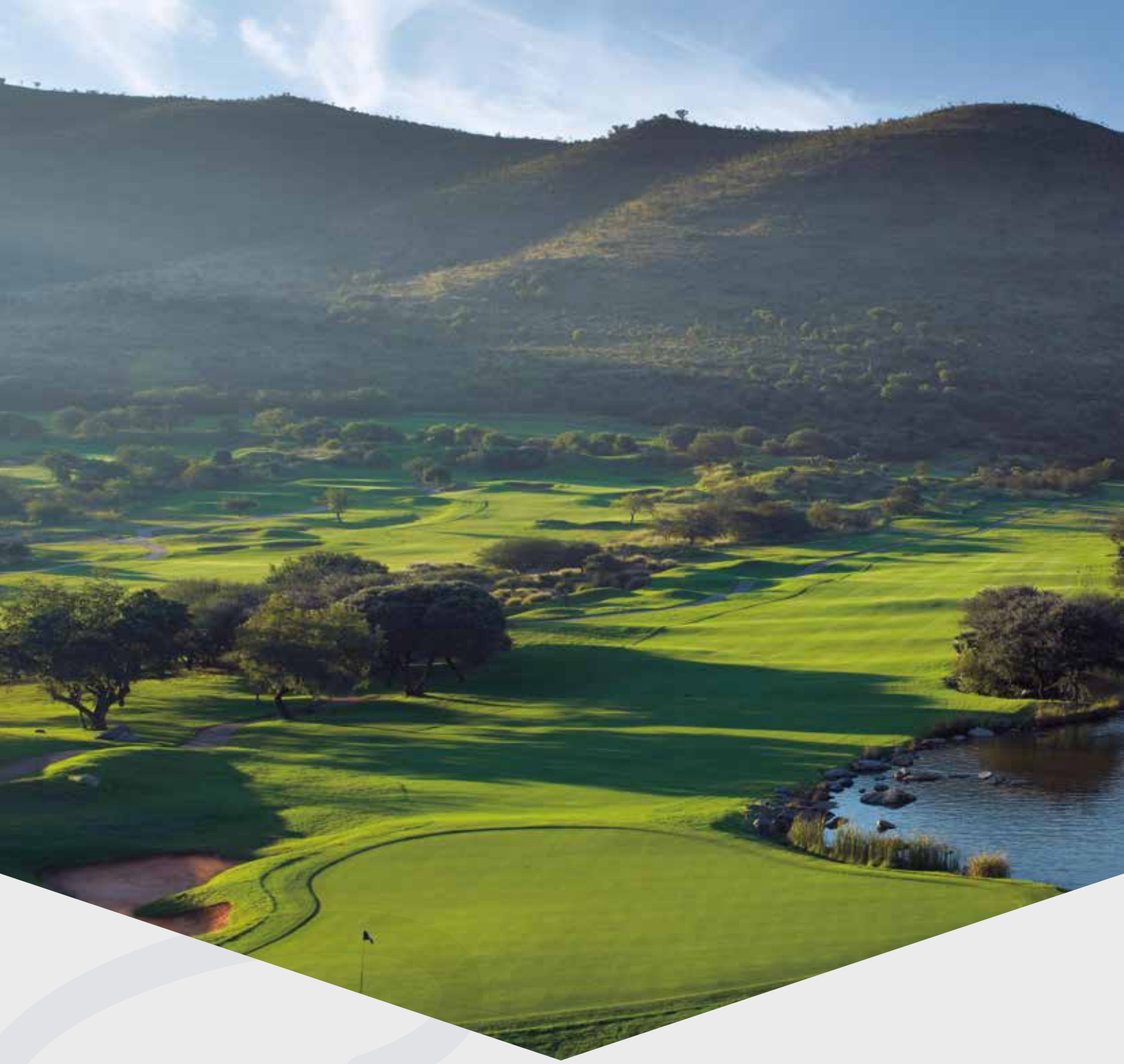

Sun International

2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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FRONT OF HOUSE

ABOUT THIS REPORT

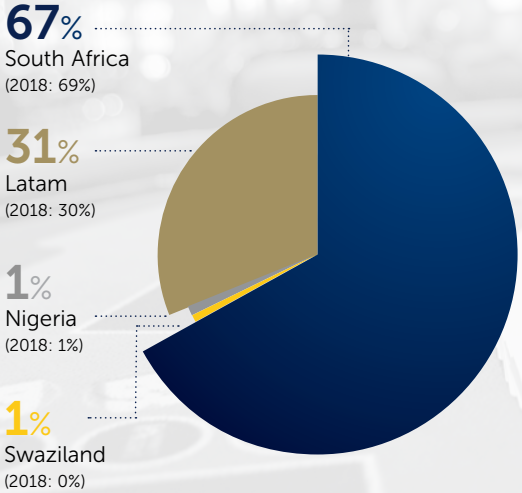
We are pleased to present Sun International Limited's (Sun International) 2019 environmental, social and governance report (ESG report) to our stakeholders.

Our inaugural ESG report covers the financial period 1 January 2019 to 31 December 2019 and focuses primarily on the group's sustainability and governance information.

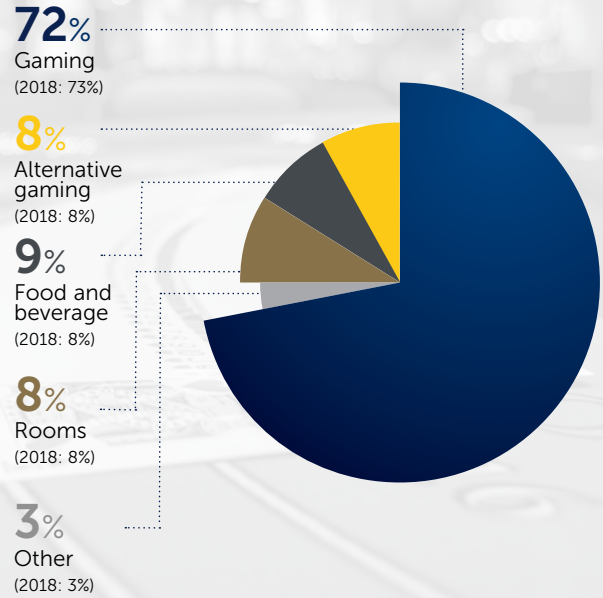
It is structured around our leadership reviews (front of house), business overview (deck of cards), our sustainability performance and outlook (game plan) and our governance transparency and accountability (rules of the game). Other suite of reports (all online) include the integrated annual report, group's annual financial statements and statutory information.

South Africa continues to contribute the majority of group revenue, followed by Latam and the rest of Africa. Gaming remains the group's primary revenue contributor.

Contribution to group revenue
Geographic



Revenue streams



About this report continued

REPORTING SUITES, REPORTING FRAMEWORKS AND ASSURANCE

The group's suite of reports is guided by various frameworks. This ESG report is guided by the Global Reporting Initiative (GRI) Standards, with certain information externally assured by IBIS ESG Assurance. The group also embraces the United Nations Sustainable Development Goals (SDGs), which encourage companies and individuals to take the necessary action to achieve the SDGs by 2030. Our integrated annual report is primarily guided by the International Integrated Reporting Council's (IIRC) recommendations for integrated reporting (the <IR> framework). It is also prepared in accordance with the JSE Limited Listings Requirements (JSE LR) and the South African Companies Act, 71 of 2008, as amended (Companies Act). Our annual financial statements (AFS) follow the International Financial Reporting Standards (IFRS) and are externally assured by PricewaterhouseCoopers Inc. Our statutory report is guided by the Companies Act, JSE LR and the King Code on Corporate Governance™ for South Africa 2016 (King IV™). A detailed register of our King IV™ application of governance principles is available online.

Suite of reports and reporting frameworks

For ease of stakeholder reference to specific information, we have included four separate online reports that follow various reporting frameworks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- ✓ IIRC <IR> framework
- ✓ Companies Act
- ✓ King IV™
- ✓ JSE LR
- ✓ SDGs
- ✓ GRI
- ✓ AA1000AS

INTEGRATED ANNUAL REPORT

- ✓ IIRC <IR> framework
- ✓ Companies Act
- ✓ King IV™
- ✓ JSE LR
- ✓ SDGs
- ✓ GRI

ANNUAL FINANCIAL STATEMENTS

- ✓ IFRS
- ✓ Companies Act
- ✓ JSE LR

STATUTORY REPORT

- ✓ Companies Act
- ✓ King IV™
- ✓ JSE LR

Combined assurance model

Sun International's combined assurance model provides comfort to stakeholders that our financial and non-financial information are verified. This model also enables an effective internal control environment and supports the integrity of information that management and the board use in decision-making.

About this report continued

REPORTING FOOTPRINT AND NAVIGATION

Having received positive feedback on our first online integrated report in 2018, Sun International continues to minimise its environmental footprint by only reporting online in 2019. As part of our ongoing improvement process, we have provided four suites of reports that combine related information for ease of reference. Our reporting design and report generator function improves the overall user experience and enables the reader to select sections of interest in a PDF format, which can be saved or printed if required. Our interactive icons, footnotes and links further add to the user-experience.

The icons below represent the various aspects relevant to the group's strategy, capitals, sustainability, stakeholders, SDGs and social media.

Strategic objectives

- Improve our existing operations and our guest experience
- Protect and leverage our existing asset portfolio
- Grow our business into new areas and products
- Governance and sustainability
- Our people

Capitals

- Financial
- Productive
- Human
- Intellectual
- Social and relationship
- Natural

Sustainability

- Environmental
- Health and safety
- Socio-economic development
- Enterprise and supplier development

Social media

- Youtube
- Twitter
- Facebook
- Instagram
- LinkedIn

Stakeholders

- Communities
- Customers and guests
- Employees
- Equity partners and debt funders
- Gambling boards
- Partners and suppliers
- Regulators and industry bodies

Sustainable Development Goals

STAKEHOLDER FEEDBACK

We welcome stakeholders' feedback on our reporting, particularly regarding our new suite of reports. Feedback can be sent to **investor.relations@suninternational.com or group.sustainability@suninternational.com**

LEADERSHIP MESSAGE

Sustainability is integral to the way we manage our business and drive our strategic culture, from ensuring our guests' and employees' health and safety to engaging with communities and protecting our environment.

We are pleased to present Sun International's inaugural environmental, social and governance (ESG) report to all stakeholders for the year ended 31 December 2019. While the group has always reported against our sustainability and governance progress, this is the first time we have consolidated relevant information into a suitable report format for ease of stakeholder reference.

Over and above the worldwide economic headwinds, geopolitical risk and social unrest facing corporates, the world is treading in unchartered territory with the recent coronavirus outbreak. Declared a global pandemic by the World Health Organisation, South Africa's State President, Cyril Ramaphosa declared a National State of Disaster on 15 March 2020 to combat the spread of this COVID-19 virus. In addition, on 23 March 2020 the President announced that South Africa will go into full lockdown for 21 days effective midnight 26 March 2020 until midnight 16 April 2020 to curb the spread of the coronavirus. As a responsible corporate citizen, Sun International supports the South African Government's directive to curb infection rates country-wide and have aligned our operations to be fully compliant with the Disaster Management Act and lockdown declaration. As such, our South African hotels and casinos were closed on 24 March 2020 and 25 March 2020 until the end of the lockdown period. Sun International were also proactive in mobilising our group to implement various initiatives aimed at safeguarding our hotel and casino patrons and other customers who visit our premises. These initiatives align with best practice and will ensure the ongoing health and safety of our stakeholders. Following instructions from the Chilean Superintendency of Gambling Casinos, our Chilean operations were closed from 18 March 2020. In accordance with relevant authorities our operations in Peru, Argentina, Colombia and Panama have closed and at this stage it is uncertain when they will be allowed to reopen. We encourage stakeholders to read our latest media updates at https://corporate.suninternational.com/media/ and, more importantly, to stay safe.

In these uncertain times it is important to remain true to our values and to focus on the positives. At Sun International we pride ourselves in the fact that our business practices remain underpinned by high ethical principles that are embraced by the board and embedded group-wide. Sun International's SunWay culture and employee value proposition continues to reinforce our group-wide values and ethics.

Despite the challenging economic environment, the group posted a solid set of results with total income of R17.2 billion up 4% on the comparative period. At year end debt levels reduced from R9.2 billion to R8.8 billion. Please refer to our annual financial statements in the payouts section for a comprehensive review of our financial results. Strategically the group made positive inroads to drive sustainable growth and profitability and unlock value in the business. Detailed strategic progress is available in the integrated annual report's game plan section.

Climate change is a growing concern world-wide. As testament to this The World Economic Forum's 2020 Global Risk Report's top five risks, in terms of likelihood and impact, are related to the natural environment. While Sun International recognises that our operations impact the natural environment, we respect the natural environment and are well positioned to play a positive role in minimising our environmental footprint. We are do this through various initiatives including zero-waste to landfill (ZWTL) where all units align with this ZWTL programme and individual units are at different stages of achieving this target. The group also noted a 6% reduction in electricity consumption and Sun International's ongoing water saving solutions also continue to yield consumption and cost savings.

"In these uncertain times it is important to remain true to our values and to focus on the positives. At Sun International we pride ourselves in the fact that our business practices remain underpinned by high ethical principles that are embraced by the board and embedded groupwide. Sun International's SunWay culture and employee value proposition continues to reinforce our group-wide values and ethics."

Leadership message continued

The health and safety of our customers and employees remains a priority and is essential to protect our reputation as a memorable destination of choice. Pleasingly we achieved our target of zero fatalities group-wide and we recorded a significant 63% reduction in lost-time injury frequency rates over a four-year period (2016 to 2019).

We appreciate that our operations impact on the communities where we operate and our goal is to create shared value by supporting communities through socio-economic development (SED), corporate social investment (CSI) and local enterprise and supplier development (E&SD) opportunities. During 2019, our South African operations invested R29 million in SED and CSI initiatives and R56.7 million in E&SD. It is also heartening to note how Sun International's employee volunteerism continues to assist communities through initiatives such as Mandela Day, where over two million meals have been packed by employee volunteers since 2017.

This is the second year of reporting our operational progress on how we endeavour to achieve the United Nations Sustainable Development Goals (SDGs). To amplify our impact on these goals, we conducted a detailed review and assessment of the 17 goals in 2019 and identified six goals that are most relevant to the group. Looking ahead we will focus on the six SDGs shown below. The social and ethics committee monitors progress against these SDGs, which is reported in our ESG and integrated annual reports.

As the group navigates its way through these uncertain times, we need to draw strength from each other and remain focused on the path ahead. To quote Nelson Mandela, "I learned that courage was not the absence of fear, but the triumph over it. The brave man is not he who does not feel afraid, but he who conquers that fear."

"We appreciate that our operations impact on the communities where we operate and our goal is to create shared value by supporting communities through socio-economic development (SED), corporate social investment (CSI) and local enterprise and supplier development (E&SD) opportunities."

I trust you will enjoy Sun International's ESG report and we look forward to your feedback.

JA MABUZA
Chairman

31 March 2020

AM LEEMING
Chief executive

31 March 2020

DECK OF CARDS

OUR VALUE CREATION STRATEGY

The achievement of our purpose and vision ensures value creation for all stakeholders. This is achieved through our business model, which is executed through our strategy, reinforced by our core values and underpinned by our governance and risk management.

OUR VISION

OUR PURPOSE

OUR VALUES

Differentiators

- Social and economic contributions
- Industry leaders in memorable events
- Pioneers in gaming
- Strong brand, proud legacy and iconic properties
- International Footprint

Our capital resources

- Financial Capital
- Productive Capital
- Social and relationship Capital
- Human Capital
- Intellectual Capital
- Natural Capital

FIVE STRATEGIC OBJECTIVES

- Improve our existing operations and our guest experience
- Protect and leverage our existing asset portfolio
- Grow our business into new areas and products
- Our people
- Governance and sustainability

MATERIAL MATTERS

RISKS

To achieve our strategy, we have identified five strategic objectives, that are reviewed and updated when necessary. These strategic objectives address the material issues, risks and opportunities the group faces over the short, medium and long-term, as well as key stakeholder concerns and strategic growth aspirations. We use our six capitals in a balanced manner to attain our strategic objectives while simultaneously ensuring capital trade-offs are sustainable.

As a group we also embrace the United Nations Sustainable Development Goals (SDGs) and previously reported on the contributions we made to all 17 SDGs. In an attempt to increase the impact we have on the SDGs, we recently assessed which SDGs are most relevant and can be impacted on the most by the group. Sun International identified and approved six SDGs that will be a priority for the group going forward. The six SDGs are depicted below and align with the group's strategy. Progress against these SDGs is detailed in the **governance and sustainability** section.

KEY STAKEHOLDERS

- Employees
- Gambling boards
- Communities
- Customers and guests
- Equity partners and debt funders
- Partners and suppliers
- Regulators and industry bodies

Our value creation strategy continued

OUR PURPOSE

To create great memories for our guests, people and stakeholders

OUR VISION

To be an internationally recognised and respected gaming and hospitality group that provides memorable experiences for our guests, offers rewarding employment for our people, delivers returns for our shareholders and creates value for the communities in which we operate

OUR VALUES

Our values represent our unwavering commitment to behaving in a consistent, positive manner every day, in everything we do.

TEAMWORK
We treat each other with respect and work together to create great memorable experiences for all our stakeholders

CUSTOMERS FIRST
Our customer is at the heart of all we do and we exceed their expectations every time

PASSION
We inspire each other with our positive attitude and energy as we strive to be the best

PROFESSIONALISM
We use our skills and competence to provide the highest standard of work and ethical conduct at all times

RISKS

1. Smoking legislation (South Africa and Latam)
2. Weak economic conditions
3. Erosion of market share due to Electronic Bingo Terminal (EBTs) and Limited Pay-out Machines (LPMs) in catchment areas
4. Increase in gaming taxes and levies
5. Non-renewal or significant cost of SCJ licences renewal
6. Increased demands from stakeholders (communities and local suppliers)
7. Loss of GrandWest Casino licence exclusivity
8. Ongoing changes in licence conditions
9. Civil protests and riots
10. Illegal gambling (South Africa and Latam)

MATERIAL MATTERS AND RELATED RISKS

Managing our way through tough economic times
2 9 10

Managing our complex regulatory environment
1 3 4 7 8 10

Capital allocation
2

Managing relations with our key stakeholders
6 9

Improving operating and natural resource efficiencies
2

Retaining our operating licences
4 5 7 8

Customer attraction and retention
1 2

Our value creation strategy continued

STRATEGIC OBJECTIVES

IMPROVE OUR EXISTING OPERATIONS AND OUR GUEST EXPERIENCE

The environment we operate in is constantly changing. We therefore frequently review how our business is structured and how we operate to maximise the value we create and improve our guest experience. This ensures that Sun International remains a destination of choice for our existing and new guests

Stakeholder impacted
Customers and guests
Employees

PROTECT AND LEVERAGE OUR EXISTING ASSET PORTFOLIO

Our diverse portfolio of assets includes world-class hotels, modern and well-located casinos and some of the world's iconic resorts. We regularly evaluate our portfolio to identify those properties that can be better leveraged, those that need protection and those that may no longer be core to our strategy

Stakeholder impacted
Equity partners, shareholder and debt funders
Customers and guests

GROW OUR BUSINESS INTO NEW AREAS AND PRODUCTS

We monitor organic and acquisitive growth opportunities on an ongoing basis. Additionally, the alternative gaming market also offers growth opportunities as it continues to grow

Stakeholder impacted
Equity partners, shareholder and debt funders
Gambling boards
Customers and guests

OUR PEOPLE

Our people enable the group to achieve its strategic objectives. Given the highly regulated and service-orientated industry in which we operate, our people's motivation and competence to perform and provide a memorable guest experience are key determinants of the group's ongoing success and sustainability

Stakeholder impacted
Employees
Customers and guests

GOVERNANCE AND SUSTAINABILITY

Our group is a responsible corporate citizen that has developed a credible track record that underpins our reputation. Governance and sustainability are fundamental to Sun International's operations and are interwoven into our strategy and decision-making process, from board level to our operations

Stakeholder impacted
Regulators and industry bodies
Communities
Partners and suppliers

Our value creation strategy continued

KEY STAKEHOLDERS

EMPLOYEES

Employees are the heart of our business. They are the primary interface with our guests and the custodians of the memorable experience we strive to offer our guests.

GAMBLING BOARDS

Gaming boards provide our legal licence to operate and guide the group on how best to create shared value for the communities where we operate. They also provide oversight on the gaming industry to ensure a fair and responsible industry.

COMMUNITIES

Communities form an integral part of our operating environment as they provide our social licence to operate. It is imperative to create shared value for these communities to sustain our operations.

CUSTOMERS AND GUESTS

Our livelihood depends on our guests, as they have a direct impact on our financial sustainability. We constantly need to innovate and create memorable experiences to remain relevant and attract and retain our guests.

EQUITY PARTNERS SHAREHOLDERS AND DEBT FUNDERS

Equity partners, shareholders and debt funders provide us with the financial resources to deliver on our strategic objectives and create shareholder value.

PARTNERS AND SUPPLIERS

Partners provide support to ensure that we do not operate in isolation, thereby minimising the potential value creation. Suppliers provide the necessary supplies, services and systems to enable the group to carry out its business activities and improve the overall guest experience.

REGULATORS AND INDUSTRY BODIES

Regulators provide the guidance within which we are required to operate, and industry bodies provide a platform to influence policy and legislation. This continues to create value for all stakeholders within the confines of the law.

OUR CAPITAL RESOURCES

Financial Capital

Our source of funds includes debt and equity which we use for business operations including running costs, property refurbishments and maintenance and strategic acquisitions.

Productive Capital

Our unique properties form the bricks and mortar where our business activities are carried out to ensure we offer our guests an unforgettable experience. Our unused land also creates opportunities for development.

Social and relationship Capital

Our guests, shareholders, employees, communities, gambling boards, government and regulators are key stakeholders and we actively engage and manage these stakeholder relationships to promote a shared value proposition.

Human Capital

Our people are the primary interface with our guests and the custodians of the memorable experience we strive to offer our guests.

Intellectual Capital

Our intellectual capital includes our gaming licences, brand and know-how, which provides our licence to operate and cultivates a wealth of management expertise and innovative IT.

Natural Capital

Our business activities depend on natural resources, particularly water and energy. Some of our properties are in pristine environments rich in biodiversity which we protect and preserve.

GLOBAL PRESENCE AND GROUP STRUCTURE

Sun International is an international hotel, casino and entertainment company that has a global presence in eight countries. It owns and operates properties in South Africa, Nigeria, Swaziland and Latin America – including Argentina, Chile, Colombia, Panama and Peru. Our focus is to grow our existing asset portfolio in South Africa and Latin America and exit operations in Nigeria and Swaziland. Casino operations, including alternative gaming, contributes the largest share of group revenue at R13.8 billion (80%) with hospitality contributing R2.9 billion (17%).

GROUP

Sun International's group structure remained largely unchanged except for certain strategic transactions that increased our stake in Sibaya to 87.2%. We also concluded agreements to increase our interest in SunSlots to 100%.

27 GAMING LICENCES (2018: 27)

4 398 ROOMS (2018: 4 454)

19 369 SLOTS (2018: 19 869)

4 328 LPMs (2018: 4 040)

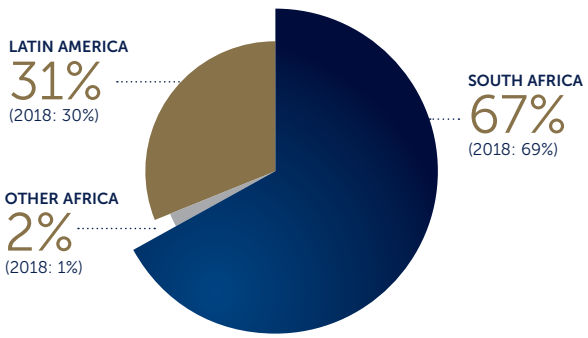
769 TABLES (2018: 775)

14 706 EMPLOYEES (2018: 14 632)

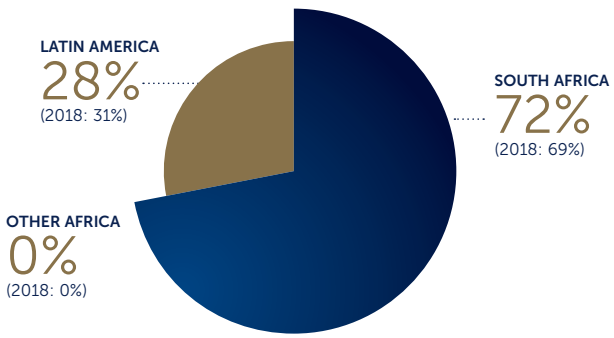
384 VACATION CLUB UNITS (2018: 384)

GROUP CONTRIBUTION (%)

REVENUE

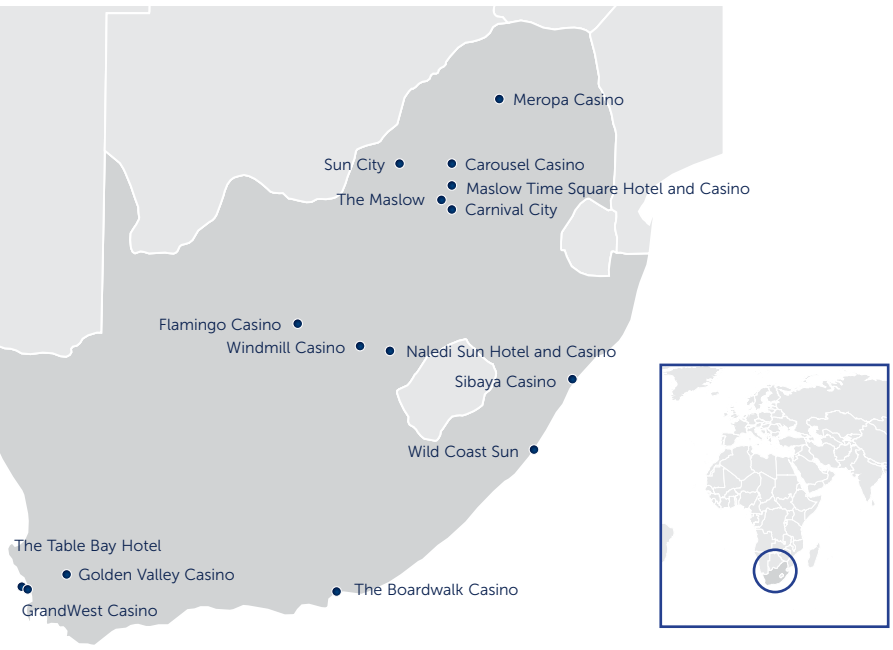


EBITDAR



Global presence and group structure continued

SOUTH AFRICA



13
GAMING LICENCES
(2018: 13)

3 182
ROOMS
(2018: 3 238)

10 819
SLOTS
(2018: 11 275)

4 328
LPMs
(2018: 4 040)

379
TABLES
(2018: 388)

384
VACATION CLUB UNITS
(2018: 384)

9 340
EMPLOYEES
(2018: 9 001)

SUSTAINABILITY

4 510 042
WATER CONSUMPTION kl
(2018: 4 515 725)

231 403 213
ENERGY CONSUMPTION kWh
(2018: 249 911 965)

7 495 585
WASTE kg
(2018: 6 863 382)

0.99
LOST TIME INJURY FREQUENCY RATE
(2018: 0.96)

25 449 873
SED SPEND (RAND)
(2018: 23 673 966)

1
B-BBEE LEVEL
(2018: 1)

Global presence and group structure continued

SOUTH AFRICA continued

PROPERTY	Economic interest (%)[1]	Slots	Tables	Rooms	Employees
GAUTENG					
Carnival	91	1 400	47	105	733
Maslow	100	–	–	281	241
Time Square	82	1 736	61	238	970
WESTERN CAPE					
GrandWest	62	2 563	75	39	1 116
Table Bay	62	–	–	329	383
Worcester	61	227	6	98	209
KWAZULU-NATAL					
Sibaya	87	1 244	48	154	763
LIMPOPO					
Meropa	68	400	17	60	279
NORTH WEST					
Sun City	100	700	51	1 312	2 241
Carousel	100	400	–	–	67
NORTHERN CAPE					
Flamingo	71	300	10	–	173
EASTERN CAPE					
Boardwalk	82	798	27	140	508
Wild Coast Sun	50	550	19	396	514
FREE STATE					
Windmill	70	401	18	–	239
Naledi Sun	100	100	–	30	46
ALTERNATIVE GAMING					
SunSlots	70	4 328	–	–	245
SunBet	100	–	–	–	39
MANAGEMENT					
Sun International Management	100	–	–	–	474
TOTAL SUN INTERNATIONAL MANAGEMENT		**15 147**	**379**	**3 182**	**9 340**

1 Economic interest excludes the interest held by the Sun International Employee Share Trust (SIEST).

Global presence and group structure continued

OTHER AFRICA

SWAZILAND

1 GAMING LICENCES (2018: 1)

51% ECONOMIC INTEREST[1] (2018: 51%)

351 ROOMS (2018: 351)

158 SLOTS (2018: 158)

13 TABLES (2018: 13)

193 EMPLOYEES (2018: 203)

1 Economic interest excludes the interest held by the Sun International Employee Share Trust (SIEST).

NIGERIA

1 GAMING LICENCE (2018: 1)

146 ROOMS (2018: 146)

100 SLOTS (2018: 100)

5 TABLES (2018: 5)

357 EMPLOYEES (2018: 340)

Global presence and group structure continued

LATIN AMERICA

12
GAMING LICENCES
(2018: 12)

372
TABLES
(2018: 369)

8 292
SLOTS
(2018: 8 336)

719
ROOMS
(2018: 719)

4 816
EMPLOYEES
(2018: 5 088)

SUSTAINABILITY

445 264
WATER CONSUMPTION kl
(2018: 470 991)

60 365 859
ENERGY CONSUMPTION kWh
(2018: 59 538 684)

5 256 251
WASTE kg
(2018: 2 320 000)

4.56
LOST TIME INJURY FREQUENCY RATE
(2018: 3.47)

Global presence and group structure continued

LATIN AMERICA continued

PROPERTY	Economic interest (%)[1]	Slots	Tables	Rooms	Employees
ARGENTINA					
Park Hyatt Hotel & Casino	64	790	25	186	572
CHILE					
Monticello	64	1 998	80	155	1 502
Iquique	64	664	22	–	170
Temuco	64	691	36	96	357
Valdivia	64	444	22	104	268
Puerto Varas	64	461	36	50	286
Coyhaique	64	212	11	40	148
Punta Arenas	64	506	20	88	347
COLOMBIA					
Plazuela, Bocagrande	64	246	12	–	49
PANAMA					
Ocean Sun Casino	64	384	20	–	173
PERU					
New York	64	443	17	–	286
Eden	64	186	6	–	63
Kingdom	64	154	7	–	61
Pachanga	64	256	8	–	102
Thunderbird Resorts	64	857	50	–	440

1 Economic interest excludes the interest held by the Sun International Employee Share Trust (SIEST).

OUR BUSINESS MODEL

Our capital inputs

We use the six capital resources interchangeably and appreciate that there are trade-offs between them. These trade-offs are carefully considered to preserve shareholder value.

Human
- **14 706** Employees
- Board

Intellectual
- **27** Gaming licences
- Respected brand and reputation
- IT systems

Productive
- Properties across **8 countries**

Social and relationship
- **Stakeholders** – partners, guests, customers, communities and employees

Financial
- Debt
- Equity

Natural
- **Resources** – energy and water
- Fauna and flora at our pristine properties

Business activities and outputs

Our business activities draw on the various capital resource inputs and convert these into our activities and outputs – gaming and hospitality which are supported by various central service functions. Our activities and outputs allow us to measure and monitor progress against the group's strategic objectives and create stakeholder value. We leverage our core assets, unused land, past experiences, strategic partnerships and management skills to capitalise on growth opportunities and create memorable guest experiences.

Gaming

Our gaming licences are the most critical enabler allowing us to operate and fulfil our purpose and vision. We continuously review and evaluate our licence conditions to ensure we fully comply and maintain our licence to operate.

- > Tables
- > Slots
- > Alternative gaming such as LPMs
- > Online sports betting

Hospitality

Our unique hotels and resorts, their pristine location and superior offerings are some of our key differentiating factors that keep our guests choosing Sun International as a destination of choice. The group's food and beverage offering provides something for all food lovers. Most of our properties have the facilities and infrastructure to host world-class events and conferences, which drives footfall at properties and creates memorable experiences.

- > Hotels and resorts
- > Food and beverage
- > Events and conferencing
- > Property development and refurbishments

Business support

This division leads innovation, technology and administrative services for business operations to enable optimal use of digitalisation, technology and business processes in achieving our strategic objectives.

- > Innovation
- > Technology
- > Administrative services

Central services

These support services include finance, IT, HR, marketing and legal and corporate services that are critical to providing sound financial business models, achieving efficiencies across the group, building relationships with key internal and external stakeholders and providing governance in areas aligned to legislation and regulations.

- > HR
- > IT
- > Marketing
- > Finance, legal and corporate services
- > Sustainability

OPERATING ENVIRONMENT/ GAMECHANGERS
- Regulation
- Industry and gaming bodies
- IT advancements
- Society

DIFFERENTIATORS
- Strong brand and proud legacy
- Gaming pioneers in South Africa
- Unique iconic properties
- Significant economic contributor
- Geographic diversification

PILLARS/FOUNDATION
- Corporate governance
- Risk management
- Sustainable business practices

STAKEHOLDER ENGAGEMENT

Sun International actively engages with our key stakeholders in a transparent manner. We encourage all shareholders to provide constructive feedback and to voice legitimate concerns, comments and suggestions through our various communication channels. This engagement process ensures we continue to add value for our key stakeholders.

STAKEHOLDER ENGAGEMENT APPROACH

Every aspect of our business interacts with stakeholders, and our relationships with them impact directly and indirectly on our business and its reputation. Our reputation, or social and relationship capital, has a direct impact on our financial capital, as it influences whether consumers decide to become our guests; whether suppliers want to be vendors; whether employees want to work for us; and whether government believes that we comply with regulations; give back to communities and drive economic development.

Achieving our five strategic objectives depends on our ability to engage with and respond to our stakeholders. Our various methods of engagement include face-to-face interactions, formal and informal communication platforms, results presentations, reports and our annual general meetings. We also engage through our marketing campaigns, advertising, electronic media, newsletters and roadshows. We regularly conduct surveys among our guests and employees with the aim of continually improving service delivery, guest experience and employee satisfaction. We obtain positive and constructive feedback and respond to it appropriately.

ENGAGEMENT PROCESS

Through the group's stakeholder engagement process, we annually assess our stakeholder universe based on their influence on the group, and the group's impact on stakeholders. We identify any material concerns and opportunities that may exist, and purposefully engage to resolve and build on these matters and develop a better understanding of our stakeholders' needs. The risk and social and ethics committees provide oversight of the group's stakeholder engagement and are responsible for keeping the board abreast of material matters arising.

Focused engagement within the communities in which we operate is particularly important, as most of our properties are situated within or close to surrounding communities. Cultivating relationships with stakeholders such as community leaders, NGOs, NPOs and PBOs ensures that Sun International offers shared value and sustainable SED opportunities. During 2019, communities (particularly in the North West and Eastern Cape) raised concerns around the lack of local procurement opportunities which, in return, create job opportunities and provide socio-economic upliftment in these communities.

The group's community engagement methodology ensures that all engagement and interventions are aligned with the group's sustainable business strategy and, more broadly, with provincial and national growth and development plans. This engagement methodology involves the identification and classification of our relevant communities and stakeholders. This is followed by assessing various social aspects related to the wellbeing of these communities, as well as identifying the collective needs of these communities. Based on these assessments, possible interventions are identified and discussed with the affected stakeholders. It is anticipated that the engagement methodology will continue to be rolled out to all South African units in 2020.

Stakeholder engagement continued

2019 STAKEHOLDER ENGAGEMENT

COMMUNITIES

Communities form an integral part of our operating environment as they provide our social licence to operate. It is imperative to create shared value for these communities to sustain our operations

VALUE ADD

- Empowering/uplifting communities
- SED spend R25.4 million
- 25 SED projects that included sustainability elements
- CSI spend R3.6 million

KEY STAKEHOLDER CONCERNS

- Limited procurement opportunities in the local and regional communities
- Perception of community upliftment
- Limited job opportunities
- Ageing infrastructure and no shared value

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- SED specialist and unit SED practitioners proactively engage with communities on pertinent issues
- Financial investment in SED and CSI initiatives across our focus areas
- Increasing local supplier procurement and development in most of our communities
- Introducing a formal business development support initiative
- Implementing a community engagement strategy to improve dialogue over community concerns

CUSTOMERS AND GUESTS

Our livelihood depends on our customers and guests, as they have a direct impact on our financial sustainability. We constantly need to innovate and create memorable experiences to remain relevant and attract and retain our customers and guests

VALUE ADD

- Creating lasting memories
- Active MVG customers base increased by 5.2%
- Achieved a customer satisfaction target rating of 80% at most properties

KEY STAKEHOLDER CONCERNS

- Customer segmentation
- Customer service
- Perception of value
- Discretionary spending under pressure
- Inconsistent and conflicting customer communication

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Ongoing learning and development programmes for employees to improve skills and customer service
- Ongoing customer surveys
- Proactively managing customer feedback
- Enhanced business analytics to improve customer segmentation
- Ongoing property upgrades and refurbishments
- Improving brand and marketing campaigns
- Continually enhancing the MVG (most valued guest) offerings
- Continue to improve direct communication with MVGs

EMPLOYEES

Employees are the heart of our business. They are the primary interface with our guests and the custodians of the memorable experience we strive to offer our guests

VALUE ADD

- Rewarding employees – salaries, bonuses and incentives
- Training spend R116 million
- Employee remuneration R3.6 million

KEY STAKEHOLDER CONCERNS

- Fair remuneration and recognition
- Learning and development
- Talent and performance management
- Succession planning
- Transformation
- Restructuring

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Robust SunWay culture programme and employee value proposition
- Ensuring compliance with the tenets of 'equal pay for work of equal value' through our South African operations
- Ongoing learnings and development initiatives
- Annual performance reviews
- Employee satisfaction surveys to determine overall employee satisfaction
- Robust employment equity plan in place to track transformation progress
- Best practice employment policies, standards and procedures in place
- Increased staff wellness initiatives and programmes
- Code of ethics, ethics officer and ethics hotline in place

Stakeholder engagement continued

2019 STAKEHOLDER ENGAGEMENT

EQUITY PARTNERS, SHAREHOLDERS AND DEBT FUNDERS

Equity partners, shareholders and debt funders provide us with the financial resources to deliver on our strategic objectives and create shareholder value

VALUE ADD

- Reducing debt levels
- Continue to invest R1.1 billion in property maintenance and refurbishments

KEY STAKEHOLDER CONCERNS

- Underperformance of strategic investments
- Capital allocation
- High debt levels
- Meeting debt covenants
- Gap between valuation and the group's share price
- Creating shareholder value through dividend distributions

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Direct engagement with executives at annual and interim reporting and investor presentations
- Debt strategy communicated to investors through presentations, direct engagement, roadshows and annual and interim reporting
- Increased focus on operational and resource efficiencies

GAMBLING BOARDS

Gaming boards provide our legal licence to operate and guide the group on how best to create shared value for the communities where we operate. They also provide oversight on the gaming industry to ensure a fair and responsible industry

VALUE ADD

- Supporting the local and national economy
- Levies paid R18.7 million
- Uplifting communities through ongoing SED and CSI commitments

KEY STAKEHOLDER CONCERNS

- Electronic Bingo Terminal (EBTs) licencing
- Licence conditions change requests
- Increase in gaming taxes in South Africa and Peru

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Executives, together with group compliance continue to build relationships with all provincial gaming boards through regular interaction
- Ongoing feedback to gaming boards on licence conditions
- Internal and external compliance audits

PARTNERS AND SUPPLIERS

Partners provide support to ensure that we do not operate in isolation, thereby minimising the potential value creation. Suppliers provide the necessary supplies, services and systems to enable the group to carry out its business activities and improve the overall guest experience

VALUE ADD

- Providing local business opportunities
- Enterprise development spend R12.3 million
- Supplier development spend R44.4 million
- Supported 15 beneficiaries through our business development support programme

KEY STAKEHOLDER CONCERNS

- Negative perceptions around the process of registering as a supplier
- Lack of visibility of sourcing opportunities when tenders are being issued

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Improved the procurement system to control fronting and support B-BBEE initiatives
- Maintained our level 1 B-BBEE rating
- A procurement tender notice board in place to inform all suppliers of new requests for proposals (RFPs)
- Supplier conferences and open days hosted to improve local procurement

REGULATORS AND INDUSTRY BODIES

Regulators provide the guidance within which we are required to operate, and industry bodies provide a platform to influence policy and legislation. This continues to create value for all stakeholders within the confines of the law

VALUE ADD

- Zero fines
- Maintaining reputation of being a responsible corporate citizen
- Trained 2 651 employees on health and safety aspects
- Internal SHE compliance audits conducted on all local units

KEY STAKEHOLDER CONCERNS

- Compliance with relevant legislation e.g. B-BBEE, labour, health, smoking and carbon tax

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Ongoing engagements with regulators and industry bodies
- Continuous monitoring of changes to legislation directly impacting the group
- Submissions to regulators on proposed legislation
- Ongoing lobbying through industry body CASA
- Internal and external compliance audits on all legislative aspects of sustainability, namely environment, health and safety and socio-economic development
- SHE training and compliance cross unit audits conducted at all local operations

GAME PLAN

STRATEGIC OBJECTIVES

The information contained in our game plan section expands on the chief executive's review according to each of the five strategic objectives. Sun International's five strategic objectives are the foundation of how we operate our business as well as identify and manage risks and opportunities, based on our material issues.

Given the importance of our guests to the group, the first strategic objective has been divided into two focus areas, namely 'Improve our guest experience' and 'Efficiency and optimisation of our processes' to distinguish our progress on and priorities for guests through process and system improvements. Our governance and sustainability strategic objective focus is primarily on the group's sustainability information, while the detailed governance section is included under the rules of the game section. The group's performance is measured against these five strategic objectives and enables shareholder value creation.

STRATEGIC OBJECTIVES

Improve our existing operations and our guest experience

The environment we operate in is constantly changing. We therefore frequently review how our business is structured and how we operate to maximise the value we create and improve our guest experience. This ensures that Sun International remains a destination of choice for our existing and new guests

Protect and leverage our existing asset portfolio

Our diverse portfolio of assets includes world-class hotels, modern and well-located casinos and some of the world's iconic resorts. We regularly evaluate our portfolio to identify those properties that can be better leveraged, those that need protection and those that may no longer be core to our strategy

Grow our business into new areas and products

We monitor organic and acquisitive growth opportunities on an ongoing basis. Additionally, the alternative gaming market also offers growth opportunities as it continues to grow

Our people

Our people enable the group to achieve its strategic objectives. Given the highly regulated and service-orientated industry in which we operate, our people's motivation and competence to perform and provide a memorable guest experience are key determinants of the group's ongoing success and sustainability

Governance and sustainability

Our group is a responsible corporate citizen that has developed a credible track record that underpins our reputation. Governance and sustainability are fundamental to Sun International's operations and are interwoven into our strategy and decision-making process, from board level to our operations

This ESG report focuses mainly on our people, governance and sustainability. For more information on our other strategic objectives review our online report or our IAR report.

STRATEGIC OBJECTIVES

GOVERNANCE AND SUSTAINABILITY

Our sustainability strategy and commitments ensure Sun International maintains its operational and social licence to operate. Doing business sustainably is a competitive business necessity. When we integrate our business decisions and operate in line with our strategy, we create long-term shared value and ultimately create lasting memories for our guests, employees and other stakeholders.

Governance and sustainability are fundamental to Sun International's operations and are interwoven into our strategy and decision-making process, from board to operations. We remain committed to being a responsible corporate citizen.

The group's governance is comprehensively covered under the 'rules of the game' section in this report. The narrative that follows focuses on the group's sustainability strategy and performance for the year under review, including the environment, health and safety, socio-economic development (SED), enterprise and supplier development (E&SD) and group's broad based black economic empowerment (B-BBEE).

IMPACTS

Launched the group's **first sustainability manual** at our local operations

Implemented 25 SED projects that incorporated either environmental or health and safety or both aspects, which increased the sustainable impact on our SED initiatives

Launched our **first** internal **online sustainability e-learning programme** for employees

Launched and maintained our **new safety, health and environment (SHE) management system** that is aligned with ISO 14001:2015 and ISO 45001:2018

Maintained our **Level 1 B-BBEE** for the third year in a row

Closed out 60% of all sustainability cross-unit **audit findings**

Developed and implemented a **formal internal sustainability communication strategy** at all local operations

Governance and sustainability continued

FOCUS AREAS IN 2019

Self-assessment: ACHIEVED/ GOOD PROGRESS | IN PROGRESS | LIMITED PROGRESS

Launching and implementing Sun International's sustainability manual (locally and internationally)

WHAT WE ACHIEVED

Launched and implemented the manual at all local operations. Our Latam operations' implementation depends on their specific sustainability requirements

Identifying integrated SED projects that incorporate social, environmental and health and safety initiatives

WHAT WE ACHIEVED

Identified and implemented 25 SED projects that incorporated either an element of environmental and/or health and safety initiatives

Implementing and maintaining our new safety, health and environment (SHE) management system based on ISO 14001:2015 and ISO 45001:2018

WHAT WE ACHIEVED

Launched our new integrated SHE management system

Launching our internal sustainability SharePoint site

WHAT WE ACHIEVED

Launched the sustainability SharePoint site that has enhanced our reporting processes, standardised communication and improved overall efficiencies

Implementing our sustainability culture programme, including our e-learning and behavioural change programmes

WHAT WE ACHIEVED

Continued with our monthly awareness and culture change initiatives and launched our first internal online e-learning programme for all employees

Achieving our sustainability (SHE and SED) group targets

WHAT WE ACHIEVED

Achieved most of our sustainability group targets

Increasing internal and external communication around Sun International's sustainability strategy

WHAT WE ACHIEVED

Released our sustainability manual, conducted various internal and external presentations and continued with monthly internal awareness campaigns

Aligning our Latam and African operations with the new group sustainability strategy

WHAT WE ACHIEVED

The group sustainability strategy was communicated to all local and international operations. International operations will be responsible for the alignment and/or implementation of the strategy depending on their local requirements and unit specific strategy

Continuing to improve our overall B-BBEE score

WHAT WE ACHIEVED

Maintained our Level 1 B-BBEE status for the third year in a row

SUSTAINABILITY STRATEGY

Sustainability is interwoven into Sun International's business strategy and decision-making process, from our board to employees at all levels. The group's sustainability portfolios encompass the environment, health and safety and social-economic development. An important part of the group's sustainability strategy is monitoring the performance of non-financial sustainability issues in all portfolios to enable informed business and board decisions. We integrate our sustainability management into our group standard operating procedures and policies throughout every level of our business to create value, improve efficiencies and ultimately maintain memorable guest experiences.

The group's B-BBEE and E&SD forms part of the group's overall sustainability business strategy, despite not being specific portfolios under sustainability. We report annually on our B-BBEE progress through the group's B-BBEE Commission Report, which is available on our corporate website at https://ir2019.suninternational.com/DownloadManager/2019_ B-B-BBEE_Commissions_Report_for_Sun_International.pdf

E&SD remains a group priority as it benefits the group as well as our local economy and contributes to Sun International's SED commitments and B-BBEE targets. For more detail on our E&SD progress refer to the enterprise and supplier development section of this report.

Our sustainability strategy further demonstrates Sun International's commitment to advancing its financial capital, productive capital, human capital, intellectual capital, social and relationship capital, and natural capital through the continued improvement of our sustainability performance. The group sustainability policy underpins our sustainability strategy.

Sun International embraces the United Nations Sustainable Development Goals (SDGs), and we endeavour to help achieve them through our operations and business strategy. During 2019, we conducted an in-depth review of all 17 goals to determine those that best align with our business strategy and business model. Following an internal review and approval process, the group will be focusing on six SDGs most relevant to the group.

Governance and sustainability continued

SDG focus areas

To prioritise Sun International's most relevant SDGs, the board, exco, senior management and group sustainability teams identified the most applicable SDGs. Following feedback, a weighting was applied to the selected SDGs, based on each stakeholder group's business knowledge and insights. Exco received the highest weighting, followed by the board, senior management and sustainability teams. This review process identified the six SDGs depicted below in order of priority. These SDGs align with the group's strategy. Progress against these SDGs will be regularly monitored by relevant board and management governance committees and reported on internally and externally. These prioritised goals may vary depending on changes in our business strategy or external environment.

Progress against Sun International's prioritised SDGs

The table below describes Sun International's progress against our six most relevant SDGs.

SDGs	Progress in 2019	Relevant strategic objective(s)
Ensure inclusive and equitable quality education	Our SED policy specifies education as a key pillar for projects. R25.4 million (2018: R23.7 million) was invested in SED projects in 2019 25 of the schools included in our 'Adopt a School' group project also includes aspects of SHE improvements R116 million (2018: R133 million) was spent on employee training in 2019 and contributes to the improvement of our employees' education Bursaries and learnerships offered by the group to provide quality education opportunities to employees and learners	Our people Governance and sustainability
Ensure availability and sustainable management of water and sanitation	Robust environmental policies and systems ensure we operate in an environmentally responsible and proactive manner Several group projects (and training and awareness campaigns) are in place to reduce water consumption and ensure clean water is provided to employees and guests Our group water reduction targets and environmental minimum requirements aim to continually reduce our water impact Maintenance and infrastructure upkeep considers sustainable and safe technologies to improve water efficiencies and ensure clean water and sanitation is maintained across our operations The group has an environmental specialist and a team of SHE officers to implement, monitor and report on environmental matters Internal and external audits ensure compliance with all water regulations and requirements SED projects include an element of environmental awareness and protection where possible	Improve our existing operations and our guest experience Protect and leverage our existing asset portfolio Governance and sustainability
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work	Sun International employs 14 706 (2018: 14 632) employees groupwide Where feasible, our E&SD programme identifies and assists businesses at our various properties, through capital funding or other business development services, to foster sustainable business growth, create jobs, and add economic value The group committed R44.4 million (2018: R46 million) in supplier development during 2019 The group contributed R25.4 million (2018: R23.7 million) in SED spend that positively impacted communities in the areas we operate in Sun International is a major tax contributor in eight of the nine provinces and contributed R625 million to taxes in the year under review Strategic acquisitions Time Square market share grew to 15.7%	Improve our existing operations and our guest experience Protect and leverage our existing asset portfolio Grow our business into new areas and products Our people Governance and sustainability

Governance and sustainability continued

SDG focus areas

To prioritise Sun International's most relevant SDGs, the board, exco, senior management and group sustainability teams identified the most applicable SDGs. Following feedback, a weighting was applied to the selected SDGs, based on each stakeholder group's business knowledge and insights. Exco received the highest weighting, followed by the board, senior management and sustainability teams. This review process identified the six SDGs depicted below in order of priority. These SDGs align with the group's strategy. Progress against these SDGs will be regularly monitored by relevant board and management governance committees and reported on internally and externally. These prioritised goals may vary depending on changes in our business strategy or external environment.

Ensure healthy lives and promote well-being	Ongoing health and safety training and awareness for our employees and guests creates a safe and healthy environment that aims to reduce occupational and lifestyle diseases, injuries and deaths at all our units	Improve our existing operations and our guest experience Our people Governance and sustainability
	The group conducts regular internal and external health and safety audits including food and hygiene audits, fire and safety audits, and sustainability cross-unit audits	
	Sun International complies with all health and safety legislation and continues to monitor compliance and, where relevant, implement best practices	
	Conduct medical surveillance audits	
	The group has a health and safety specialist and a team of SHE officers to implement, monitor and report on any health and safety issues	
	Recently signed a contract with a local service provider to provide on-site medical support to units. This medical assistance is available to employees and guests	
	Continued to integrate elements of health and safety into our SED projects	
Achieve gender equality and empower all women and girls	Sun International's three-year employment equity plan supports transformation at all levels within the group	Our people Governance and sustainability
	A gender diversity policy is in place for the board, focusing on race and gender. In 2019, we exceeded our race target (50%) with 57% black representation and narrowly missed our female director target (30%) with 29% female directors	
	Dedicated board and management governance committees ensure oversight of gender equality progress	
Responsible consumption and production	Environmental reduction targets and minimum requirements in place for water, waste, energy and emissions	Improve our existing operations and our guest experience Protect and leverage our existing asset portfolio Grow our business into new areas and products Governance and sustainability
	Ongoing maintenance and infrastructure upkeep across operations includes sustainable and safe technologies for resource efficiencies	
	The group continues to aim for a zero-waste-to-landfill at all local units in the next 2 – 3 years	
	Alternative waste disposal projects are being considered	
	The group conducts regular internal and external SHE audits to minimise our environmental footprint	
	The group continued to integrated elements of environmental management into our SED projects	
	Our group water reduction targets and environmental minimum requirements aim to minimise our impact on water on an ongoing basis	
	By-products from waste such as bricks, compost and other materials are used at our own operations	

Governance and sustainability continued

ENVIRONMENTAL

Sun International is committed to protecting the environment and minimising our environmental footprint. Our environmental strategy recognises that the environment is integral to what we do and how we do business. We ensure our business paths are holistic, sustainable, and aligned with international standards and best practice. Our environmental journey continues to evolve as new technologies, risks and opportunities arise. This is important as the environment impacts on our local communities, guests, employees, reputation and bottom line. We have developed and implemented water and energy reduction targets and remain committed to zero-waste-to-landfill (ZWTL) for all South African units. In Latam, the next key steps are to assess the accuracy, completeness and reliability of environmental data to establish a reliable baseline for setting environmental targets.

Primary environmental objectives

- Developing, implementing and maintaining an Integrated Management System (IMS) aligned with ISO 14001 and 45001 standards
- Improving efficiencies, standardising environmental management approaches and ensuring compliance with relevant environmental legislation, regulations and standards
- Setting and regularly reviewing environmental objectives and targets
- Improving our IMS to enhance the group's environmental performance and reduce our environmental footprint
- Promoting efficient use of materials and natural resources throughout our facilities through initiatives and technologies
- Communicating and promoting awareness of shared employee responsibility and accountability
- Engaging and informing stakeholders of our environmental commitments and promoting an environmental culture through ongoing awareness and reporting initiatives

HEALTH AND SAFETY

The health and wellbeing of our employees, guests and communities is integral to how we do business. Our health and safety strategy aligns to the requirements of international Occupational Health and Safety (OHS) standards and best practice for effective health and safety management. The group's OHS strategy enables Sun International to identify, manage and oversee our health and safety performance, risks and opportunities. This ensures we remain socially and ethically responsible and prevent harm to our stakeholders.

Primary health and safety objectives

- Maintaining compliance with applicable occupational health and safety legislation
- Fully integrating health and safety into all aspects of the business
- Identifying, implementing and achieving health and safety targets set for the group
- Reducing incident rates and improve our guest experience
- Standardising and managing our activities, operations, processes and risks in an integrated, efficient and controlled manner
- Positioning Sun International as an industry leader in health and safety
- Fostering a proactive and caring health and safety culture and workforce that lives by the SunWay culture
- Preventing harm, reputational damage, and reducing our risk and claims through implementing health and safety initiatives

Governance and sustainability continued

SOCIO-ECONOMIC DEVELOPMENT

Sun International understands the necessity of empowering and uplifting communities in the areas we operate in. We aim to create economic value and maximise the positive social impact on the communities that surround our operations through creating shared value. Our SED strategy ensures all processes are streamlined across our South African business units. Our framework guides us in adhering to the group strategy, gaming licence conditions, data reporting and group targets. It guides applicable standards when identifying, approving and implementing SED projects and provides a platform for projects that integrate environment and health and safety into the SED focus areas.

Primary SED objectives

- Making a positive, sustainable and measurable impact on communities
- Investing and empowering communities through our core SED focus areas
- Transparently and inclusively engaging with surrounding communities and other stakeholders
- Continuing to enhance the group's reputation as a caring and responsible corporate citizen
- Building and improving relationships with surrounding communities
- Demonstrating responsible behaviour through strategic objectives, targets, good governance, targeted engagement and SED investment

ENTERPRISE AND SUPPLIER DEVELOPMENT

The group's E&SD strategy creates procurement opportunities across a broad-based supply chain, aiding socio-economic development in the countries and communities where we operate. In South Africa, our procurement focus remains on B-BBEE compliant suppliers, where our target spend is 45%. Sun International's supplier code of conduct requires our suppliers to commit to the highest standards of ethical conduct. The code also encourages suppliers to follow specific requirements relating to labour conditions, human rights and occupational health and safety, and mitigating harmful environmental impacts.

Primary E&SD objectives

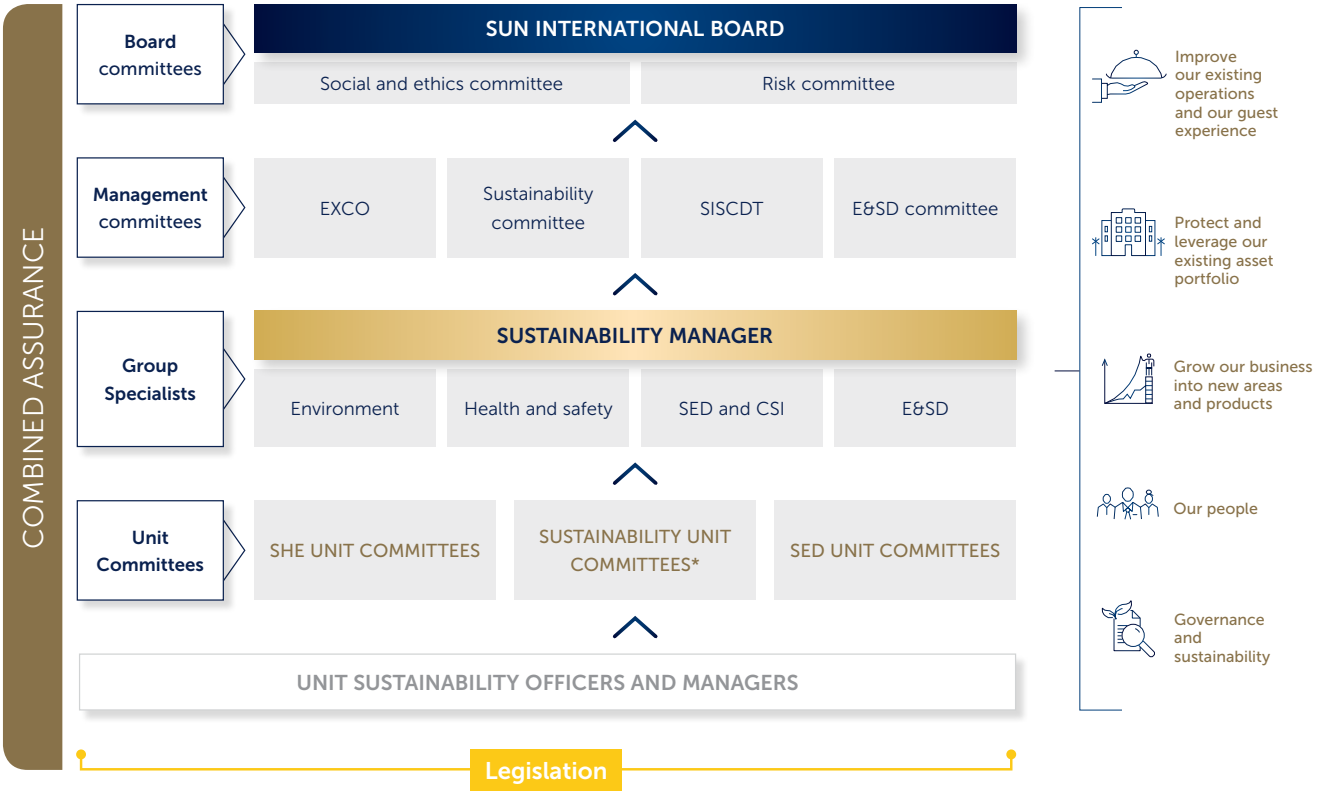
- Making a positive, sustainable and measurable impact on our supply chain
- Transparently and inclusively engaging with suppliers in communities where we operate
- Investing and empowering suppliers through local procurement spend
- Maintaining ethical procurement standards that align with our supplier code of conduct

Governance and sustainability continued

SUSTAINABILITY GOVERNANCE AND COMPLIANCE

Sun International's board is accountable for approving the group's sustainability strategy and monitoring sustainability performance. The board is assisted by the social and ethics committee, the risk committee and various management committee including exco, the sustainability committee, Sun International's Social Community Development Trust (SISCDT) and the enterprise and supplier development committee. Our governance process also assists the group to monitor relevant sustainability legislation standards and frameworks. The group's assurance process further incorporates an integrated audit compliance programme across all sustainability portfolios.

Sustainability governance structure



* Only at Central Office, Sun City and GrandWest

Sustainability legislation and frameworks

Sun International complies with all relevant legislation and frameworks and best practice where relevant. The legislative requirements depend largely on unit location, namely South Africa, Nigeria, Swaziland and Latam. Each country's compliance department is responsible for monitoring legislative developments to ensure the group remains compliant with country-specific legislation.

A SHE legal register for our South African units includes a legal library of all the SHE legislation that units need to comply with. Any regulatory changes are updated, flagged and communicated to our SHE professionals within the units. The group also considers various local and international standards, frameworks and best practice initiatives and, where relevant, aligns our sustainability strategy to these requirements.

Governance and sustainability continued

Key legislation and frameworks in South Africa

ENVIRONMENTAL

- National Environmental Management Act 107 of 1998
- National Water Act 36 of 1998
- National Environmental Management: Waste Act 59 of 2008
- Carbon Tax Act 2019
- National Environmental Management: Biodiversity Act 10 of 2004
- National Environmental Management: Air Quality Act 39 of 2004: National Greenhouse Gas Emission Reporting Regulations

HEALTH AND SAFETY

- Occupational Health and Safety Act 85 of 1993 and regulations
- Compensation for Occupational Injuries and Diseases Act 130 of 1993 and regulations
- Safety at Sports and Recreational Events Act 2 of 2010
- National Health Act 61 of 2003 and regulations
- National Building Regulations and Building Standards Act 103 of 1997
- Tobacco Products Control Act 83 of 1993

SED

- Broad-Based Black Economic Empowerment Amendment Act 46 of 2013
- Provincial and National Gaming Board requirements and licence conditions

OTHER FRAMEWORKS, STANDARDS AND BEST PRACTISE

- Carbon Disclosure Project (CDP) and CDP Water
- SDG
- ISO 45001
- ISO 14001
- OHSAS 18001

Compliance

Through our compliance management platform we focus on achieving and maintaining compliance within all aspects of sustainability. This platform facilitates a 'management-on-the-go' mindset in terms of compliance and risk management. SHE professionals continuously complete compliance checklists, SHE audits and risk assessments on the platform, providing the units with a real-time compliance status as required. This platform also provides access to all local, regional and national SHE legislation.

Audits are conducted to verify compliance with applicable SHE legislation. By training and employing dedicated SHE professionals at our South African units, we developed a SHE cross-unit audit programme whereby our internal SHE professionals were trained to serve as lead internal compliance auditors. This creates an environment conducive to sharing SHE knowledge and experience across our business, resulting in improved process and cost reductions. The group's compliance department ensures that any non-compliances identified during internal and or external audits are rectified within the specified closeout period, and escalated to the necessary management committees if required.

Our international properties are also governed by and comply with applicable local laws, policies, standards and systems.

Group SHE management system

An IMS aligned with ISO 45001:2018 and ISO 14001:2015 was developed to standardise, monitor and enhance SHE management approaches and improve reporting. The IMS was approved and implemented across our South African properties in 2019 and is hosted and managed through our compliance management platform. Further system improvements are planned for 2020 to ensure a more holistic approach to sustainability.

COMMUNICATION AND AWARENESS

We use various communication and awareness campaigns and platforms to promote group-wide sustainability. These communication and awareness campaigns help break down silos, ensuring a more sustainable culture and improving employee engagement and participation – reinforcing our SunWay formula for success.

Sustainability awareness calendar

Our group-wide SHE communications and integrated awareness strategy continues to ensure collaborative communication across all units within South Africa. Our awareness calendar provides various monthly SHE communications that are either accompanied by a competition, a video or a practical demonstration.

MONTH	AWARENESS EVENT
February	Health Lifestyle Awareness Day
March	World Water Day
April	World Day for Safety and Health at Work
May	International Biodiversity Day
June	World Environment Day
July	Corporate Wellness Week
August	Socio-economic development – projects
September	Recycling (Clean-up) Week
October	Mental Health Awareness Month
November	Sustainability
December	Prevention of injuries

Governance and sustainability continued

Sustainability culture programme

Our sustainability culture programme incorporates all sustainability portfolios to improve employee awareness, accountability and ownership in protecting the health and safety of all stakeholders, the environment, and the communities we operate in. During 2019, we successfully launched our first sustainability culture e-learning programme for employees. The programme aims to create awareness and address some of the group's most pressing sustainability issues including water, energy and waste management, slip trips and falls, staff wellness and employee involvement in SED projects. Sun International's awareness campaign is aligned with our e-learning initiative, which reinforces the importance of having a sustainability culture in the group.

GROUP B-BBEE SCORECARD

The group maintained its Level 1 rating with a total B-BBEE score of 103.81 out of a possible 111 points. For more detail view our B-BBEE Commission Report online at https://ir2019.suninternational.com/DownloadManager/2019_B-BBEE_Commissions_Report_for_Sun_International.pdf

Scorecard information	Actual score	Target score	Actual score	Target score
	1 July 2019 – 31 June 2020		1 July 2018 – 31 June 2019	
Ownership	22.16	27.00	26.44	27.00
Management control	13.31	19.00	13.34	19.00
Skills development	18.70	20.00	18.13	20.00
Enterprise and supplier development	41.64	40.00	38.11	40.00
Socio-economic development	8.00	5.00	8.00	5.00
TOTAL SCORE	**103.81**	**111.00**	**104.02**	**111.00**
Empowering supplier	Yes		Yes	
Level	1		1	

PERFORMANCE OVERVIEW

Sun International is committed to ongoing improvement in our sustainability performance. Detailed information on each sustainability portfolio is provided in this report.

LOOKING AHEAD

- Integrating the relevant SDGs into the sustainability and overall business strategy to ensure a focused approach
- Developing a fully integrated management system that includes environment, health and safety, SED and CSI to improve the current reporting and management platforms
- Increasing the number of SED projects that include a holistic sustainability approach
- Developing a sustainability communication plan to promote sustainability initiatives internally and externally
- Continuing to enhance our sustainability e-learning training and awareness campaign and to develop a reward and recognition programme to promote our culture change programme
- Reporting on the social and economic impacts of our E&SD interventions within our local communities
- Maintaining our current B-BBEE level 1 status

STRATEGIC OBJECTIVES

OUR PEOPLE

Our employees enable the group's ability to achieve its strategic objectives. We operate in a highly governed and competitive service-oriented industry. It is important that we continually develop and reward our employees to perform well and provide memorable guest experiences.

IMPACTS

Achieved 93.2% black employment in our South African operations

Standardised our scheduling system (Kronos) operating procedures across all South African units, which resulted in significant time and cost efficiencies

56.1% female representation across our South African operations (95.3% of whom are black females) and 51.9% for the group

Relaunched our CLEAR principles to improve overall customer satisfaction

Piloted Sun International's mentorship programme at our central office

FOCUS AREAS IN 2019

Self-assessment: ACHIEVED/ GOOD PROGRESS | IN PROGRESS | LIMITED PROGRESS

Tracking proposed amendments to the Employment Equity Act and ensuring that current practices are aligned

WHAT WE ACHIEVED

Implemented amendments to the Employment Equity Act and the Regulations of the EEA4 Income Differential Report

Integrating the new employment equity plans with our processes and practices

WHAT WE ACHIEVED

Completed employment equity plan integration

Embedding a multi-level succession roadmap

WHAT WE ACHIEVED

Succession management plans and processes were reviewed for senior management across the organisation.

Introducing a dynamic and innovative approach to talent management and skills development

WHAT WE ACHIEVED

Conducted bi-annual talent engagement discussions with unit general managers and operational managers as part of our talent management review

Enhancing the employee experience to improve customer service

WHAT WE ACHIEVED

Relaunched a refreshed CLEAR principles (connect, listen, engage, act and reconnect) approach to all employees through the leadership engagement roadshows. Incorporating CLEAR principles in customer services training to embed the principles

Continuing to provide a balanced working environment for employees, conducive to a healthy lifestyle

WHAT WE ACHIEVED

Partnership with LifeAssist continues to show growth in utilisation

Continuing to manage human resources risks and leverage opportunities for optimising people-driven business performance

WHAT WE ACHIEVED

Promptly implemented the onboarding of all temporary employee service staff to ensure compliance with the recent labour law changes regarding temporary staff

Launched a group reward and recognition programme based on Sun International's values, CLEAR principles, SunWay and unit-specific requirements

Our people continued

KEY PERFORMANCE INDICATORS

		December 2019	December 2018
Total group employees	Number	**14 706**	14 632
– South Africa including SunSlots	Number	**9 340**	9 001
– Other Africa	Number	**550**	543
– Latam	Number	**4 816**	5 088
Employee turnover	%	**20.1**	23.3
Female representation	%	**51.9**	51.17
Black representation[1]	%	**93.2**	92.2

1 South African operations.

OVERVIEW

Our employees are key value drivers to achieving the group's strategy and providing memorable guest experiences. While it is essential that we continue to operate efficiently in this difficult economic environment it is essential to be cognisant of any uncertainty this may create among employees. Following various surveys and major operational changes over the past few years, the group's central office was restructured during 2019. This restructure was necessary to improve collaboration across the business, avoid silo thinking and duplication of efforts; all to achieve positive financial outcomes. During this process about 80 employees were impacted.

Workforce profile

At 31 December 2019, we had **14 706 (2018: 14 632) employees across our operations.** Despite 996 temporary employee service staff employees appointed at Sun City, Table Bay and Time Square, the overall headcount only grew by 74, due to headcount reduction at other units

Our permanent employees in South Africa comprise:

- **permanent full-time employees**
- **permanent part-time employees, who are paid the same hourly rate as full-time employees; and work according to a roster that guarantees minimum monthly work hours.**

For more details on our workforce by employee statistics and region and gender for 2019 refer to Annexure A.

Employment equity at our South African operations

Our approach is to achieve legislative and substantive transformation by aligning numerical and non-numerical targets to the group's strategic objectives. These targets are tracked and monitored quarterly and included in line managers' performance contracts. The social and ethics committee is responsible for monitoring our progress against set targets.

During 2019 we achieved good progress against our unit-specific, three-year employment equity plan that supports the group's strategic objectives. Each property is positioned to set its own goals and objectives for employment equity, while meeting the provincial gaming boards licensing criteria.

The Department of Labour introduced amendments to the Regulations governing the income differential report (EEA4) in 2019. These amendments assess the remuneration gap between the highest and lowest income earner (vertical gap), as well as revise the reporting on remuneration to include not only the fixed remuneration, but also the variable remuneration. Variable remuneration comprises short- and long-term incentives which consist of share-based rewards (with a vesting period of more than one year), cash settlements, discretionary lump sum payments, bursaries, scholarships and dividends. A further requirement included an assessment of the income gap between the 10% of the highest earners, and the corresponding 10% of lowest earners. As this process is relatively new, there has not been feedback from the Department of Labour as to the whether the methodology followed for calculating the income differentials is consistent across all companies. There may be some anomalies.

We marginally increased our South African (including SunSlots) black employee representation to 93% (2018: 92%), exceeding the distribution of the national economically active population. The management team is made up of 84% (2018: 82%) black people, and 45% (2018: 46%) are females. Challenges remain at middle and senior management levels, where representation of black people, particularly black females is lower than white people.

To mitigate our previous challenges in retaining persons with disabilities, we introduced disability capacity building workshops and disability awareness days. This resulted in the retention of persons with disabilities and provides us with an opportunity to increase representation.

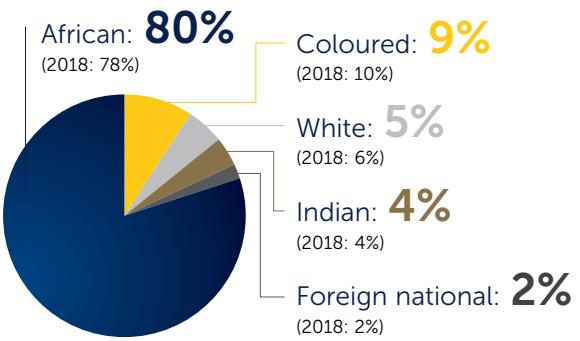
Our people continued

Workforce profile by gender

Male: **44%**
(2018: 45%)

Female: **56%**
(2018: 55%)

Workforce profile by race



Diversity profile South Africa[1]

Employee class	Occupational levels	MALE					FEMALE					FOREIGN NATIONALS		TOTAL
		A	C	I	W	Total	A	C	I	W	Total	MEN	WOMEN	
Permanent	Top management	2	1	1	2	6	1	1			2			8
	Senior management	18	4	26	38	86	11	6	9	17	43	6		135
	Middle management	88	33	32	86	239	97	25	15	42	179	12	8	438
	Skilled technical/ supervisor/junior management	688	158	88	102	1 036	664	155	68	83	970	25	6	2 037
	Discretionary decision-making	2 193	202	53	33	2 481	3 519	272	53	40	3 884	73	39	6 477
Permanent total		**2 989**	**398**	**200**	**261**	**3 848**	**4 292**	**459**	**145**	**182**	**5 078**	**116**	**53**	**9 095**
Temporary		165	27	3	20	215	224	21	5	10	260	1		476
TOTAL		**3 154**	**425**	**203**	**281**	**4 063**	**4 516**	**480**	**150**	**192**	**5 338**	**117**	**53**	**9 571**

1 Including SunSlots' headcount of 245.

Employee turnover

During the year under review there were 2 951 (2018: 3 257) employment terminations employment group-wide, and group turnover was 20.1% of the total headcount (2018: 23.3%).

The tables below provide the reasons for employment termination by region and by age.

Reason for termination by region

Reason	South Africa	South Africa SunSlots	Swaziland	Nigeria	Argentina	Chile	Colombia	Panama	Peru	Group
Death	41		2	3		1				47
Dismissal – Incapacity/ health	10									10
Dismissal – Incapacity/ poor work performance	1								55	56
Dismissal – Misconduct	388	3	2	6	9	490	2	49	70	1 019
Dismissal – Voluntary	22						5		483	510
Dismissal – Voluntary early	6				1				1	8
Dismissal – Operations requirement	51				2				113	166
Mutual agreement separation	5				11	69		17	97	102
Resignation	547	25	6	11	34	307	8	10	359	948
Retirement	79	1	5							85
TOTAL	**1 150**	**29**	**15**	**20**	**57**	**867**	**15**	**76**	**1 737**	**2 951**

Our people continued

Reason for termination by age band

Reason	18 – 20	21 – 30	31 – 40	41 – 50	51 – 70	Total
Death	0	5	14	17	11	47
Dismissal – Incapacity/health	0	1	1	3	5	10
Dismissal – Incapacity/poor work performance	1	31	16	6	2	56
Dismissal – Misconduct	34	410	376	139	60	1 019
Dismissal – Operations requirement, voluntary	37	317	120	27	9	510
Dismissal – Operations requirement, voluntary early retirement	1	3	2	0	2	8
Dismissal – Operations requirement	18	60	30	23	35	166
Mutual agreement separation	0	18	48	19	17	102
Resignation	43	389	367	130	19	948
Retirement	0	0	0	0	85	85
TOTAL	**134**	**1 234**	**974**	**364**	**245**	**2 951**

Improving our organisational culture

SUNWAY FORMULA FOR SUCCESS

Sun International implemented a progress assessment against the SunWay culture across our South African operations. Employees provided feedback on how they identified with the formula and gave ideas on how to improve process and efficiencies. The SunWay culture has being integrated and embedded in learning interventions to reinforce the message. In 2020, we will commence with a group-wide SunWay measurement to gather feedback from our employees, service provides and concessionaires.

EMPLOYEE VALUE PROPOSITION

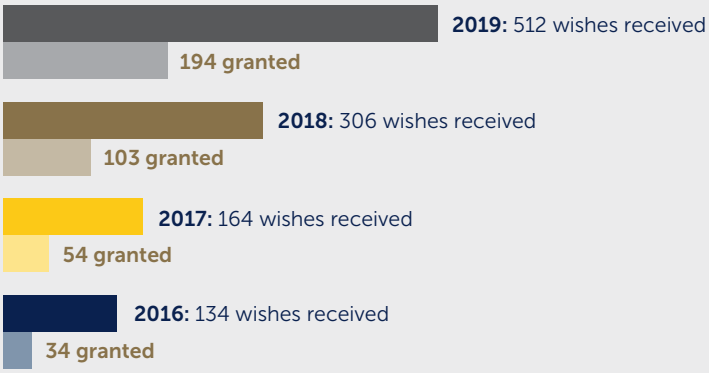
The Employee Value Proposition (EVP), 'The Home of The Game Changers' is continually reinforced within the group through our employee processes. Sun International's EVP incorporates various components such as development opportunities as well as a challenging and an enabling work environment. We positioned our EVP externally to showcase Sun International's brand and attract talent.

Sun International won an award from the Community of Human Resources Officers under the category 'Celebrating Excellence in Human Resources'. This award recognised how Sun International's EVP programme shaped the organisations culture and rewarded employees through various incentives and benefits.

SHARING THE SUN CAMPAIGN

Our Sharing the Sun campaign is a senior leadership initiative that grants wishes, at the end of each year, to some employees who give a lot of themselves to our business every day. The senior leadership team personally gave something back and realised some of our employees' wishes. Sun International matched the personal funds pledged by leadership to deliver a truly impactful campaign that created lasting memories from within.

Wishes were granted for: medical assistance, shelter, food, education and security. The initiative commenced in December 2016 and wishes are granted in January of the following year:



Our people continued

Employee and union relations

EMPLOYEE COMMUNICATION

We engage with our employees in an open, honest and transparent manner through our SunTalk platform. This mobile communication platform continues to gain traction, with 7 088 employees having registered to date. To enhance the SunTalk platform it was included on the Apple App and Play store in February 2020, with improved digital functionality. The App is also used to create awareness around the group's various campaigns and initiatives.

UNIONS AND EMPLOYEE RELATIONS

67% (2018: 64%) of our South African workforce (excluding SunSlots) is covered by collective agreements. It is imperative to maintain healthy relationships through meaningful engagements with the various unions. During 2019, we shifted our employee relations landscape from a reactive approach (industrial relations) to a proactive approach (employee relations). Sun International's employee relations goals include:

- Strengthening the employer employee relationship to create a more productive and successful organisation
- Improving the employee employer relationships and engagement of all employees
- Improving relationships with all stakeholders in the employee relations value chain
- Creating an environment that is conducive to conflict resolution and minimising disputes within operations.

HUMAN RIGHTS AND FREEDOM OF ASSOCIATION

The group recognises that it has a responsibility to ensure the effective management of human rights. The principle of freedom of association as it relates to the constitution of each country where we operate is formally endorsed in our employee relations policy statements, and in our recognition agreements with the trade unions in South Africa and other countries where we operate.

CREATING A HIGH-PERFORMANCE CULTURE

Talent management is a critical enabler to the business strategy. During 2019, talent reviews were held with exco to discuss senior management roles in the business units.

Talent management initiatives

SUCCESSION MANAGEMENT

- An integrated approach to succession management was followed whereby a select number of employees attended development programmes to assist in transitioning to new roles.
- Launched a 'Partners for Possibility' programme to develop high-performing employees as part of our talent management initiatives.

PERFORMANCE MANAGEMENT

- Piloted performance management training for employees across the business.
- Developed and implemented a performance management programme for all line managers to enhance effective performance management by setting objectives and incorporating coaching.

RECRUITMENT AND ASSESSMENT

- Focused on streamlining recruitment practices to ensure that the group attracts and retains the best talent in the market.

MENTORSHIP

- Piloted a mentorship programme at central office that focused on women development. It included women from different job levels being mentored by women in senior leadership roles. This programme will be rolled out in 2020 focusing on the mentorship of high potential talent group-wide.

ORGANISATIONAL DESIGN

- Around 97% reprofiled jobs were completed and aligned to the business strategy with defined roles and responsibilities.
- Various structural changes have been supported and implemented across various properties in 2019 to ensure enhanced efficiencies and synergies.

Learning and development

To ensure that our employees are equipped to carry out their responsibilities, Sun International has several learning and development initiatives aimed at empowering and developing our talent group-wide. Several of these initiatives were developed, implemented or piloted during the financial year.

FOOD AND BEVERAGE TRAINING

The food and beverage executive team launched a training manual that is available in three languages (English, Zulu and Xhosa) on the Sun International Intranet. They partnered with the International Hotel Training School to produce training videos, featuring Sun International employees, to create an accredited Sun Academy programme.

Our people continued

LEARNING AND DEVELOPMENT INITIATIVES

Managing the SunWay

We continued to embed the Managing the SunWay initiative that offers foundational management skills and knowledge customised to the SunWay of leading and managing.

Coaching for performance

Rolled out a coaching for performance programme with the University of Stellenbosch Business School for senior to middle managers, that includes practical application to create maximum impact.

Customer experience

We continued to embed Sun International's standard operating procedures across all units. This was reinforced by implementing a reward and recognition programme that rewards employees who focus on and invest in improving our service delivery and on our brand promise of 'creating lasting memories'.

In 2019, the interactive customer service training was launched. It incorporates a best practice approach to delivering memorable experiences to all our guests while upholding the Sun Values. Learners are exposed to the importance of customer interaction at all touchpoints by literally 'walking in their shoes' and role-playing a variety of typical customer experiences. The CLEAR theme is included throughout this training to reinforce excellent customer service.

The CLEAR serving is what we do to entrench:

- our service principles
- our CLEAR interaction process
- our people paying attention to detail and focusing on our customers.

Skills development spend

We launched the Sun Academy training journey that incorporates face-to-face training as well as virtual training (blended learning) for specific functions within the group. In 2019, the food and beverage, gaming and managers learning offering was made available. Going forward, this offering will be expanded to include other core functions within the organisation such as front of house, financial gaming and shared services.

Group training spend was R116 million (2018: R133 million), a decrease of 13%. The total number of employees trained was down 5%. Our skills development spend across our South African operations, excluding SunSlots, decreased by 13% to R100 million (2018: R117 million). This investment included formal and informal learning interventions, with 4 100 South African employees (2018: 4 714) benefiting. Interventions are targeted at employees' roles and growing the leadership pipeline. The number of employees trained per region includes employee terminations during this period.

SKILLS DEVELOPMENT SPEND PER REGION AND COUNTRY

Region	Country	Total expenditure December 2019 R million	Total learners December 2019 Number
SOUTH AFRICA	South Africa	100.3	4 100
	SUNSLOTS South Africa	2.1	245
SUN DREAMS LATAM	Argentina	0	840
	Chile	12.7	2 737
	Colombia	0	0
	Panama	0	193
	Peru	0.4	764
AFRICA	Nigeria	0.1	40
	Swaziland	0.4	172
TOTAL		116.00	9 091

TRAINING COSTS AS A PERCENTAGE OF LEVIABLE PAYROLL (SOUTH AFRICAN UNITS ONLY EXCLUDING SUNSLOTS)

Leviable payroll
R1 861 million
(December 2018: R1 753 million)

Training costs
R100 million
(December 2018: R117 million)

% of leviable payroll
5.4%
(December 2018: 6.7%)

Our people continued

Grants and levies

To access skills development grants from the Culture, Art, Tourism, Hospitality and Sport Sector Education and Training Authority under the levy grant scheme, we are required to:

- pay a skills development levy to SARS
- submit an MGP detailing all learning interventions to be undertaken for the year
- submit a mandatory grant report confirming the implementation of the MGP for the previous year.

Mandatory grants recovery, which is 20% of levies paid to SARS, decreased to 83% due to changes in company registration numbers at three business units as well as outstanding tax payments to SARS in respect of Wild Coast Sun.

SOUTH AFRICA: GRANTS AND LEVIES

Skills development levy paid	Mandatory grants received
R18.6 million	R3.1 million
(December 2018: R17.5 million)	(December 2018: R3.5 million)

Remuneration and benefits

We participate in and consider market remuneration surveys and align our pay decisions to the principles set out in our remuneration policy. We made progress in aligning our 'equal pay for equal work of value' legislative requirements following an extensive benchmarking exercise. We have again addressed anomalies in the March 2019 increase process. We continue to conduct an annual 'equal pay for equal work of value' process to ensure that we remove any disproportionate income differentials over time.

RETIREMENT BENEFITS

Following a detailed process, which was approved by the remuneration committee, management moved from the in-house restricted membership provident fund to a large commercial umbrella provident fund, while retaining its bespoke investment strategy and insured benefits Contributions to the umbrella fund commenced in July 2019 and we anticipate Financial Sector Conduct Authority approval to transfer the assets across in due course.

Performance management

We accurately measure and provide feedback on performance by linking employee performance to business objectives through a KPI scorecard. The scorecard includes KPIs for managing and developing people and transformation, as these are important areas of our business.

Individual employment contracts include minimum requirements and standards for each role. Reward is directly linked to performance at group, team and individual levels. Performance feedback sessions provide opinions on achieving or exceeding the standards set and are used to address performance that fails to meet requirements. These sessions include a review of development needs and the setting of plans for future development, talent and career management discussions.

Employee wellness

In 2019, the case utilisation increased and reached 11.5% of headcount, which is above the employee wellness programme norm. This confirms that there is a continued need in our business operations for support in psycho-social matters and through proactive interventions, the propensity for referrals to the programme is likely to increase.

Current utilisation levels confirms that the business operations are responding to the needs identified within the workplace and therefore positioning activities that are relevant to the employees. The five top reasons that impacted on our employee wellness are:

- Personal stress
- Bereavement
- Couple/marital counselling
- HIV/AIDS
- Legal

Focus areas for 2020 include obesity, hypertension, mental health, HIV management and financial wellbeing.

Workplace absenteeism management (WAM)

The WAM programme is available to all South African units. Contact was made with 3 048 employees who were flagged for being absent. Most employees contacted by WAM had musculoskeletal, respiratory, digestive or HIV issues. Employees who identified with domestic and personal issues that resulted in absenteeism were referred to the employee wellbeing programme for further counselling and advice. The WAM service assists with sick note verification to ensure that sick leave is managed appropriately. The most prevalent absenteeism reasons relate to muscoskeletal, respiratory, digestive and domestic/personal matters.

Primary healthcare cover

Commencing in 2018, Sun International rolled-out comprehensive primary healthcare cover to all employees (in South Africa) that were not already covered by a compulsory medical aid membership. During 2019, we conducted extensive awareness campaigns resulting in a significant uptake in benefit utilisation. This is a clear indication of the need for quality, private medical services provided by the programme.

HIV management programme

In South Africa we rolled out an improved HIV management programme commencing in January 2018, applicable to employees who are not members of a medical aid scheme. The purpose of the programme is to: assist HIV-positive employees on primary healthcare with maintaining ARV treatment adherence; help them overcome any barriers; and ensure they live a healthy and productive life. This improved programme had significant success in its first year. Since inception, 131 Sun international employees have been enrolled onto the LifeSense HIV Disease Management programme. Currently 121 members are active. Members of medical aid schemes are covered by their specific scheme's HIV rules.

Our people continued

Onsite testing

The onsite testing service is active at all units. A total of 2 296 onsite tests were conducted (which includes HIV and health risk assessments) during the year. The prevalence of HIV is approximately 2%, while TB symptoms are low at 1.65%. Ongoing awareness campaigns on employees knowing their HIV and TB status continued. Post exposure prophylaxis cover is also provided which can prevent employees contracting HIV through accidental exposure.

FINANCIAL ASSISTANCE PROGRAMME

We acknowledge that employees are impacted by the difficult economic climate. To assist employees with financial literacy training and retirement planning, we rolled out financial literacy workshops, in conjunction with the ASISA Foundation, to employees earning R20 000 or less per month. Over the past two years (2018 and 2019) 97 Saver Waya Waya WageWise sessions were held and attended by approximately 3 000 employees.

LOOKING AHEAD

- Completing the roll-out of Sun International's Sun Academy learning platform
- Developing and implementing additional training modules on the Sun Academy platform for other core functions
- Continuing to implement the CLEAR principles to improve customer satisfaction levels
- Rolling out Sun International's mentorship and coaching programme across all South African units as part of our succession strategy

ANNEXURE A: EMPLOYEE STATISTICS

Regional employee statistics

		SOUTH AFRICA		SUNSLOTS		AFRICA		SUN DREAMS LATAM	
		December 2019	December 2018	**December 2019**	December 2018	**December 2019**	December 2018	**December 2019**	December 2018
Permanent full-time employees	Number	**4 501**	4 773	**244**	229	**550**	543	**4 229**	4 512
Permanent part-time employees	Number	**4 594**	3 997	**1**	2	**0**	0	**587**	576
Skills development spend	R million	**100.3**	117	**2.1**	1.8	**0.05**	0.27	**13.1**	13.17
Female management employees	%	**46**	45	**37**	38	**39**	38	**34**	32
Employee turnover	%	**13**	11	**12**	19	**8**	10	**35**	44
Employees in bargaining unit	%	**67**	64	**0**	0	**19**	21	**37**	35

Number of employees

		DECEMBER 2019				DECEMBER 2018			
Region	**Country**	**Female**	**Female (%)**	**Male**	**Total**	**Female**	**Female (%)**	**Male**	**Total**
South Africa	South Africa	5 131	56.42	3 964	9 095	4 847	55.27	3 923	8 770
SunSlots	South Africa	105	42.86	140	245	100	43.29	131	231
South African total		**5 236**	**56.06**	**4 104**	**9 340**	**4 947**	**54.96**	**4 054**	**9 001**
Other Africa	Nigeria	104	29.13	253	357	105	30.88	235	340
	Swaziland	77	39.9	116	193	78	38.42	125	203
Africa total		**181**	**32.91**	**369**	**550**	**183**	**33.70**	**360**	**543**
Sun Dreams	Argentina	199	42.16	273	472	295	48.36	315	610
	Chile	1 529	48.22	1 642	3 171	1 562	48.20	1 679	3 241
	Colombia	30	54.55	25	55	23	50.00	23	46
	Panama	71	41.04	102	173	71	39.89	107	178
	Peru	383	40.53	562	945	406	40.08	607	1 013
Sun Dreams Latam total		**2 212**	**45.93**	**2 604**	**4 816**	**2 357**	**46.32**	**2 731**	**5 088**
GROUP TOTAL		**7 629**	**51.88**	**7 077**	**14 706**	**7 487**	**51.17**	**7 145**	**14 632**

STRATEGIC OBJECTIVES

Environmental

Sun International is home to some of the most iconic resorts and hotels and we are committed to protecting these pristine environments and minimising our environmental footprint by managing our natural resources responsibly. Our environmental strategy is integral to Sun International's business strategy.

IMPACTS

- **6% decrease** in electricity consumption group-wide
- Maintained our **B CDP climate rating** and improved to a **B CDP water rating**
- **Water withdrawals increased** and the local units did not achieve water reduction targets
- Approved the **first environment minimum requirements** initiatives for all local units including:
  - **water and electrical metering**
  - **zero-waste-to-water (ZWTL)**
- **Transitioned** almost half our **local units to new service providers** in alignment with our ZWTL programme
- Preparing for our **first carbon tax submission** for the period July to December 2019 for local operations

FOCUS AREAS IN 2019

Self-assessment: ACHIEVED/ GOOD PROGRESS | IN PROGRESS | LIMITED PROGRESS

Managing the introduction of the proposed carbon tax effective 1 June 2019

WHAT WE ACHIEVED

Assessed the group's carbon tax liability and anticipate limited exposure for the local units as not all units exceed the mandated threshold

Implementing the local units' water and electricity project

WHAT WE ACHIEVED

Developed minimum unit-specific requirements for this project for local units. Phase 1 to be implemented in 2020, with remaining phases prioritised over three years

Designing and implementing a pilot renewable energy project

WHAT WE ACHIEVED

Developing an alternative energy strategic approach for local units

Improving environmental data accuracy in our Latam and African units

WHAT WE ACHIEVED

Data management remains a concern in our Latam and African units, with limited reporting control and oversight

Achieving ZWTL at additional units in 2019

WHAT WE ACHIEVED

No additional local units achieved ZWTL, however recycled waste volumes improved by 14% with certain units close to achieving their ZWTL target

Environmental continued

KEY PERFORMANCE INDICATORS

Sun International remains committed to reducing its environmental footprint across all units. Our environmental reporting is aligned to the GRI disclosures and we comply with the CDP requirements for water and climate reporting. We also implement the WWF-SASSI requirements and, where possible, align our environmental initiatives to address specific Sustainable Development Goals (SDGs), namely SDG 6 – Clean Water and Sanitation and SDG 12 – Responsible consumption and production.

The tables below represent are our South African environmental performance for 2019.

South Africa		December 2019	December 2018
Water usage (withdrawals)	kl	**4 510 042**	4 515 725
Waste generated	kgs	**7 495 585**	6 863 382
Energy consumption	kWh	**231 434 377**	249 911 965
Carbon emissions (Scope 1 and 2)	tonnes CO_2e	**267 952**	253 875

WATER MANAGEMENT

Because water is a critical resource and key focus area, we are committed to using it responsibly while ensuring we have a secure supply to all our units. We continue to investigate additional sustainable water sources for each unit based on what is feasible from a cost, time and efficiency perspective.

Impact of water scarcity

Water scarcity remains a national concern across South Africa, although some units are particularly vulnerable. We continue to monitor this, implementing initiatives to keep delivering memorable guest experiences where feasible.

GrandWest continues to manage water scarcity through their water purification plant that treats borehole water to potable standards. Boardwalk finalised preliminary investigation into installing a reverse osmosis solution to supplement supply to the hotel and casino. This will result in a significant reduction in municipal water usage, relieving local municipality pressure to supply water to other stakeholders in the Eastern Cape.

Carnival City's local municipality has one of the highest water tariffs in South Africa. In 2019, the unit commenced investigations into alternative water supply projects such as rain harvesting and the use of grey water.

Various other initiatives were implemented across the group to save water, reduce costs and improve our overall water footprint.

Water key performance indicators

Water – South Africa	2019	% change	2018
Total water usage (withdrawals)	**4 510 042**	(0.13)	4 515 725
Recycled water	**380 169**	(45)	686 514
% water recycled	**8**	(45)	15
Cost of water usage (withdrawals)	79 860 323	**18%**	67 854 054

Water usage (withdrawals)

South Africa

4 510 042 2019

4 515 725 2018

Africa

355 581 2019

357 842 2018

Latam

445 264 2019

470 991 2018

Municipal water supply is the largest source (92%) of overall water withdrawals (water usage) for our South African operations. Our 2020 target[1] for South African operations is a 11% reduction in overall water withdrawals.

1 The targets set for local units are based on a scientific target-aligned methodology over a three-year period (2018 to 2020), and specifically annualised for each unit.

Environmental continued

While we noted a reduction in water use, we did not achieve our 2019 water reduction target of 4 259 042kl. There are several reasons for this:

CARNIVAL CITY identified abnormally high-water usage in its air conditioning and experienced several water leaks due to damaged water pipes, aging infrastructure and fluctuating water volumes. A water pressure control valve was installed to regulate the water pressure

CAROUSEL reported an overall reduction in potable water withdrawals with the unit downsizing, but in turn more potable water was required to operate the sewage treatment works

GRANDWEST experienced operational issues at their water treatment plant that required significant maintenance work. This meant that the plant did not optimally recovery purified water from the volumes of water withdrawn from the boreholes

CENTRAL OFFICE withdrawals increased due an extra 100 employees who work additional shifts during weekdays and over weekends

SUN CITY used an additional 60 – 70 megalitres (30% increase) to replenish one of the lakes with potable water due to aging infrastructure

With the lifting of the water restrictions in Cape Town, **TABLE BAY HOTEL** reported an increase in water withdrawals. This increase was mainly due to the removal of water saving initiatives specifically implemented to address the water restrictions. Furthermore, the unit conducted general maintenance on a water tank end of 2018, which overlapped into the beginning of 2019 with the filling up of the tank taking place in 2019

We remain committed to reducing our water withdrawal and are pleased with the eight units that achieved their water reduction targets. Interventions from some of units include the following:

- **Maslow Time Square** installed low flow aerators in the water taps, transitioned to grey water for irrigation and corrected the timings for watering gardens
- **Flamingo** installed new energy efficient chillers and ensured the timeous repairs of any water leaks at the unit
- **Windmill** received good rainfall in 2019, which reduced the irrigation from boreholes. Footfall also decreased when compared to the prior year
- **Sibaya** reduced water pressure thereby reducing water flow and minimising wastage. With the ongoing revamp of the lodge in the second half of 2019, 10 rooms were removed from inventory every 20 working days (49 rooms) which meant reduced occupancy at the lodge.

Sun City, Wild Coast Sun and Carousel are the only units that monitor the use of recycled water. Recycled water use volumes decreased by 48% at these units, mainly due to pipe and pump infrastructure and maintenance issues.

The cost of water at local units increased by 18% to R79.8 million (2018: 67.8 million). Central office and Wild Coast Sun experienced increases due to additional headcount and reporting purification plant operating and maintenance costs respectively. GrandWest and Windmill reduced costs by 26% and 34% respectively, mainly due to the purification plant at GrandWest and higher rainfall experienced at Windmill in 2019.

For Latam, water data was reported for eight operations across Chile and Argentina. During the year-on-year comparison there was a 5% reduction in overall water withdrawals. Five operations showed reductions due to a decrease in the number of leaks and the Valdiva casino was closed as a result of external disturbances.

For Africa, there was a decrease at the operation in Nigeria due to conservation measures to improve water efficiency implemented in 2019. At Royal Swazi there was an increase due to maintenance work as well as water supply to the Ezulwini Sun Hotel opening in 2019.

Environmental continued

CDP water security scoring

Sun International participates in the CDP's annual water disclosure programme. In 2019 we maintained a B rating, which is on par with the hospitality industry ratings globally. We anticipate maintaining this rating in 2020.

To reduce our overall water consumption, and increase unit-level efficiencies and cost savings, the group is committed to implementing electronic water meters amongst others. During 2019 certain units implemented water meters, which translated into improved data reporting and verification of utility billings. The remaining units are expected to implement water meters from 2020 to 2022.

Going forward, the group will continue to create awareness around water-saving initiatives through our monthly environmental awareness programme, planned sustainability culture programme, e-learning initiatives and training programmes. In addition, a group engineer will be appointed in 2020 to implement a group maintenance strategy to address the aging infrastructural issues and improve operational efficiencies across the local units.

WASTE MANAGEMENT

Sun International remains committed to ZWTL for all local units. This is part of our commitment to minimising our waste footprint, improving efficiencies and saving costs. Although our progress here is slower than expected at our local units, we remain committed to achieving our target. By reducing our waste-to-landfill, we reduce our carbon footprint, create job opportunities, improve our reputation and positively impact our bottom line.

Wild Coast Sun received the first ZWTL rating in South Africa from the Green Buildings Council of South Africa. This was achieved by appointing two local enterprise development companies and a recycling company to manage the onsite waste, which created 13 jobs. It also resulted in by-products (compost and building bricks) being produced, which were sold as additional income to the enterprise and supplier development partners.

The focus across the group is to improve the reporting of waste data, minimise the generation of waste, and increase waste separation at source that in turn results in more effective waste recycling and cost reductions.

Waste – South Africa	2019 (kgs)	%	2018 (kgs)	%
Total volume of general waste to licenced landfill	3 201 326	43	3 364 544	49
Total volume of general waste diverted from landfill for beneficiation	93 253	1	20 405	0.30
Total volume of general waste recycled	3 662 523	49	3 221 485	47
Total volume of hazardous waste to licenced landfill	23 267	0.31	29 256	0.43
Total volume of hazardous waste recycled	515 215	7	227 692	3.32
TOTAL WASTE FOR SOUTH AFRICA	**7 495 585**	**100**	**6 863 382**	**100**

During 2019, the total waste measured throughout our local units was 7 495 tonnes (2018: 6 863 tonnes), a 9% increase. The increase in the total volume of waste can be attributed to improved data reporting, a waste reduction at certain units (Carnival City, Carousel, Flamingo, GrandWest and Maslow) and recycling rates above 70% at seven units.

Annual waste reduction targets at each unit ensure ongoing progress towards achieving ZWTL. Monthly reporting and tracking of waste reduction and recycling initiatives allow us to analyse trends and monitor year-on-year cost savings at the local units.

In 2019, GrandWest, Table Bay, Carnival City, Maslow Hotel, Central Office, Sibaya and Boardwalk completed the transition to new waste service providers that are aligned with the ZWTL programme. In 2020, there will be external waste audits at GrandWest, Boardwalk and Time Square and internal audits at the remaining local units to ascertain progress in achieving the ZWTL goal.

In 2019, Sun City obtained environmental approval for a waste pyrolysis plant to assist the unit achieve ZWTL. The project implementation is expected in 2021. The unit will apply to postpone the closure of the properties' landfill site to 2021, and in the interim will continue existing waste management and recycling practices.

In 2020, GrandWest will investigate an onsite solution to transform non-recyclable waste that would have ordinarily been sent to landfill into a viable reusable product. This should assist the unit in achieving ZWTL.

ENERGY MANAGEMENT

Our energy management initiatives focus mainly on improving energy efficiency, energy optimisation and energy conservation. We aim to achieve this by continuing to

Environmental continued

implement different unit specific energy-saving initiatives, investing in renewable energy projects at relevant units and focusing on behavioural changes related to electricity consumption by our employees, concessionaires and customers.

Through the eco-intelligence dashboard, we can track energy consumption and energy usage against our reduction targets, analysis trends and anomalies. Slower than expected progress has been made with linking our dashboard to real-time electronic electricity meters.

Local units that implemented electronic meters in 2019 were able to identify anomalies and implement corrective actions. The remaining units are expected to implement Phase 1 of the project in 2020 with Phase 2 and 3 expected to be rolled out between 2021 and 2022. Through the electronic electricity meters, the group aims to improve reporting and monitor high consumptive use to identify efficient energy solutions.

Energy data

	2019			2018	
Electricity purchased	**kWh**	**Rand**	**% year-on-year change**	**kWh**	**Rand**
South Africa	231 403 213	260 583 005	(7)	249 911 965	259 259 341
Latam	60 365 859	131 544 659	1	59 538 684	121 712 922
Africa (Nigeria and Swaziland)	12 039 744	22 345 481	(14)	13 918 839	22 886 892
TOTAL	**303 808 816**	**414 473 145**	**(6)**	**323 396 488**	**403 859 156**

	2019			2018	
Direct: Fuel use for generator	**litres**	**Rand**	**% year-on-year change**	**litres**	**Rand**
South Africa	576 543	8 203 360	289	148 041	11 505 484
Latam	131 482	506 954	4	126 568	1 149 841
Africa (Nigeria and Swaziland)	1 905 201	18 790 563	3	1 848 559	16 475 197
TOTAL	**2 613 226**	**27 500 877**	**23**	**2 123 168**	**29 130 522**

	2019			2018	
Direct: Liquified petroleum gas (LPG)	**kgs**	**Rand**	**% year-on-year change**	**kgs**	**Rand**
South Africa	700 819	13 653 454	7	652 230	12 574 937
Latam	1 325 687	10 588 434	54	863 315	10 123 836
Africa (Nigeria and Swaziland)	33 618	662 098	(18)	40 897	873 364
TOTAL	**2 060 124**	**24 903 986**	**32**	**1 556 442**	**23 572 137**

The total amount of electricity (Scope 2) purchased by our local units was 231 403 213 kWh (2018: 249 911 965kWh), reflecting a 7% decrease. 10 of the 16 local units reduced their consumption, with the highest reduction (9% or seven million kWh) achieved by Sun City. This was achieved primarily by switching off the resort's pool heating system. Other ongoing interventions include replacing old equipment with more efficient alternatives, conducting onsite energy audits and continually engaging with employees and guests to improve energy awareness.

Ongoing load shedding continued to impact our operations. This contributed to the decrease in our kWh energy consumption but resulted in increased diesel costs for generators. As a result of our improved fuel data reporting, we were able to determine the cost impact loading shedding had on the local units in 2019 (over R8 million).

Units continued to improve reporting on LPG gas, specifically Flamingo, Sibaya, Time Square and Windmill. The data reflects a 4% increase in consumption in 2019 (675 723kgs) when compared to 2018 (652 230kgs).

Energy data for Latam was reported for nine units across Chile, Argentina and Panama. The year-on-year comparison indicates that five units reduced in electricity consumption, while five units reflected an increase in diesel usage for generators. For LPG, the general trend was an increase in usage for eight units.

Our two African operations showed a decrease in electricity consumption due to less energy supply from the national supplier in Nigeria and in Swaziland due to energy efficiency measures. LPG is only reported for Royal Swazi and the decrease in 2019 was due to equipment maintenance. Nigeria accounts for 99% of the diesel usage for generators and experienced a 3% increase in 2019, due to more frequent use of generators (linked to less energy supply from the national supplier). Royal Swazi also experienced more frequent power outages, which increased diesel usage.

Environmental continued

CDP climate change scoring

Sun International participates in the annual CDP as part of our commitment to measuring and reducing our carbon footprint. In 2019 we maintained our B rating, which we strive to improve continually. Going forward, we will be investigating alternative energy supply for our local units.

Together with our energy management focus, Sun International is committed to reducing greenhouse gas (GHG) emissions and our impact on the environment. Science-based intensity targets for our Scope 1 and 2 emissions encourages all units towards low-carbon energy sources. Going forward, Sun International is committed to addressing the impact of our Scope 3 emissions.

South Africa carbon emissions data

Scope	Source	Total 2019[1] (Tonnes CO_2e)	Total 2018 (Tonnes CO_2e)	% year-on-year change
SCOPE 1	Company-owned vehicles	2 603	2 473	5
	Stationary fuels	3 622	2 314	57
	Refrigerant Gas (Kyoto gases)	21 109	11 672	81
	Subtotal Scope 1	**27 334**	**16 459**	**66**
SCOPE 2	Electricity consumption	240 692	237 416	1
	Subtotal Scope 1 and 2	**268 026**	**253 875**	**6**
OUT OF SCOPE	Fugitive emissions (non-Kyoto gases)	2 543	3 326	(24)
	Total emissions (including other direct)	270 570	257 201	5

1 Science-based intensity targets have been set for the South African units. The target is calculated by taking our total Scope 1 and 2 emissions and dividing them by the unit total person hours worked.

Total Scope 1 emissions increased by 66% (2019: 27 334 tonnes; 2018: 16 459 tonnes), largely due to improved reporting of refrigeration gases (81% increase) and increased generator diesel consumption (57%). Total emissions for Scope 2 in 2019 was 240 692 tonnes CO2e (2018: 237 416 tonnes CO2e), a 1% increase that can be linked to the 9% increase in the Eskom grid emission factor (2019: 1.04; 2018: 0.95). To achieve our 2023 intensity target of a 15% reduction, the local units need to achieve an annual 2.6% reduction when compared to the 2017 baseline data. The local units exceeded the 2019 reduction target for Scope 1 and 2 by being 13% above the target. This is directly linked the increases in the Scope 1 and Scope 2 emissions and improvement in the reporting of person hours worked. Only four units achieved their 2019 reduction targets: Carnival City, Central Office, Maslow and Sun City.

A key initiative in reducing our energy and emissions is exploring renewable energy projects. An internal working group was established to identify and evaluate how best to approach this. The responsibility for the development and implementation of renewable energy projects will be that of the newly appointed engineering manager. Although unit-specific projects were identified in 2019 by Sun City and Meropa, it was recommended that an overall group strategic approach for alternative energy supply be developed going forward, to assess the energy profile for local units and identify suitable units for pilot projects.

Environmental continued

BIODIVERSITY

Our impact on biodiversity remains largely the same. In addition to our standard management measures to protect important biodiversity, many units continue to monitor and support biodiversity initiatives in and around their operations. Although most units have a limited impact on biodiversity, units such as Wild Coast Sun and Sun City are situated in sensitive areas and we continue to monitor their impact. We participate, where applicable, in protecting the areas we operate in, such as rhino protection and the protection of our coastline (specifically near sensitive fauna and flora). Sun International is also a member of the WWF.

Sun International operates in the food and beverage industry, where supplying sustainable seafood is important. We appreciate the global concern over exploiting marine resources and the environmental impacts of fishing and aquaculture activities on marine ecosystems. Our partnership with WWF-SASSI ensures we continually implement a sustainable seafood strategy across our food and beverage outlets and restaurants. We are committed to driving positive change in the way we source and serve seafood in our restaurants by:

In 2019 we completed our WWF-SASSI 7th organisation assessment, where we:

- updated our seafood policy
- identified all red-listed species for removal from our procurement database
- commenced with tracking the traceability of our purchased seafood with the assistance of our suppliers
- had relevant managerial and procurement staff attend WWF-SASSI training
- updated all menus with new WWF-SASSI logos and communicated our commitment to souring seafood responsibly.

LOOKING AHEAD

- Waste management – achieving ZWTL at additional local units and conducting external and internal audits to assess progress towards achieving our ZWTL target. The development of a self-assessment tool for units to track and manage progress
- Alternative energy supply – identifying a suitable approach for local units to undertake energy supply projects, with a pilot project to commence in 2020
- Determining Scope 3 carbon emissions and identifying baseline indicators for reporting
- Developing an integrated SHE management system to improve data accuracy, consistency and reporting on a monthly basis
- Setting water targets for the period 2021 to 2025

Environmental continued

ENVIRONMENTAL INITIATIVES

WATER STAR RATING CERTIFICATION

GrandWest achieved a 4 star rating certification from City of Cape Town in 2019. This certification recognises participants for reducing water consumption and limiting water pollution. As part of their submission for the certification, GrandWest presented water saving initiatives. The certification showcases GrandWest's journey towards being an environmentally conscious company and employee behavioural changes have been encouraging. GrandWest is the first operation to achieve this certification.

GrandWest Sustainability team with their 4 star certificate at their Water Treatment Plant.

SUSTAINABILITY E-LEARNING

In line with our drive to achieve a sustainability focused and environmentally friendly culture, an e-learning campaign was launched internally in September 2019. We developed 10 e-learning videos with different themes throughout the year, based on varying health and safety, environmental and socio-economic development topics. The four environmental themed videos launched in 2019 included waste and carbon management as well as energy and water efficiency. To drive competition between our South African operations employee participation was tracked. For the period September 2019 to January 2020 we engaged 20% of our total South African employees through this initiative.

Behind the scenes at The Table Bay Hotel shooting the introduction for our water efficiency video

As part of a challenge at the central office 'Amazing Race – Waste Edition' teams were required to watch the waste management e-learning video and successfully answer the quiz before moving onto their next challenge

FIRST NET ZERO WASTE FACILITY IN AFRICA

Sun International has become the first company in Africa to receive a prestigious Green Building Council of South Africa's (GBCSA) Net Zero Waste rating for an ambitious recycling effort at its Wild Coast Sun property. The award is the first of its kind in the country, and although the Wild Coast Sun was already sending zero waste to landfill by the end of 2016, the verification process required one full year's data before it could be certified.

The project now sustains two permanent enterprise development projects. Gayo enterprises, headed up by Aben Mbabala, employs seven people who are responsible for collecting and separating food waste, cartridges, paper, cardboard and batteries. Vuka Uzenzele Trading is managed by Alex Nzimakwe with five employees who produce compost from food waste and garden cuttings, and plant and manage the new organic vegetable gardens.

Vuyiswa Hlanga, Gardener; Alex Nzimakwe, Compost Yard and Vegetable Garden Manager; and Nomfanelo Cekiso, Garden Specialist, are so proud of the vegetable garden.

STRATEGIC OBJECTIVES

Health and safety

The health and wellbeing of our employees, guests and communities is critical to our business as it directly impacts our reputation and bottom line. Our health, safety and wellness framework enable the group to manage and monitor health and safety group-wide to protect relevant stakeholders, maintain legislative compliance, and position the group to become an industry leader in health and safety.

IMPACTS

- Achieved **zero fatalities** group-wide
- **Revised our health and safety targets for the next five years** (2020 to 2024) to include lagging and leading indicator performance measures
- **Closed out 44%** of all fire and life safety **audit findings**
- **Trained 2 651 employees,** and 5 467 service providers and contractors on health and safety related topics
- **Spent over R8 million** on fire and life safety measures
- Achieved a **legionella risk index score of 74%**
- Achieved **a hygiene compliance score of 94%**

FOCUS AREAS IN 2019

Self-assessment: ACHIEVED/ GOOD PROGRESS | IN PROGRESS | LIMITED PROGRESS

Achieve a 0% fatality rate	**Implement incident reduction initiatives**	**Implement the group fire safety standard**
WHAT WE ACHIEVED No fatalities in 2019	**WHAT WE ACHIEVED** Most business units completed this, resulting in reduced injury trends	**WHAT WE ACHIEVED** This was delayed pending the appointment of a group engineer
Achieve group incident reduction targets when compared year-on-year	**Standardise reporting of requirements and aligning health and safety management to South African standards in Latam by rolling-out our sustainability manual**	**Improve integration to implement preventative maintenance plans**
WHAT WE ACHIEVED Group incident reduction targets not achieved	**WHAT WE ACHIEVED** Launched and implemented the manual at all local operations. Our Latam operations alignment of health and safety standards is dependent on their specific sustainability requirements	**WHAT WE ACHIEVED** We continue to work with our maintenance teams on site, with improved traction expected once a group engineer has been appointed

Health and Safety continued

Appoint a group healthcare provider

WHAT WE ACHIEVED

Appointed a group occupational and primary healthcare provider to manage five on-site clinics, and to develop and implement an occupational healthcare programme

Implement a medical surveillance programme

WHAT WE ACHIEVED

Developed a medical surveillance programme for our South African units, taking into account the occupational health risk assessments. A medical surveillance policy was also developed as part of the programme. The implementation of this programme will commence in 2020

KEY PERFORMANCE INDICATORS

Sun International remains committed to reporting on relevant and applicable indicators as tabled below. Data is segmented by region to ensure our key performance indicators are accurately reflected across the group.

		SOUTH AFRICA		AFRICA		LATAM	
		December 2019	December 2018	**December 2019**	December 2018	**December 2019**	December 2018
Fatal Injury Frequency Rate (FIFR)[1]	Rate	**0.00**	0.00	**0.00**	0.00	**0.00**	0.02
Lost Time Injury Frequency Rate (LTIFR)[2]	Rate	**0.99**	0.96	**0.00**	0.09	**4.55**	3.47
Total Recordable Injury Frequency Rate (TRIFR)[3]	Rate	**1.96**	2.05	**1.97**	0.70	**10.91**	16.66
Total Injury Frequency Rate (TIFR)[4]	Rate	**7.84**	7.94	**28.49**	13.21	**15.62**	22.47
Total number of guest injuries[5]	Number	**262**	242	**0**	0	**5**	10
Total number of employee/contractor injuries[6]	Number	**323**	334	**20**	8	**604**	783
Total fatalities	Number	**0**	0	**0**	0	**0**	1

1 FIFR is the determination of the frequency of fatalities resulting from a work injury or work-related disease/illness, i.e. the number of fatalities per 200 000 employee hours worked.
2 LTIFR is the determination of the frequency of LTIs, number of LTIs per 200 000 employee hours worked.
3 TRIFR is the determination of the frequency of all RIs – inclusive of all fatalities, LTIs and MTCs per 200 000 employee hours worked.
4 TIFR is the sum of all injuries (i.e. FACs, MTCs, LTIs and fatalities) per 200 000 employee hours worked, where the difference between TRIFR and TIFR is the addition of FACs.
5 Total number of recordable guest injuries includes all injuries that required treatment other than first aid.
6 Total number of recordable employee and contractor injuries that required treatment other than first aid.

PERFORMANCE OVERVIEW

Work-related fatalities and injury frequency rates

Fatal injury frequency rate (FIFR)

Sun International achieved a zero-fatality rate group-wide. We remain committed to keeping our employees, contractors and guests safe by maintaining a zero-fatality rate and continuing to reduce our incident rates group-wide.

Lost-time injury frequency rate (LTIFR)

Our South African operations achieved a cumulative lost time injury frequency rate reduction of 63% over the last four years. In 2019, however, we reported a LTIFR of 0.99 (2018: 0.96), marginally increasing our LTIFR by 0.03% year-on-year. Various initiatives were developed and implemented in 2019 to further reduce incidents.

Data inconsistency and inaccuracy remains a challenge, largely due to current inefficient reporting processes. This should be resolved with the integrated enterprise risk management solution that will be developed in 2020.

Key initiatives that we have implemented year to date include but are not limited to:

- developing and implementing incident reduction initiatives based on injury trends. Most of our units achieved injury reductions, except for GrandWest, Sibaya and Table Bay, which saw a slight increase year-on-year
- improving data capturing and reporting due to established data verification and consolidation processes. The improvement of data controls resulted in an increase in Sibaya's injury frequency rates
- training and audit interventions
- improving awareness and control on common health and safety risks to prevent injuries.

The LTIFR at our African operations decreased to

0 injuries per 200 000 hours worked

(2018: 0.09).

The LTIFR in Latam increased to

4.55 injuries per 200 000 hours worked

(2018: 3.47) mainly due to increases in Valdivia, Punta Arenas and Panamas' LTIFR. Data was also included from our Peru properties, which was not available in 2018. Accurate reporting and the application of our sustainability definitions by our Latam properties remains a challenge. This will be addressed in 2020.

Health and Safety continued

Total recordable injury frequency rates (TRIFR)

The TRIFR in South Africa reduced marginally by 0.04% to 1.96 injuries per 200 000 hours worked (2018: 2.05). We achieved a cumulative total recordable injury frequency rate reduction of 68% over the last four years through various initiatives such as improved data reporting and increased awareness and training.

Africa's TRIFR increased to 1.97 injuries per 200 000 hours worked (2018: 0.70) largely due to an increase in medical treatment cases reported at Royal Swazi. This increase resulted from improved data reporting.

The TRIFR in Latam decreased to 10.91 injuries per 200 000 hours worked (2018: 16.66), mainly due to a 61% decrease in Monticello's medical treatment cases. These reductions were achieved through improved data reporting and risk prevention interventions.

Reduction targets (2019)

LTIFR	TRIFR	TIFR	Fatalities
South African Targets: 0.56	**South African Targets:** 1.01	**South African Targets:** 4.64	**South African Targets:** 0
Achieved: 0.99	**Achieved:** 1.96	**Achieved:** 7.84	**Achieved:** 0

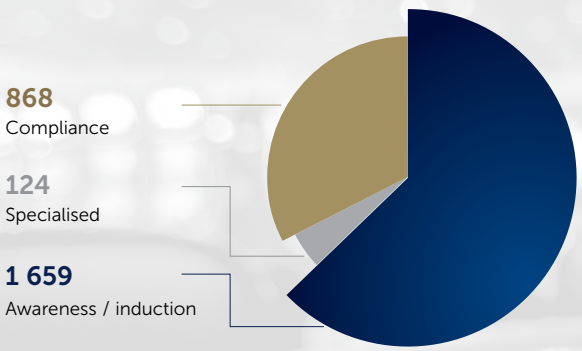
Sun International did not achieve the injury reduction targets set for 2019 but continued to reduce injuries. When reviewing the OHS data for 2019 against the targets, the methodology applied was based on the JSE averages in our sector. These targets required a >50% reduction in all incidents across the board over two years, which was achievable for certain units only. Therefore, our OHS targets will be revised based on a more realistic methodology; with targets set over a five-year period (2020 to 2024). This revised approach includes:

- reviewing the incident reduction trends over the past three years, per unit
- evaluating the successes of our 'top performers'
- reviewing the challenges of our 'poor performers'
- identifying unit performance improvement projects
- considering industry related leading indicators.

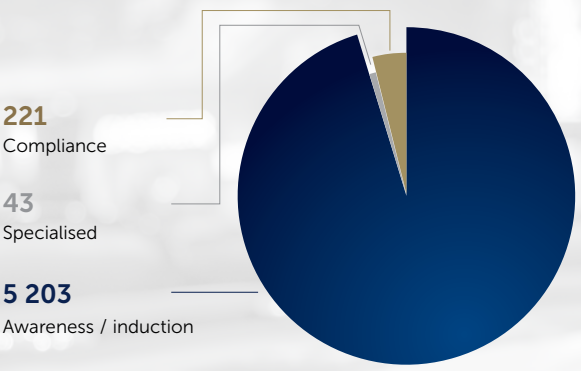
Training and awareness

All units conduct training interventions to improve awareness of health and safety related topics, as well as compliance related training. In 2019, we trained 2 651 employees, and 5 467 service providers and contractors on health and safety related topics depicted below.

Sun International employees



Service providers and contractors



Health and Safety continued

SAFETY MANAGEMENT

Risk and compliance

Compliance and risk management platform

Implementing our electronic compliance and risk management platform is progressing well and most of our units now use this platform to manage their compliance requirements, complete their safety inspections and checklists, and log improvements. To enhance incident management and reporting, and improve risk and compliance management, this system will be replaced with an integrated enterprise risk management solution in 2020.

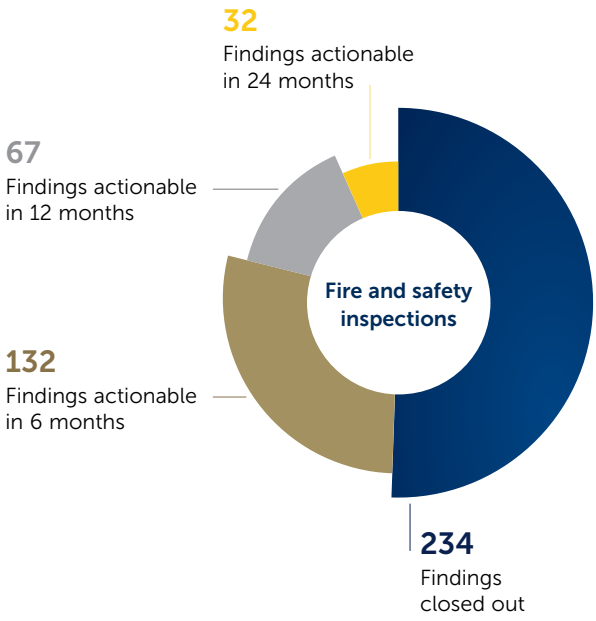
Group SHE management system

Our group SHE management system has been developed using an integrated approach and is aligned to the ISO 14001 and ISO 45001 standards. Group management and standard operating procedures (SOPs) were developed to guide the units throughout the implementation process. Unit specific SOPs are in the process of being finalised at our South African operations.

Audits

Fire and life safety inspections

Sun International employs an external consulting firm to conduct independent fire and life safety inspections at our South African operations. Management ensures compliance at all units through regular monitoring, reporting and actioning. The highlights depicted alongside indicate our commitment to improve group-wide fire and life safety.



Sustainability cross-unit audits

The SHE cross-unit audits conducted in 2018 evolved into fully integrated sustainability cross-unit audits in 2019. Audits now include SHE, SED and CSI criteria. The audit scope varies annually to ensure all aspects of sustainability is addressed. However, the audit focus remains on data accuracy, source evidence, verifying compliance and the close out of previous audit findings.

Each unit's SHE data was interrogated for accuracy, completeness, reliability and consistency. We also verified that our South African operations were able to close out 60% of all internal audit findings from 2018. Audit teams included representatives from the central office sustainability team as well as qualified unit representatives from other units.

Firefighting
TRAINED
624 employees

Fire systems and fire prevention
SPENT OVER
R8 million

HEALTH MANAGEMENT

Health and wellness

One Sun Wellness, our internal wellness programme, provides employees with health and personal wellbeing facilities to support and improve overall wellbeing. The programme provides trauma counselling to employees and their immediate family members, and facilitates HIV/Aids monitoring through on-site testing, which includes HIV and health risk assessments. This programme operates in conjunction with our human resources department.

In 2019, we appointed a group occupational and primary healthcare provider to manage four of our existing on-site clinics, and to open a new clinic at Sibaya. The clinics provide primary healthcare, and occupational healthcare services to our employees. They also provide occupational health services to the rest of our South African operations, except for GrandWest, which is managed by an independent service provider.

Going forward, we aim to achieve integrated occupational health and wellness within Sun International. We will achieve this by forming an integrated wellness committee, establishing health risk baselines from an occupational health and employee wellness perspective, and ensuring targeted initiatives across our business.

Health and Safety continued

Medical surveillance

Our appointed group occupational and primary healthcare provider developed a medical surveillance programme for our South African operations based on health risks identified. Various OHS factors and legislation (Occupational Health and Safety Act and Basic Conditions of Employment Act) were considered during this process. Where employee exposure was identified as a risk, medical surveillance was listed as a requirement to monitor employee health, as prescribed by these regulations. In addition, we standardised our medical surveillance approach and applied best practice.

HYGIENE MANAGEMENT

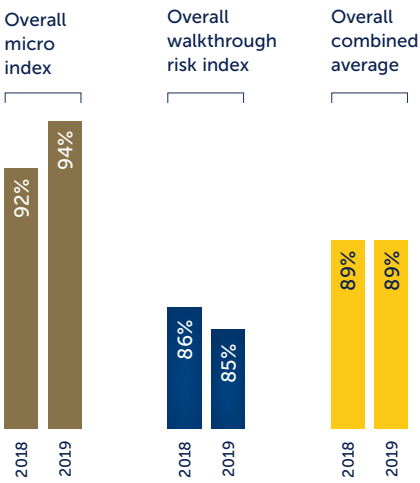
Hygiene and food safety

At Sun International we pride ourselves on maintaining the highest food safety standards. We ensure that various food safety measures are implemented including cleaning and sanitising, personal hygiene, food storage and handling. Furthermore, we monitor and analyse our food safety and quality quarterly through an independent third-party and SANAS-accredited laboratory. Areas covered in the assessments include microbiological evaluation, visual cleanliness, food safety practices, inspection of facilities and compliance with legislation relating to food hygiene practices.

All new employees are trained by accredited training providers to maintain food safety and hygiene standards. Refresher training is provided annually to all food and beverage employees. Ongoing awareness campaigns reinforce the need to practice good hygiene across the group.

As depicted in the graphs, Sun International achieved 94% (target of 90%) compliance in its overall microbiological index for the South African and African units (2018: 92%). This demonstrates that our food and beverage departments are managing cleanliness and hygiene in critical areas. We achieved 85% compliance (2018: 86%) in the overall walkthrough risk index. Due to ageing infrastructure, most findings are as a result of ongoing maintenance and infrastructure challenges experienced in our kitchens. We anticipate that most of these shortcomings will be addressed following the group engineer appointment. The combined average (microbiological and walkthrough risk indexes combined) remains at 89%.

Sun International group hygiene averages year-in-year

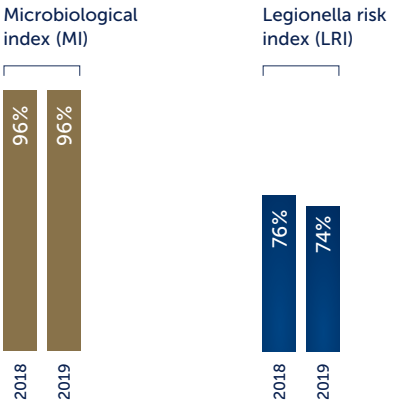


Legionella risk management

Legionnaires' disease[1] is a significant risk in the hospitality industry. Sun International continues to monitor this risk annually through an independent third-party and SANAS-accredited laboratory. The assessments include evaluating the management and overall control of legionella risks, including key risk areas such as hot and cold water systems, shower heads and cleaning devices.

Sun International's Legionella microbiological index remained at 96% year-on-year, and the Legionella risk index reduced by 2% to 74% (2018: 76%). A contributing factor to this reduction is the ageing infrastructure and the need to upgrade the hot water reticulation systems at certain units.

Group Legionella averages year-on-year



LOOKING AHEAD

- Reducing inefficiencies and improving holistic enterprise risk management through a single electronic system
- Improving data analytics to inform incident reduction initiatives at all local business units
- Developing new and improved sustainability awareness e-learning videos relating to OHS
- Developing an OHS compliance e-learning solution for the group that adopts a blended learning approach
- Reviewing, updating and achieving new OHS targets
- Implementing the medical surveillance programme at our South African operations

1 Legionnaires' disease is a form of atypical pneumonia caused by the inhalation of legionella bacteria, which can be found in hot and cold-water systems.

Health and Safety continued

HEALTH AND SAFETY INITIATIVES

Sustainability e-learning

Sun International launched a sustainability e-learning campaign to achieve a sustainable health and safety-oriented culture change. 10 e-learning videos were developed with different themes throughout the year, based on varying SHE and socio-economic development topics. The four health and safety themed videos included practising good hygiene; slips, trips and falls; as well as fire and electrical safety. We also developed a leader board to drive competition between local units. For the period September 2019 to January 2020 we engaged 20% of South African employees through this initiative and our operations are actively driving this campaign through reward and recognition initiatives.

Practising Good Hygiene E-learning Poster

Slips, Trips and Falls E-learning Poster

Awareness Days

GrandWest employees participating in the World Day for Health and Safety at Work initiative

WORLD DAY FOR SAFETY AND HEALTH AT WORK

GrandWest celebrated World Day for Health and Safety at Work on 28 April 2019 to create public awareness around the prevention of accidents, diseases and fatalities in the workplace. Each department nominated five representatives who were tasked with designing and presenting an applicable health and safety poster. The winning team was awarded a voucher and all staff who participated received a health and safety warrior badge.

Windmill also celebrated the day by hosting a competition for employees who had to match Sun International's internal safety symbols to specific descriptions. Three winners won a first aid kit.

Wild Coast employees participating in a Zumba class

HEALTH LIFESTYLE AWARENESS DAY

In February 2019, Healthy Lifestyle Awareness Day and other healthy activities were celebrated with employees participating in a fun run/walk across most of our units.

STRATEGIC OBJECTIVES

Socio-economic development

Our investments in socio-economic development (SED) help us create shared value, fulfil our licence conditions, and promote B-BBEE and corporate governance processes. It also empowers and uplifts the communities we operate in, creates cohesion and ensures we are sustainable.

IMPACTS

- The **pass rate in hospitality** and consumer studies programmes at our partner schools **continues to increase** each year
- **Prioritised** our community **stakeholder engagement** programme
- **Over 25 schools** are being **supported** through our 'Adopt a School' group project nationwide
- **Invested R25.4 million on SED projects,** most of which contributed to Sun International's prioritised SDGs
- Recorded our CSI spend for the first time – **R3.6 million invested in CSI initiatives**

FOCUS AREAS IN 2019

Self-assessment: ACHIEVED/ GOOD PROGRESS | IN PROGRESS | LIMITED PROGRESS

Implementing our community stakeholder engagement process and framework across all South African business units

WHAT WE ACHIEVED

Implemented a community stakeholder engagement methodology to be embedded throughout our South African operations in 2020

Increasing the impact made on the 'Adopt a School' initiative as part of our integrated sustainability approach

WHAT WE ACHIEVED

Completed phase 1 of the 'Adopt a School' project, focusing on consumer studies and hospitality programmes

Maximising our employee volunteering initiatives

WHAT WE ACHIEVED

Identified key group initiatives such as Adopt a School, Mandela Day and Sun International's Literacy campaign that also align with employee volunteering initiatives

Effectively report on all CSI spend

WHAT WE ACHIEVED

Implemented a system to capture and record CSI spend

Training dedicated SED managers and officers on our community engagement process and compliance audits

WHAT WE ACHIEVED

Completed stakeholder engagement and audit training of all relevant SED employees

Conducting integrated sustainability cross-unit SED audits at all local units in 2019

WHAT WE ACHIEVED

Completed integrated sustainability cross-unit SED audits at all local units

Socio-economic development continued

KEY PERFORMANCE INDICATORS

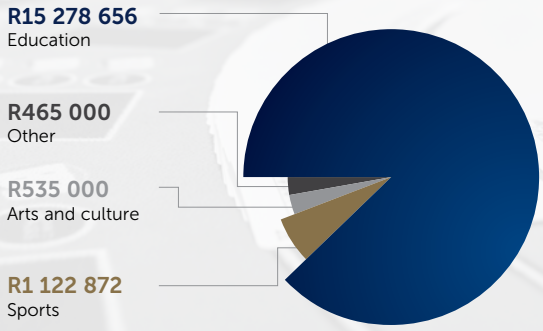
SED spend

Sun International's 1% net profit after tax (NPAT) SED spend for the period under review amounted to R25.4 million (2018: R23.7 million).

Unit	1% NPAT Actual SPEND (SED 2019) Rand	1% NPAT Actual SPEND (SED 2018) Rand
Boardwalk	581 000	580 000
Carousel	6 705	9 940
Carnival City	1 098 000	1 653 300
Flamingo	84 000	103 228
Golden Valley	234 742	213 981
GrandWest	6 201 294	5 746 862
Meropa	775 782	573 782
Sibaya	3 440 590	2 998 971
Sun City	1 485 903	1 333 363
Wild Coast	803 636	849 000
Windmill	494 878	452 348
Table Bay	396 500	439 837
Maslow Time Square	623 498	1 070 670
Maslow	45 000	38 110
Central office	810 000	600 000
SunSlots	8 048 345	7 005 574
SunBet	320 000	5 000
TOTAL	**25 449 873**	**23 673 966**

Our SED investment is allocated according to Sun Internationals' SED project focus areas – education, sports, and arts and culture, with an emphasis on education as depicted below, since education is critical in alleviating poverty and ensuring economic stability. Our focus areas unify the Sun International brand and meet various gaming board licence conditions in different gaming regulatory authorities. We strive to be known for innovative, inspired projects that positively impact our communities and improve their access to the economy. We also recognise the value in developing a sustainable model that connects our social investment to our core business strategy.

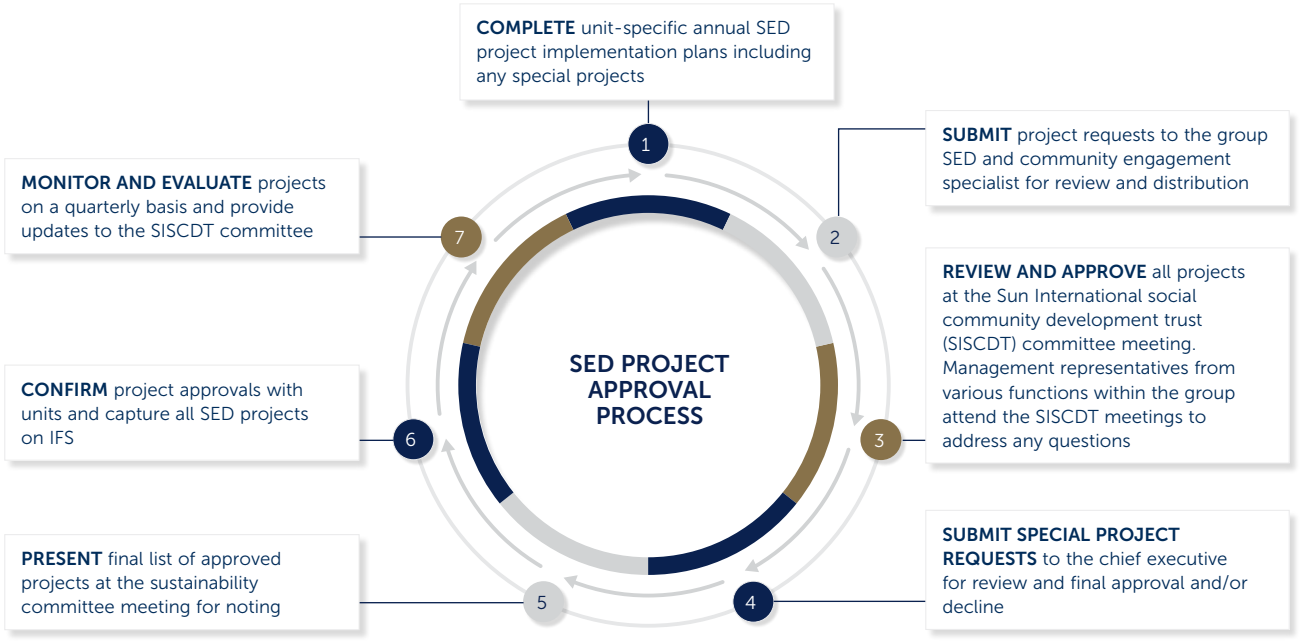
SED project focus areas



This excludes SunSlot's approximate R8 million spend as this will only align with Sun International's SED project portfolio in 2020

SED project approval governance process

The group follows a robust process for identifying and governing SED approvals. This process ensures that the group makes a positive impact on one of our most vulnerable stakeholders — communities.



Socio-economic development continued

CSI spend

The group invested in various CSI initiatives — both in-kind monetary and non-monetary — including donations, sponsorships and charitable givings that totalled R3.6 million across our South African units, excluding SunSlots and SunBet. Sun International has contributed to CSI spend since our inception, but we did not record the actual contribution. This is the first year we recorded and reported on our CSI spend at a unit level. We implemented a formal system to track in-kind donations, which are distinguished as donations with and without rand value. In-kind donations with a rand value include the donation of venues, accommodation, show tickets, restaurant vouchers and any other donations that could have been sold. We anticipate a significant increase in this spend as our recording process matures.

CSI is a unit-specific operational expense allocated to projects of interest to the group and its employees. Most of our CSI initiatives are funded by each business unit, and donations received from our guests and partners. Although the gaming boards recognise CSI spend, the B-BBEE Act only recognises the SED spend based on 1% NPAT. These in-kind donations do not form part of the NPAT for calculating the group's SED spend per the B-BBEE Codes. Our SED projects are allocated to initiatives that facilitate sustainable access to the economy for our beneficiaries and are governed by our SED policy.

Creating shared value

Our social capital is accumulated through the contributions of our units and group initiatives that are close to the heart of our communities. Social capital investments ensure our long-term business sustainability by maximising shared value in the communities we operate in. Return on investment is measured by the lasting positive impact and self-sustaining structure of all SED projects. Our employees actively invest their personal time in the social investment projects that resonate with them, from volunteering and mentoring bursary students, to providing business advice and training.

70%
of the SED spend is allocated to group projects

30%
is allocated to property-specific projects

SED initiatives are focused on **education, sports and arts and culture projects**

Effective stakeholder engagement is critical to the group and continues to receive focus

Creating shared value through our projects

Inspired stages

Since inception in 2016, GrandWest, Golden Valley, Carousel and Meropa have participated in this programme annually. Inspired Stages made significant impact in the lives of learners whose passion is in arts and culture. Approximately 30 of our surrounding communities have benefited.

Number of learners
800
2018: 700
2017: 400

Trained and upskilled mentors
50
2018: 25
2017: 10

Rise Against Hunger

Initiatives such as Mandela Day create opportunities for employee volunteerism. Additionally, this initiative creates opportunities to align with the National Development Plan and SDG 2 (Zero Hunger by the year 2030).

Number of meals packed
>1 100 000
2018: >738 000
2017: >335 000

Rand contribution
1 300 000
2018: 800 000
2017: 600 000

Employee volunteers
2 562
2018: 1 989
2017: 1 500

Socio-economic development continued

COMMUNITY ENGAGEMENT APPROACH

Community stakeholder engagement is important in building and maintaining transparent relationships in the communities we operate in. Some of our stakeholders include communities and traditional leaders, provincial and national government, NGOs, NPOs, PBOs, foundations, and labour organisations. The group SED and stakeholder engagement specialist, along with the SED professionals at the various units, are responsible for engaging with these stakeholders. This engagement ensures that our relationships with these stakeholders offer shared value and sustainable SED.

In the prior period, the group's community engagement approach was refreshed to ensure that all our engagement and interventions align with the group's sustainability strategy and, more broadly, the provincial and national growth and development plans. During 2019, we commenced our stakeholder engagement pilot project with the 'Big 5' units (Boardwalk, Carnival City, GrandWest, Sun City and Time Square) all of which have dedicated SED officers. Once rolled-out to all units, this new approach will streamline community engagement and help us prioritise our interventions to address each community's collective need.

LOOKING AHEAD

- Embedding the community engagement approach across all local units; monitoring, actioning and communicating interventions
- Ongoing recording, monitoring and analysis of CSI spend; improving online CSI management tracking and analysis
- Developing a cohesive internal and external public relations communication plan for SED and CSI initiatives
- Identifying and developing an integrated sustainability management system that incorporates all aspects of SED and CSI to improve data accuracy and reporting processes

Socio-economic development continued

SED INITIATIVES

The case studies below detail some SED initiatives in education, sports, and arts and culture, where business units are involved.

In 2019, Sun International embarked on an educational programme to integrate sustainable practices at schools on a national level. To date we have adopted 25 schools, where we empower students to engage in responsible learning for global sustainability. Some of these integrated initiatives are discussed below.

EDUCATION

ADOPT A SCHOOL: Sun International's 'Adopt a School' programme incorporates various sustainability elements such as social, health and safety, economic and environmental elements.

GrandWest has earmarked specific partner schools to achieve this integration through the various initiatives discussed below. These schools are Muizenberg High School, Zandvliet High School, Hector Peterson High School and Ned Doman High School. GrandWest invested R657 500 across these initiatives in 2019.

Hospitality Learners from Ned Doman enjoy their newly renovated Hospitality classroom

Learners from Muizenberg High attending nature camps hosted by Cape Town Environmental Education Trust

GRANDWEST: Integrating sustainability elements in Sun International's 'Adopt a School' flagship programme

"Thank you GrandWest for helping Zandvliet High School to raise the next generation that is intentional and purpose driven in their enhanced conscious-living lifestyle."

Sammy Plaatjies, Zandvliet High School Principal

MACASSAR COMMUNITY CLEAN-UP AND ARBOUR DAY: This creates learner and community awareness about sustaining the environment and keeping it clean.

Ward councillors, GrandWest officials and school personnel informed learners about the importance of maintaining a clean environment before the clean-up began. A Spekboom tree planting ceremony was also held in honour of arbour day and as a reminder of the learners' contribution for the day.

"Saving our Environment... one tree at a time" GrandWest SHE Officer Thumeka with learners from Zandvliet planting trees as part of their Arbour Day celebrations

Socio-economic development continued

Staff from Sun International Central Office visit Carter Primary School to hand over 21 Classroom Mini-Libraries donated to the school library

CENTRAL OFFICE: inspiring literacy among learners who struggle to read with comprehension

"We are grateful to Sun International for this reading initiative you have embarked upon with us. Our country needs companies like yours who are passionate about leaving an indelible legacy in our community."

PS Makgato, Carter Primary School Principal

In association with Read to Rise, Sun International donated reading corners and books to Carter Primary School, which faces infrastructure and resource challenges. This donation aligns with a reading project spearheaded by concerned parents as learners struggle with reading and comprehension. The initiative also supports South Africa's nationwide reading challenge as learner challenges with reading grows.

MEROPA: Providing financial assistance for hospitality and consumer studies classrooms

FAST FACTS FROM KHAISO HIGH SCHOOL

Matric pass rate in 2019 improved from **86% to 97%**

The consumer studies class learners (38) achieved a **100% pass rate**

Khaiso High School topped the school circuit with **22 distinctions**

Meropa at the opening of Khaiso High School Consumer Studies Centre

Sun Meropa provided financial assistance (R581 779.45) to renovate and refurbish the learning centres in tourism, hospitality and consumer studies classes as well as enhance the quality of learning and teaching at various schools – Kgwaratlou Secondary School, Gojela High School, Fred Ledwaba High School and Mothimako High School. These renovations, refurbishments, provision of chef jackets and Matric camp, motivated learners and gave them hope in pursuing their goals.

Learners from Red River Primary at the school shoes handover at the Table Bay Hotel

TABLE BAY: 800 pairs of happy school feet

"Table Bay's initiative has served to place a smile on the faces and joy in the hearts of many a child at Palm Park Primary, enabling them to conform to our uniform and crucially, to present themselves with a greater sense of pride and dignity."

FJ Meissenheimer, Palm Park Principal

With the high cost of living, high unemployment and various financial pressures, many children in poorer communities go to school barefoot, walking considerable distances over rugged terrain to get to school every day. The Table Bay takes a special interest in Cape Town's community life and donated 800 pairs of shoes for children from four local schools – Red River Primary, Palm Park Primary, Entshona Primary and Kairos Primary. These schools were nominated by members of hotel staff. Employees also personally decorated the shoeboxes with a special message for each recipient to personalise the gift. The shoeboxes contain a pair of new school shoes and socks. This inspiring project ensured that primary schoolchildren in these poorer communities had brand new shoes for school.

Socio-economic development continued

WINDMILL CASINO: Installing solar panels at Petunia Secondary School to save electricity

"This solar system will help us save money to supplement the school's feedings scheme, which is not sponsored. We are thinking of saving part of the money to revamp the sports fields as sports and technical skills are focus areas for learners who are not academically inclined."

Maureen Miles, Petunia Secondary School Principal

Petunia Secondary School, with around 1 300 learners, faces many financial and social challenges as 85% of learners cannot afford school fees. It also needs to sustain a vegetable garden that assists with produce for the feeding scheme and contain the high cost of electricity. Windmill partnered with Letsatsi Solar Plant to install solar panels, which will reduce monthly electricity costs thereby enabling the school to continue funding their feeding scheme. This system will ultimately result in the school coming off the grid by the end of 2020. Valued at R241 224, the solar system will be operational for about 20 years and includes an online system to monitor savings. Not only will this project help alleviate the school's electricity cost burden, it will also have a positive impact on the environment. This project is an excellent example of Sun International's sustainable project incorporating social, economic and environmental benefits.

Windmill Casino representatives launches the installation of solar panels at Petunia Secondary School

SPORTS

Mphuphuthe Primary School learners netball team in action testing the newly sports facility

SUN CITY: Multipurpose sport court facility offering soccer, netball, basketball, volleyball and tennis for both abled and disabled community members

Multipurpose sport court can host about five schools, giving access to approximately **3 000 scholars and 4 500 community members** who can participate in five different sports

Evidence worldwide shows that deviant social behaviour can be **reduced by at least 50%** through involvement in sport activities

Between 2010 to 2018, **81 multipurpose sports courts were built** in all nine South African provinces

The Sports Trust together with its founding trustees, Sun International, Nedbank and the National Department of Sport and Recreation South Africa embarked on an exciting project at Mphuphuthe Primary School to build a multipurpose sport court. The court is eco-friendly, low maintenance, has a 20-year lifespan and can be used year round. This project aims to provide all children from the community with an opportunity to participate in sport, offer them a healthy alternative to the conditions they live in, thereby counteracting so many social challenges facing children today. This facility will be shared with the surrounding schools and all learners are encouraged to achieve their full potential in their studies and sport.

Socio-economic development continued

SUNBET AND CARNIVAL CITY: Sponsorship to the Daveyton Festive Soccer and Netball Games creating opportunities for talented but disadvantaged youth

The Pollen Ndlanya Sports Development Foundation was founded by Pollen Ndlanya who played soccer for Chiefs and Orlando Pirates and later went on to play for South Africa's National Soccer team, Bafana Bafana. After retiring from active football, Pollen wanted to pass on the heritage of sports to the next generations. Since 2000, he coordinated and hosted the Festive Soccer and Netball Games in Daveyton, with the aim of creating opportunities for talented disadvantaged youth. With the assistance of Carnival City, Sun Bet, Ekurhuleni Municipality and the Gauteng Provincial Government, Ndlanya is committed to ensuring that the youth in the area get the opportunity to participate in both soccer and netball where he aims to showcase the level of professionalism demanded by professional sportsmen.

Community of Ekurhuleni Teams participating in the Pollen Festive Games

ARTS AND CULTURE

Learners from Bakubung showcasing their cultural dance at Mphauthuthe primary

SUN CITY: Equipping learners with life skills orientation for making future life choices

This biodiversity, arts and culture programme provides learners with critical life skills and joins communities through cultural dance and music. The programme also provides a platform for recreation, leisure and entertainment, which many participants could not afford. Learners are transported to Sun City to participate in a tour that complements the school curriculum in social science and arts and culture. Learners participate in sport activities and are taken on game drives. For some leisure and entertainment activities, the learners enjoy the Valley of Waves. Sun City's financial support not only embeds a culture of life-long learning and pursuit of career path, it positively impacts the community's livelihoods and enhances relations between Sun International and its local community.

OUR STRATEGIC OBJECTIVES

Enterprise and supplier development

Our supply chain helps create value across the group's broad supplier base and supports the group's vision of creating genuine value for the communities in which we exist, by investing in local procurement opportunities. The group further maintains an efficient and equitable supply chain aligned to ethical standards and practices through a robust governance process.

IMPACTS

R44.4 million invested in supplier development and distributed to **77 business beneficiaries** from within our local communities

R12.3 million committed in enterprise development to **37 business beneficiaries** from within our local communities

Supported 15 beneficiaries through formal business development support (BDS) in line with the requirements of our E&SD programme

Introduced an online tender bulletin board to advertise formal sourcing activities and to facilitate direct online quoting opportunities

FOCUS AREAS IN 2019

Self-assessment: ACHIEVED/ GOOD PROGRESS | IN PROGRESS | LIMITED PROGRESS

Formalising the group's E&SD committee

WHAT WE ACHIEVED

Established the E&SD committee in 2019, which meets quarterly

Introducing an automated e-sourcing portal

WHAT WE ACHIEVED

Tender process concluded and finalised a business case proposal to be presented to exco for consideration

Conducting compliance management on Sun International's active supplier database and responding accordingly

WHAT WE ACHIEVED

Implemented stringent controls to mitigate risk of procurement from non-compliant suppliers

Continuing to entrench BDS across all units, including the conclusion of a formal BDS provider sourcing process

WHAT WE ACHIEVED

While the group has appointed two preferred service providers in this regard, the progress towards entrenching BDS as a fundamental requirement remains a strategic focus

Formalising the compliance management standard operating procedure

WHAT WE ACHIEVED

This was achieved and communicated to the group

Enhancing the business intelligence capabilities

WHAT WE ACHIEVED

Investigations into alternative business intelligence platforms remains ongoing

Enterprise and supplier development continued

KEY PERFORMANCE INDICATORS

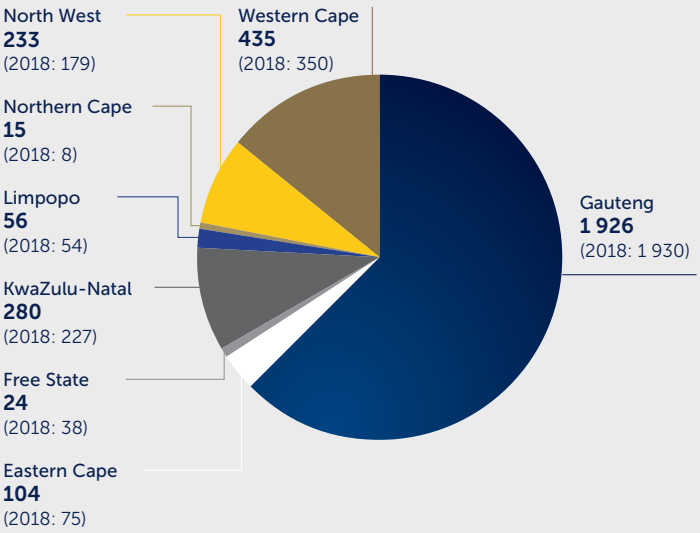
	PREFERENTIAL PROCUREMENT		SUPPLIER DEVELOPMENT		ENTERPRISE DEVELOPMENT		TOTAL POINTS OUT OF A POSSIBLE 40.00	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Spend (R million)	**3 223**	3 306	**44.4**	46	**12.3**	10.2	**40**	40
B-BBEE score achieved Points/(%)	**100%**	100	**100%**	100	**100%**	100	**100%**	100

PERFORMANCE OVERVIEW

The group remains committed to creating opportunities for all suppliers, especially B-BBEE compliant SMMEs. We maintained our B-BBEE levels across all pillars in support of economic upliftment through our supply chain nationally. Our focus remains on improving spend allocation across a broader base within our supply chain. We continue to address this through our ongoing procurement controls.

Sun International introduced an online tender bulletin board to advertise formal sourcing activities in an open and transparent platform. This platform now also allows prospective suppliers to submit online quotes for direct inclusion in ad hoc sourcing opportunities and can be accessed on our corporate website: **https://corporate.suninternational.com/procurement/tenders/**

Local geographic E&SD spend (R million)



Preferential procurement

Sun International's total measured procurement spend for the financial year exceeded R3.2 billion (2018: R3.3 billion), of which R2.99 billion was procured from over 2 900 verified B-BBEE-compliant suppliers. This 93% valid spend compliance was below the group target of 95% for 2019. Our 2020 goal is to reach and maintain 95%.

The group continues to engage suppliers that support our objectives and meet our optimum B-BBEE standard: black-owned with a level 3 rating or better. 51% of group spend met this optimum requirement, exceeding our 45% target for 2019. Our revised 2020 goal is to reach and maintain 60%.

Black-owned SMME spend of 26% (2018: 35%) was achieved, exceeding our 25% target. We intend to increase our annual target to 35% by 2020.

Stringent B-BBEE compliance controls are implemented throughout the year, including suspending a significant number of non-compliant suppliers. These controls positively impacted the transformation of our supply chain when measured against internal indicators and were introduced as part of our preferential procurement strategy towards achieving optimal compliance by 2020.

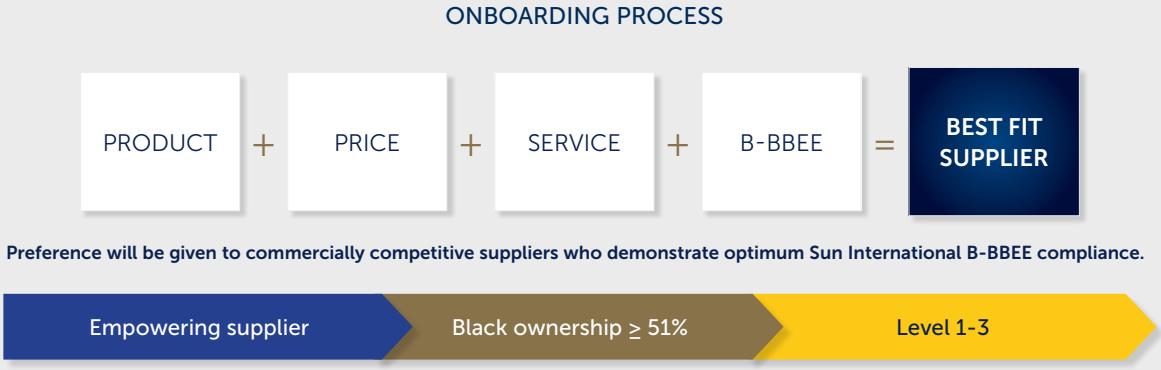
Indicator categories	Revised Target by 2020 (%)	**Achieved in 2019 (%)**	Achieved in 2018 (%)
Black-owned spend	**65**	52	45
Black women spend	**30**	21	19
Level 1 to 3	**80**	73	63
Optimum spend[1]	**60**	51	41
SMMEs	**60**	36	35
Valid B-BBEE spend	**95**	93	92

1 Actual contribution invested, not the recognised values as per the B-BBEE Codes.

Enterprise and supplier development continued

Sourcing and supplier onboarding process within Sun International

Although sourcing suppliers is commercially driven, we remain committed to economic transformation in South Africa by adopting the B-BBEE framework that encourages black SMME participation. We give preference to commercially competitive suppliers who meet our optimum B-BBEE compliance standard. All potential suppliers must register on the Sun International supplier database for inclusion in any sourcing opportunity. Sourcing opportunities are also advertised on our corporate website.



Enterprise and supplier development

Sun International's E&SD strategy remains a group priority, emphasising responsible corporate citizenship and a commitment to the environment, community and economy. These objectives drive our supplier sourcing and create opportunities for small businesses to enter our supply chain.

The group's E&SD programme identifies and assists businesses at our various properties through capital funding or other business development services, with the goal of:

- fostering sustainable business growth, creating jobs, and adding economic value
- supporting the development of black-owned SMMEs
- offering consistent and structured application of E&SD projects
- focusing on the sustainability of our beneficiary organisations
- supporting South Africa's National Development Plan 2030
- supporting strategic category management plans
- achieving meaningful value through effective use of funding.

The group committed R44.4million (2018: R46 million) in supplier development, including early settlements substantially above the claimable value. An additional R12.3 million (2018: R10.2 million) was committed in enterprise development, supporting a pipeline of new business into the supply chain. This investment represents 8% (2018: 18.75%) of net profit after tax, against the Tourism Code's requirement of 3.5% for the tourism sector.

Enterprise and supplier development continued

Sun International's E&SD beneficiaries per category

Sun International believes that the endorsement of a small business goes a long way in supporting market access, job opportunities and uplifting local and regional communities. The group is proud to endorse our E&SD suppliers on our corporate website: **corporate.suninternational.com**

114
E&SD BENEFICIARIES
(2018:70)

1 Casino and gaming

1 Fixtures, fitting and equipment

9 Food and beverage

3 Human resources

2 IT supplies and services

13 Maintenance services

26 Marketing services

7 Operating equipment and supplies

50 Professional services

1 Travel service

1 Retail services

LOOKING AHEAD

- Entrenching the principles of formal BDS into all existing and new projects by enhancing adoption of the group's E&SD programme
- Reporting on the economic and social impact of our interventions within our local communities
- Continuing to develop opportunities for including local supplier into sourcing activities and the group's supply chain
- Improving management and recovery of E&SD loans, ensuring ongoing capacity to support new beneficiaries within our E&SD programme
- Addressing spend imbalances within the business unit supply chains to ensure optimal preferential procurement outcomes

E&SD INITIATIVES

For more detail on the various E&SD initiatives refer to:

https://www.suninternational.com/stories/people/

RULES OF THE GAME

CORPORATE GOVERNANCE REPORT

Good corporate governance is paramount to Sun International. We embrace the pillars of integrity, responsibility, fairness, transparency, honesty and accountability to all stakeholders. These pillars preserve the group's long-term sustainability so we can create and deliver value to all stakeholders. The outcomes of good corporate governance ensure an ethical and cohesive culture, effective control, compliance and accountability, responsive and transparent stakeholder engagement, performing to strategic expectations, and legitimacy and trust.

CHAIRMAN'S MESSAGE

Dear stakeholders

During the past year, there were changes to the board. I, Mr Jabulane (Jabu) Mabuza, was appointed chairman of Sun International effective 14 May 2019. At a nomination committee meeting held during November 2019, I was re-appointed as chairman with effect from 1 January 2020. Mr Valli Moosa retired as chairman effective 14 May 2019. Mr Tapiwa Ngara was appointed alternate director to Mr Sam Sithole effective 16 September 2019. Following these board changes, the board committee membership was modified to ensure alignment with King IV™ and to deliver on our strategic objectives.

The board provides ethical leadership from the top and directs the group based on the fundamental principles of integrity, transparency, honesty, accountability, fairness and responsibility. It also maintains a zero-tolerance approach towards unethical conduct.

Since 2017, we have focused on building a robust governance framework group-wide. We continue to make good progress aligning Latam's and Nigeria's board and committee processes to our South African operations. This includes a best practice integrated governance framework between South Africa and Latam. Latam's governance framework includes a remuneration and nomination committee as well as a financial review and risk committee. Latam's committees also report into the Sun International South African board committees. This allows local operations to focus on operational matters, while material governance, risk and strategy issues are elevated to group level. The group company secretary attends all Sun Dreams committee meetings. Mr Enrique Cibie chairs the Sun Dreams board committees, serves as a member of the Sun International remuneration, risk and audit committees, and is a member of the Sun International board. Sun International's chief executive and chief financial officer are also members of these Latam committees to ensure continuity. Latam's social and ethics report is tabled at their finance and risk committee meetings as well as the South African social and ethics committee. South Africa's social and ethics committee monitors sustainability, compliance and money laundering. A lot of the discipline instilled in South Africa's governance framework has been embedded within Latam's governance structure too. This includes processes and systems, policies, mandates, terms of reference, committee evaluations, and risk control. Latam also has a dedicated resource (head of legal and compliance) who reports into the director: corporate services in South Africa by way of a dotted line. There were improvements in synergies between the internal audit function at Sun Dreams and Sun International's director internal audit and group company secretary.

"The board provides ethical leadership from the top and directs the group based on the fundamental principles of integrity, transparency, honesty, accountability, fairness and responsibility. It also maintains a zero-tolerance approach towards unethical conduct."

In Nigeria, the Tourist Company of Nigeria (TCN) has a robust governance structure including a statutory audit committee, finance review and risk committee, and a nomination and governance committee that monitors remuneration and governance policies in Nigeria. The group company secretary is a director of TCN and chairs the nomination and governance committee. He is also a member of the finance and risk committee. Further alignments and disciplines have been made to bring Nigeria's governance framework in line with South Africa's regarding terms of reference, mandates and policies. All committees operate under approved mandates and terms of reference and all non-executive directors have letters of appointment. The non-executive directors' fees are determined by the nomination and governance committee and shareholders.

Corporate governance report continued

We continued to apply the 16 King IV™ principles, which are detailed in our King IV™ application register. The board is satisfied with the extent of the group's application of these principles, the group's regulatory universe, and compliance with the JSE Listings Requirements, as articulated in this report.

Sun International's risk management committee is satisfied that the group's integrated risk methodology and ranking system accurately identified, quantified and ranked group-wide risks and opportunities in South Africa, Nigeria and Latam. This risk approach helps the board govern risks to achieve our strategic objectives. It also ensures that Sun International is managed in accordance with principle 11 of King IV™. Specific executives are accountable for managing, monitoring, mitigating and reporting on identified risks and opportunities in their areas of expertise.

The sustainability committee focuses on environmental, health and safety, socio-economic development (SED), enterprise and supplier development (E&SD) and the group's progress against B-BBEE. Further, the policy revitalisation management sub-committee continues to review, update and consolidate group policies.

The group's IT governance structures remain resilient and responsive in securing the information stored across the group's various systems. These structures continue to strengthen group-wide IT investment decision-making practices and enhanced alignment with business needs. During 2019, we focused on becoming a more customer-centric organisation, which resulted in a revised IT strategy, with an emphasis on defining a digital roadmap to align with business requirements.

The stewardship of customer information and data protection is paramount. Preparations to adhere to the Protection of Personal Information Act (POPIA) are in progress and the group has engaged an external service provider to ensure compliance with POPIA and the General Data Protection Regulation (GDPR).

The Financial Intelligence Centre (FIC) amendments were successfully implemented and Sun International was selected by the FIC to represent the casino industry during a mutual evaluation by internal assessors from the International Monetary Fund on South Africa's efforts to implement a risk-based approach. As part of the group's simplification process, Sun International's management company, across all casino companies, changed from Sun International Management Limited to Sun International (South Africa) Limited. Sun International continues to engage with the gaming boards about further simplifying the group corporate structure. It is anticipated that the further restructuring will be finalised during 2020.

There were no material instances of non-compliance with relevant legislation and regulations during the year under review. The board is satisfied with the group's level of compliance in accordance with applicable governance and regulatory requirements and it will continue to review the group's governance against best practice.

LOOKING AHEAD OUR KEY FOCUS AREAS INCLUDE:

- continuing to embed an ethical culture through regular ethics awareness campaigns and regularly monitoring incidents and providing feedback on findings
- maintaining a permanent central policy repository, which will track the reading of policies, alert employees to updates on any of the policies, and provide competence testing on policies with reporting capabilities
- continuing to remain resilient to cyber threats by developing robust IT systems and processes
- continuing work on the integration of Latam's and Nigeria's governance structures with South Africa

We are satisfied that the group meets the requisite standards of governance and compliance, and that matters for our consideration have been robustly interrogated and canvassed. We will continue to apply our minds individually and collectively to guide the group's strategic direction and to facilitate the group's delivery of its strategic objectives. I would like to thank the board and management for their ongoing support

JA MABUZA
Chairman

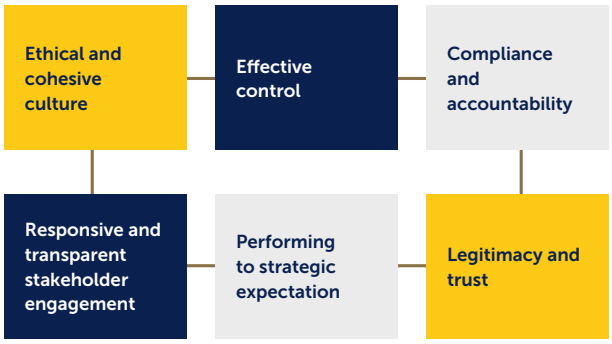
26 March 2020

This governance report should be read with the separate sub-committee reports – audit, remuneration and social and ethics – in order to obtain a holistic view of the governance matters under consideration during the year under review. Certain fundamental principles are discussed in this report. These reflect the governance and workings of the board given that the board's primary role is to exercise effective, ethical and responsible leadership in determining the group's strategy, overseeing the implementation of this strategy by the management team, and closely monitoring business performance.

Corporate governance report continued

SUPPORTING VALUE CREATION THROUGH GOVERNANCE OUTCOMES, SUSTAINABILITY AS WELL AS EFFECTIVE AND ETHICAL LEADERSHIP

The governing body (the board) is the custodian of Sun International's corporate governance framework. It acknowledges its responsibility to lead the group in an ethical, effective and sustainable manner through the mindful application of King IV™ with substance prevailing over form. This entails the integration of the King IV™ recommended 16 principles and practices that culminate in specific outcomes:

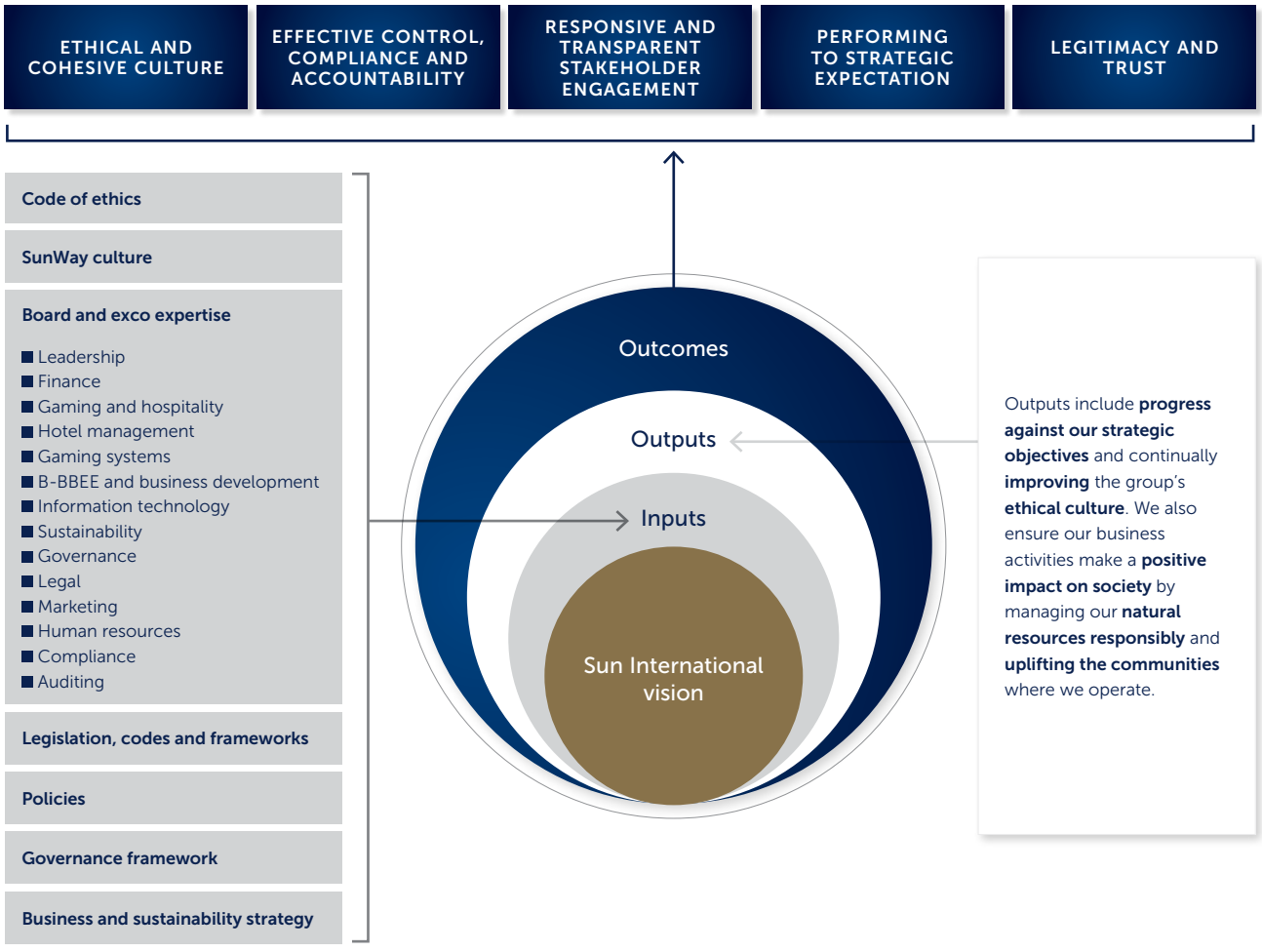


The group's corporate governance and sustainability approaches embrace ethical practices that are responsive to stakeholders and the environment in which we operate. Good corporate governance and sustainability are important enablers in managing the group's reputation, making strategic progress and creating stakeholder value.

Sun International's board and executive management collectively have a wealth of knowledge that spans across South Africa and internationally to provide the necessary expertise to guide the group towards achieving its strategic objectives and ultimately creating great memories for our guests, people and stakeholders. The SunWay culture and code of ethics further reinforce positive behaviours to ensure a cohesive ethical culture group-wide.

Sun International's governance framework and policies are the foundation of responsible, accountable and transparent reporting. Through the various inputs and outputs, the board achieves specific outcomes that support the group's sustainable value creation. These outcomes include maintaining an ethical culture from the top down and demonstrating our commitment to responsible corporate citizenship. Through effective control of our risk universe, material matters and responsive stakeholder relations, the group maintains compliance with relevant legislation, codes and frameworks. These enable performance according to strategic expectations to enhance legitimacy and trust among our stakeholders.

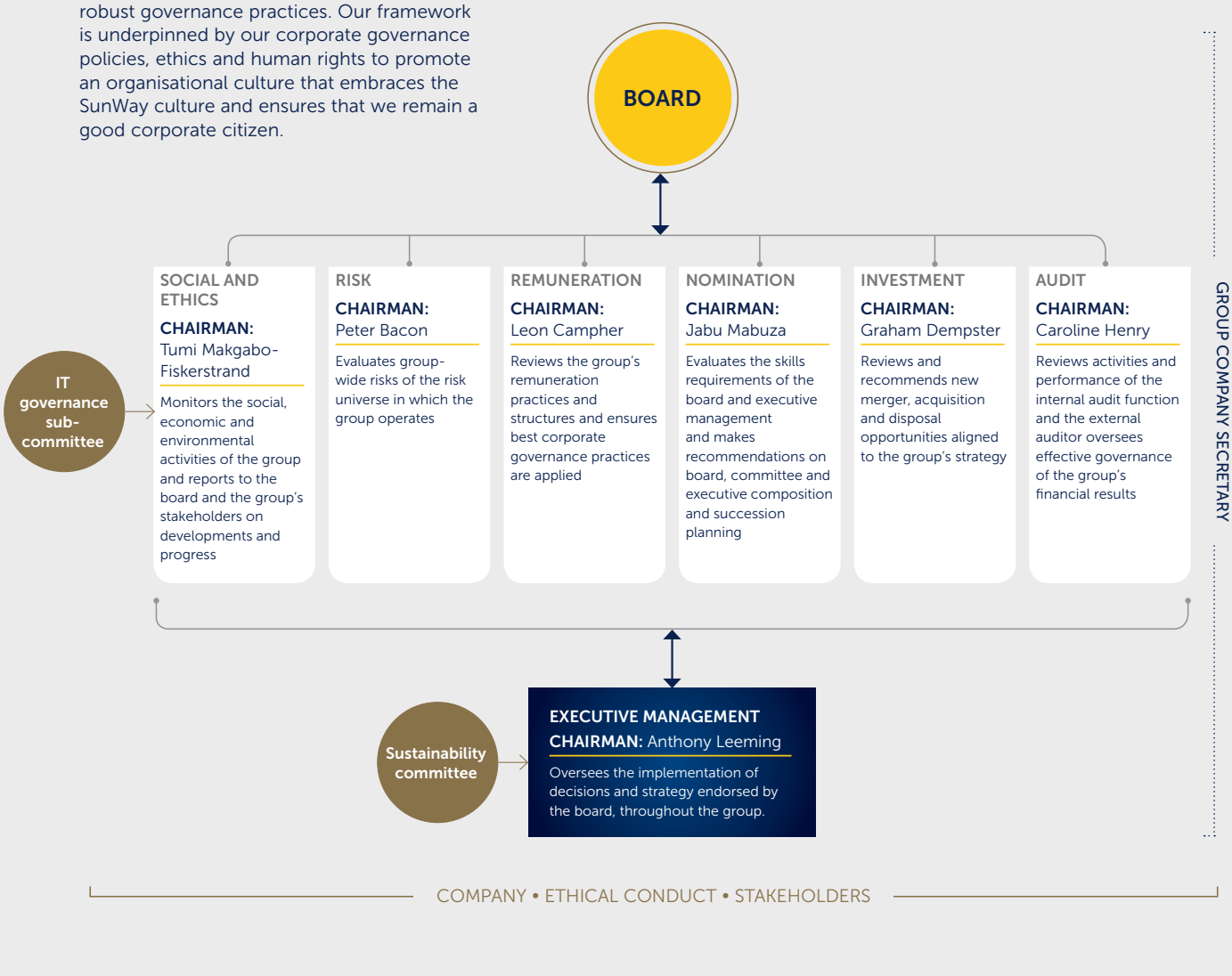
GOVERNANCE AND SUSTAINABILITY VALUE CREATION



Corporate governance report continued

GOVERNANCE FRAMEWORK

Sun International's governance framework provides clear direction for implementing robust governance practices. Our framework is underpinned by our corporate governance policies, ethics and human rights to promote an organisational culture that embraces the SunWay culture and ensures that we remain a good corporate citizen.



Corporate governance report continued

KING IV™ APPLICATION AND GOVERNANCE OUTCOMES

The board is committed to best practice governance through the application of King IV™ principles. All principles are applied and align with our governance outcomes as detailed in the King IV™ application register.

BOARD OVERVIEW

The board's role is to exercise effective and ethical leadership, and sound judgement in directing Sun International and thereby the group, to achieve sustainable growth in the best interests of all our stakeholders.

Board charter

The board operates under a formal and defined board charter that sets out specific responsibilities collectively discharged by board members and the roles and responsibilities of individual directors. This board charter is reviewed periodically and as and when necessary to ensure relevance. The board is satisfied that it has fulfilled its responsibilities in accordance with the charter for the reporting period.

To comply with best corporate governance practices, Sun International conducts board reviews every other year, most recently in 2018 where no material concerns were noted. These reviews are anonymous, and focus on evaluating the board, individually and collectively, governance issues and the group company secretary's performance of statutory and other administrative duties. The next board review will take place in 2020.

Board and committee attendance: 1 January 2019 to 31 December 2019

	Board	Remuneration committee	Nomination committee	Audit committee	Social and ethics committee	Risk committee	Investment committee
NON-EXECUTIVE DIRECTORS							
Peter Bacon	5/5			3/3		3/3	
Leon Campher	5/5	4/4	3/3	3/3	3/3		6/6
Enrique Cibie	5/5	4/4		3/3		3/3	
Graham Dempster	5/5					3/3	6/6
Dr Lulu Gwagwa	5/5	3/4	2/3			1/3	
Caroline Henry	5/5			3/3	3/3	3/3	
Vusi Khanyile	5/5				2/3		
Jabu Mabuza[1]	5/5	*3/4	3/3				*4/6
Tumi Makgabo-Fiskerstrand	4/5+				2/3+		
Valli Moosa[2]	1/1	2/2	1/1		1/1		1/3
Tapiwa Ngara (alternate)[3]	2/2						
Sam Sithole	5/5	4/4					5/6
Zimkhitha Zatu	5/5			3/3			
EXECUTIVE DIRECTORS							
Norman Basthdaw	5/5			3/3	3/3	3/3	6/6
Anthony Leeming	5/5	4/4	2/3	3/3	3/3	3/3	6/6

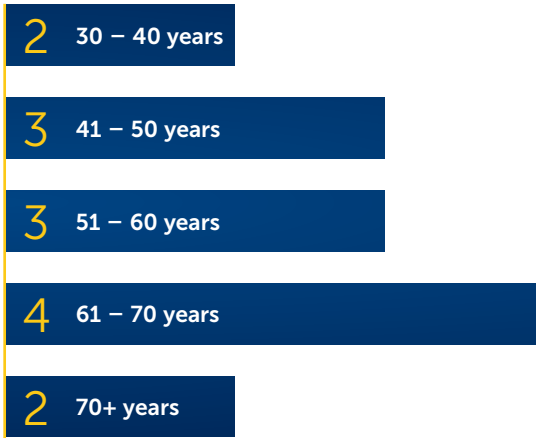
1 Jabu Mabuza re-appointed as chairman of the Sun International board effective 1 January 2020.
2 Valli Moosa retired effective 14 May 2019.
3 Tapiwa Ngara appointed as alternate director to Sam Sithole effective 16 September 2019.
* Jabu Mabuza had prior commitments and could not attend.
\+ Tumi Makgabo-Fiskerstrand was on maternity leave.

Corporate governance report continued

BOARD COMPOSITION

Sun International's unitary board structure comprises both executive and non-executive directors, with the latter being predominantly independent non-executive directors. The non-executive directors have the necessary skills, qualifications, industry experience and diversity to provide judgement independent of management on material board issues. The nomination committee has planned a robust assessment of the board composition in March 2020 to ensure it is aligned with the group's strategy and complies with best international corporate governance practices.

Age
(at 31 March 2020)



Average age = 56 years

INDEPENDENCE

The board, through the nomination committee, annually assesses the independence of the non-executive directors against the criteria set out in King IV™ and the JSE Listings Requirements. During 2019 and prior to the date of this report, the nomination committee agreed that 10 non-executive directors satisfy the independence criteria. These directors are: Messrs Bacon, Campher, Cibie, Dempster, Khanyile, Mabuza, and Mesdames Gwagwa, Henry, Makgabo-Fiskerstrand and Zatu. In particular the board confirmed that Dr Gwagwa's reclassification from a non-executive director to an independent non-executive director of Sun International was appropriate given that Dr Gwagwa had previously been classified as a non-independent director solely by virtue of her having served on the board of Dinokana Investments, a subsidiary company of Sun International, which holds approximately 5% of Sun International's issued shares. Having resigned as a director from this board in 2015 and having served an appropriate cooling off period and considering that she does not hold a material equity interest in Sun International, the board confirmed and endorsed her re-classification as an independent non-executive director. Mr Sithole and his alternate, Mr Ngara, are not classified as independent non-executive directors as they represent a major shareholder of the group.

Notwithstanding that the chairman, Mr Mabuza, previously provided certain key strategic hospitality and gaming services to the group in terms of a consultancy agreement with Sun International Management Limited, following his appointment as the chairman of the company in May 2019, this consultancy agreement was terminated on 14 May 2019. Aside from presently receiving a composite annual fee for serving as a non-executive director of Sun International and having a small personal shareholding in the company (less than 5%), Mr Mabuza has no other direct or indirect interest in Sun International and consequently has been classified by the board as an independent non-executive director and chairman of the company.

During 2019, the nomination committee conducted a rigorous independence assessment of the retiring directors, particularly those independent non-executive directors who had served on the board for nine years or longer (these being Mr Campher and Dr Gwagwa) and concluded that these directors retained their independence in character and judgement, notwithstanding their length of service, and that there were no relationships or circumstances that were likely to affect or be perceived to affect their independence. The board concurred with these findings and is of the view that these non-executive directors continue to be effective and bring valuable experience and skills to the board, and that they will continue to exercise independent judgement.

Independence
at 31 December 2019

Independent
10/14 **71%**
2018: 10/14 71%

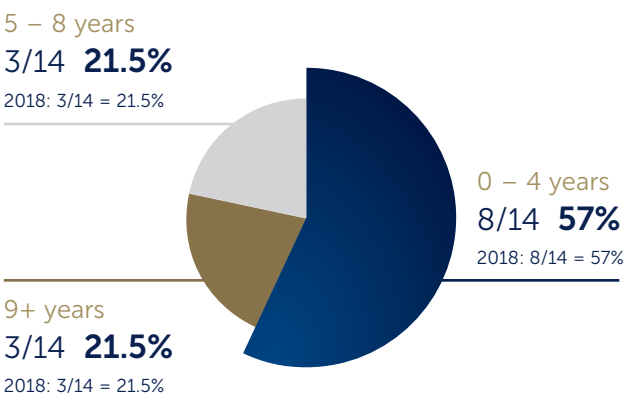
Non-independent
4/14 **29%**
2018: 4/14 29%

Executive and non-executive directors
at 31 December 2019

Executive directors
2/14 **14%**
2018: 2/14 14%

Non-executive
12/14 **86%**
2018: 12/14 86%

Tenure of directors
% at 31 December 2019



Corporate governance report continued

Group diversity policy

Sun International's board-approved gender and race diversity policy was revised in line with the JSE Listings Requirements changes (effective December 2019) to include diversity requirements broader than just gender and race – namely age, skills and experience, to name a few. These requirements help maintain the group's competitive advantage and optimal composition. The board applied this policy in respect of race and gender in the appointment of the new directors during the year under review. The group is only required to report against the wider diversity JSE Listings requirements in the 2020 financial year.

Factors considered in ensuring appropriate gender and race targets included: the current composition and expected changes in the board, the B-BBEE Codes of Good Practice, the sectoral charter for the tourism industry, the gaming board licences and their respective requirements, and the group's employment equity plan. Although the board marginally missed achieving its 30% target for female directors (29%), it achieved and exceeded its race target of 50% black directors with 57% black representation.

Gender
at 31 December 2019

4 females
2018: 4

10 males
2018: 10

Ethnicity
at 31 December 2019

8 black
2018: 8

6 white
2018: 6

EFFECTIVE LEADERSHIP

The board provides effective leadership and directs the group within the group governance framework and delegation of authority.

Chairman and lead independent director

The board is chaired by Mr Jabu Mabuza, an independent non-executive director appointed as board chairman effective 14 May 2019. The chairman of the board is responsible for, among others, ensuring the integrity and effectiveness of the board's governance processes.

Mr Moosa retired as Sun International's chairman effective 14 May 2019 and as a director. Mr Mabuza brings a wealth of industry experience to the board. He previously served as group chief executive officer of Tsogo Sun Holdings and served on the board of CASA. In terms of the company's memorandum of incorporation (MoI), the board chairman is subject to an annual appointment from its members. Following the recommendation by the nomination committee, the board approved the re-appointment of Mr Jabu Mabuza as independent non-executive chairman of the group effective 1 January 2020.

The board charter, which is aligned with King IV™, requires the appointment of a lead independent director. This is particularly relevant where the board chairman is conflicted in relation to executive management, other directorships or stakeholders. Following the recommendation by the nomination committee, Mr Campher was re-appointed as lead independent non-executive director effective 1 January 2020.

In terms of the board charter, the chairman, lead independent director and chief executive have separate responsibilities:

CHAIRMAN'S RESPONSIBILITIES

Responsible for providing ethical and effective board and committee leadership by encouraging candid board debates; overseeing the group's strategy; board succession and performance; managing any conflicts of interest; actively engaging with the chief executive; and ensuring positive stakeholder relations are maintained.

LEAD INDEPENDENT DIRECTOR RESPONSIBILITIES

Responsible for providing support and advice to the chairman as a trusted confidante. If the chairman has a conflict of interest, the lead independent director maintains ethical and effective leadership without undermining the chairman.

The lead independent director is instrumental in leading and introducing discussion at board and committee meetings regarding the performance and evaluation of the board chairman and his remuneration.

CHIEF EXECUTIVE'S RESPONSIBILITIES

Responsible for effectively monitoring and managing the business and implementing the policies and strategies adopted by the board; ensuring appropriate internal control mechanisms are in place to maintain compliance with all relevant laws and best practice; to safeguard assets; and guiding and assessing executive management's performance against strategic objectives.

The chief executive delegates the appropriate authority to his management team in terms of defined levels of authority and retains accountability to the board.

Corporate governance report continued

Chief executive and delegation of authority

Mr Anthony Leeming is the chief executive. The board's governance and management functions are linked through the chief executive. The role and function of the chief executive is formalised, and the board, through the remuneration committee, annually evaluates his performance against specified key performance indicators. In addition, the chief executive's performance as a director is assessed by the chairman of the board in conjunction with the nomination committee. Following an assessment conducted in 2019, the chief executive was found to be adequately equipped and suitable to carry out the duties of his role.

Group company secretary

Mr Andrew Johnston continued to serve as group company secretary during the year under review. Mr Johnston holds the following qualifications: BA, LLB, FCIS PGDip in Environmental Law and a Certificate in Advanced Corporate and Securities Law. He was a member of the Accounting and Auditing Task Force of The King Committee responsible for implementing the King IV™ Report on Corporate Governance for South Africa 2016. He is a qualified and admitted attorney and served as a senior executive and group company secretary of several large publicly listed companies in South Africa over the past 27 years. The appointment and removal of the group company secretary is a matter for the board as a whole.

In line with the JSE Listings Requirements, the board is satisfied that, following an assessment by the nomination committee, the group company secretary has the requisite competence, qualifications and experience to carry out the duties of his role. The board believes that in each instance, the group company secretary has maintained an arm's-length relationship with the board.

Group company secretary responsibilities include the following:

Guides	The board and committees (collectively and individually) on how their responsibilities should be discharged in the company's best interests.
Provides	Ongoing legal, secretarial and corporate governance support and advice to the board.
Ensures	Providing appropriate induction on joining the board in terms of their responsibilities as a board member.
Facilitates	Ongoing board training to ensure directors are made aware of relevant legislation, codes or frameworks impacting the group.
Distributes	Board packs and the minutes of all the board and committee meetings and ensures that copies of the group's annual financial statements are distributed to relevant persons.
Certifies	That the group has filed the required returns and notices as per the Companies Act and complied with the JSE Listings Requirements.

ETHICAL LEADERSHIP

Sun International has several processes, policies, codes and controls in place and supports several initiatives to ensure a cohesive ethical culture is seamlessly applied group-wide. The board and executive committee signed a declaration reflecting their personal commitment to the Sun International code of ethics as part of its commitment to ethical leadership. The ethics office is an active and dedicated department within the group, headed up by Sun International's ethics officer, a senior legal advisor. Its duties include, among others, creating awareness around ethical behaviour and discouraging unethical behaviour, monitoring the whistleblowing hotline, and addressing issues with the director internal audit and chief financial officer. The ethics office works closely with human resources in aligning the SunWay with the values group-wide.

CODE OF ETHICS

The group recognises the vested interest of all stakeholders in how business is conducted and is committed to ethical behaviour at all levels of the organisation. This code of ethics helps us fulfil responsibility to all stakeholders. The group proactively enforces all its stakeholders to abide by, and operate within, the enshrined established code of ethics, which can be accessed on Sun International's corporate website https://corporate.suninternational.com/investors/investors-governance/code-of-ethics/, our procurement page https://corporate.suninternational.com/procurement/, as well as on our standard contracting terms with our suppliers, service providers, enterprise and supplier development beneficiaries, and other stakeholders.

Both Sun Dreams and TCN (in Nigeria) have their own codes of ethics that are broadly aligned with Sun International's code of ethics but has been localised in application.

ETHICS HOTLINE

Stakeholders have several avenues to report and discuss ethical issues and concerns. These include the group's 24-hour anonymous tip-off hotline independently run by Deloitte, an in-house walk-in function to any of the ethics office representatives, and a dedicated ethics office email address. The Deloitte anonymous tip-off hotline has trained operators who respond to calls and emails in all of South Africa's official languages. Once a tip-off has been reported, the ethics office is notified and all tip-offs reported are carefully monitored, investigated in a confidential manner, and provided with feedback. The chief executive is advised of any matter involving senior management.

We also have a secure ethics hotline and secure ethics website address where indiscretions can be reported. We advertise our ethics hotline extensively on SENS and have ethics clauses in all of our supplier contracts.

Corporate governance report continued

GROUP VALUES

Our values represent an unwavering commitment to behaving in a consistent, positive manner every day, in everything we do.

- Team work
- The customer comes first
- Passion
- Professionalism

SUNWAY

Employees signed a declaration based on the SunWay project confirming that they recognise their responsibilities as an employee to uphold the principles that support the establishment of an ethical culture and abide by the principles enforced in the code of ethics.

CONFLICTS OF INTEREST

Directors are required to inform the board of any conflicts or potential conflicts of interest that they may have in relation to any area of business. Directors are required to recuse themselves from discussions or decisions on any matters where they have conflicts, or potential conflicts of interest, in terms of the Companies Act, board charter and a separate policy.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Sun International embraces the United Nations SDGs, and we endeavour to contribute to achieving them through our operations and business strategies. As a group we recently assessed which SDGs are most relevant to the group. The six SDGs depicted below were identified as the most relevant. Progress against these SDGs is detailed in the governance and sustainability section.

EQUAL PAY FOR WORK OF EQUAL VALUE

The work around equal pay for work of equal value (EPWEV) is an ongoing process. The EPWEV principles are applied when appointing new employees and promoting existing employees.

INSIDER TRADING AND DEALING IN SECURITIES

The following policies are in place:

GROUP DISCLOSURE POLICY

This policy deals with the determination of price-sensitive information, the maintenance of confidentiality and the prompt dissemination of such information in accordance with JSE Limited guidelines. This policy is applicable to all group employees.

DEALING IN SECURITIES POLICY

This policy regulates the dealings in securities of Sun International by directors, the company secretary, directors of major subsidiaries, prescribed officers and other employees of the group in compliance with this policy, the JSE Listings Requirements and the Securities Services Act 36 of 2004.

This policy is applicable to all employees and directors who may be deemed to be insiders for the purposes of dealing in the company's securities. Furthermore, this policy is binding on the immediate family members of all persons deemed to be insiders and any persons who may have acquired insider information from an insider.

UNITED NATIONS GLOBAL COMPACT

Sun International remains committed to embedding the 10 UNGC Principles as part of its strategy, culture and day-to-day operations. These principles cover human rights, labour, environment and anti-corruption.

ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

The group adheres to the guidelines for multinational enterprises regarding anti-corruption.

RESPONSIBLE GAMBLING

Being a responsible corporate citizen is part of the group's DNA and we fully support responsible gambling through the South African Responsible Gambling Foundation, the entity that supervises the National Responsible Gambling Programme (NRGP) in cooperation with the gambling industry operators and governmental regulators. The NRGP integrates education, research and treatment into one programme. In 2019, Sun contributed R8.5 million towards the NRGP in respect of casinos, sports betting and LPMs collectively.

Corporate governance report continued

BOARD PROCESSES

To operate effectively, the board and its committees conduct several processes and procedures that align to legislative requirements, King IV™ and best practice.

Board appointments and rotation of directors

Procedures for appointment to the board are formal, transparent and concern the whole board. The board is assisted in this process by the nomination committee, which applies specific criteria for selecting board directors. In terms of the company's MoI, new directors appointed since the last AGM may only hold office as casual vacancies until the next AGM, at which time they will be required to retire and offer themselves for election.

In accordance with the company's MoI, one third of non-executive directors are required to retire at each AGM. If eligible, they may offer themselves up for election or re-election. The directors who are to retire are: firstly, those who have been appointed to fill a casual vacancy; and secondly, those who have held their positions for the longest period since their last election or re-election.

If, at the date of the company's AGM, any non-executive director who has reached the age of 70 years or older and/or held office for an aggregate period of nine years since their first election or appointment, shall retire at the AGM. If they are eligible, they may then offer themselves for election or re-election. Mr Campher and Dr Gwagwa who retire from the board in accordance with articles 25.6.1 and 25.17 of the company's MoI have not offered themselves for re-election and will retire at the AGM. The remaining directors who retire from the board in accordance with articles 25.6.1 and 25.17 and who have offered themselves for re-election are Mr Bacon, Mr Dempster, Mr Cibie, Ms Henry and Ms Makgabo-Fiskerstrand while Mr Mgara and Ms Mabaso-Konyana retires from the board in accordance with articles 25.5 and 25.17 of the company's MoI. The nomination committee reviewed the board composition against corporate governance and transformation requirements and recommended the election/re-election of these directors.

A brief CV of each director offering themselves for election/re-election is provided online and as Annexure B to the annual statutory report.

Nomination and selection process for board appointments

The nomination committee is mandated by the board and its terms of reference to regularly review the composition of the board and its committees. If deemed necessary, the nomination committee makes recommendations to the board on its composition, any new appointments and board committee membership. The nomination committee reviews the annual employment equity results of the group and ensures succession planning for the board and committees.

Board induction

The chairman, in consultation with the group company secretary, is responsible for ensuring each director receives an induction on joining the board and training in terms of their board responsibilities. During the induction process, each new non-executive director meets with key executive management to better understand the group's operations. The company conducts specific JSE Listings Requirements training for each new director, so they are familiar with the regulations affecting listed companies. The directors also meet with the company's sponsor, Investec. The directors have access to a directors' handbook that includes a quick reference to their duties and responsibilities.

Ongoing director training and development

Keeping up to date with key business developments within the group and industry is essential to enhancing the board's effectiveness. During 2019 this was achieved by:

- presentations from executives on matters of significance to the group
- planned investor relations events throughout the year, excluding during closed periods, to engage with the major investors on their market views
- visits to different units within the group to view group operations
- regular briefings and updates on the regulatory environment, from external specialists and the group company secretary.

Following the board's ongoing review of its effectiveness, the board is confident that all members have the knowledge, skills and experience to perform the functions required of a director of a listed company.

Succession planning

Succession planning, which involves identifying, developing and advancing future leaders and executives of the group, is an ongoing board responsibility and is facilitated by the nomination committee. Detailed succession plans are presented annually to the nomination committee. The nomination committee reviews the composition of the board and all committees, and the committee members' readiness to succeed a committee chairman if the need arises. This also applies to the executive committee, prescribed officers and general managers of the units.

Board, directors and committee evaluations

The board, board chairman, lead independent director, board committees and board members are evaluated every other year or more frequently as required, on their performance in relation to their governance of economic, environmental and sustainability issues, and board and committee processes and procedures. The board, every other year, reviews the performance of each of the board committees and the statutory audit committee to ensure that their composition, mandate and authority enables them to provide effective assistance to the board in the key areas they function in. In 2018, Sun International conducted board and committee evaluations. We will conduct board and committee self-evaluation assessments again in 2020 and findings will be reported in the 2020 integrated annual report. An external board and committee evaluation is conducted every six years. Sun International remains cognisant that the performance of the board, and statutory and board committees is essential considering the increased focus on accountability, transparency and creating value.

Board meetings

A minimum of four board meetings are scheduled for each financial year. The board holds a fifth meeting in the form of its annual strategy session with the broader executive management team, to deliberate on the group's strategic direction and agree on the group's annual budget as proposed by management. The group's key strategic objectives are set at the strategy meeting and progress is reported at each board meeting. Additional board meetings are held on an ad hoc basis as required by the board.

Corporate governance report continued

BOARD COMMITTEES AND ATTENDANCE

The board and its committees have a symbiotic relationship that ensures knowledge is shared, and not siloed, across the committees. The board is authorised to form committees to assist in executing its duties, powers and authorities, and has one statutory committee, and five board committees.

The board approved the strategy developed and presented by management and oversees that management implements the strategy. This is supported by committees that focus on specific areas within the business. The committees' composition and committee member attendance during the year is tabled below.

Each committee comprises three or more members, the majority of whom are independent. All committees operate in accordance with their terms of reference, which are reviewed and updated annually where applicable, to ensure alignment with the latest developments in legislation, King IV™, the JSE Listings Requirements and business requirements. Key senior management members are invited to attend certain meetings as invitees and to provide input on matters for discussion.

Sun International's audit and social and ethics committees perform the same function for all Sun International's subsidiary and associate companies, which in terms of the Companies Act would otherwise be required to have their own audit and social and ethics committees. This is subject to annual confirmation.

Each committee satisfied itself that it discharged its responsibilities in accordance with its terms of reference during the year.

AUDIT COMMITTEE

Committee member	Number of meetings	Attendance
Caroline Henry	3	3
Enrique Cibie	3	3
Leon Campher	3	3
Zimkhitha Zatu	3	3
Peter Bacon	3	3
Standing invitees		
Anthony Leeming (CE)†	3	3
Catherine Nyathi†	3	3
Norman Basthdaw (CFO)†	3	3

In addition to the above, certain key members of senior management attend the audit committee meeting by invitation, as well as the external auditor and head of group internal audit.
† Executive.

PURPOSE:

- enhances the credibility of financial reporting
- ensures an effective control environment is maintained by supporting the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and controls, risk management and the integrity of financial statements and reporting
- reviews activities of the internal audit function and the external auditor
- oversees effective governance of the group's financial results

FOCUS AREAS IN 2019

Reviewed the:

- group's capital and liquidity
- internal controls within the business and satisfied itself that there were no material breakdowns in systems and controls and that the company has established appropriate financial procedures and those procedures are working effectively
- group's integrated annual report
- implementation of IFRS 5 and IFRS 16 and the impact on the financial statements
- reports from the company's legal, compliance, audit and tax departments
- feedback on the Sun Dreams financial review and risk committee deliberations
- embedding of combined assurance initiatives across the group
- ongoing integrated approach in relation to the risk and audit committees

Approved the:

- non-audit related services provided by the company's external auditor PricewaterhouseCoopers (PwC)
- auditor's terms of engagement and the audit fees to be paid to the auditor

Satisfied itself as to the:

- competence of the chief financial officer, who is an executive director, and was satisfied with his expertise and experience
- appointment and independence of the external auditor as per the requirements of the Companies Act and that the individual audit partner was an accredited auditor (as per the JSE Listings Requirements)
- group's ability to meet all obligations and operate as a going concern for the following 12-month period

Recommended the:

- company's interim and audited annual financial statements to the board for consideration and approval
- reappointment of the external auditor PwC

LOOKING AHEAD THE COMMITTEE WILL FOCUS ON:

- the rotation of auditors in compliance with IRBA's mandatory audit firm rotation requirement
- automating and streamlining Sun Dreams' financial systems and process to create efficiencies and expedite financial reporting
- improving synergies between Sun Dreams financial review and risk committee functions and Sun International
- continuing to review reports presented by the JSE regarding its proactive monitoring process
- implementing recent changes to the JSE Listings Requirements.

Corporate governance report continued

NOMINATION COMMITTEE

Committee member	Number of meetings	Attendance
Jabu Mabuza	3	3
Valli Moosa[1]	1	1
Leon Campher	3	3
Lulu Gwagwa (Dr)	3	2
Standing invitees		
Anthony Leeming (CE)†	3	3

1 Mr Moosa retired effective 14 May 2019
† Executive.

PURPOSE:

- evaluates the skills requirements of the board, committees and executive management
- continuously evaluates the performance of the chairman, lead independent director, board committees and its members, and the group company secretary for recommendation to the board
- makes recommendations on board, committee and executive composition, succession planning and diversity
- considers the independence of directors and their correlating classification and thereafter makes recommendations to the board
- ensures that employment equity and race diversity is considered in all appointments and that the board's equity status is either maintained or improved
- confirms the appointment of employer-appointed trustees to the provident fund

FOCUS AREAS IN 2019

Reviewed the:

- performance of the non-executive directors and the audit committee members standing for re-election at the AGM held on 14 May 2019
- feedback from Sun Dreams' remuneration and nomination committee
- composition of the board committees with specific focus on succession planning and recommended changes to the membership to further strengthen the committees
- gender and race targets to ensure these were addressed

Assessed the:

- independence of the non-executive directors
- performance of the chairman, deputy chairman and the lead independent director
- competence of the group company secretary, who was found to be competent to fulfil his role to the board

Satisfied itself as to the:

- competence, experience and qualifications of the group company secretary
- the succession plan for Sun Dreams' and Sun International's executive management, the group chairman, chief executive, chief financial officer and prescribed officers
- fact that a gender diversity policy was in place
- achievement of voluntary target of black directors on the main board albeit falling short of female directors on the board target

Recommended the:

- appointment of Mr Ngara as alternate director to Mr Sithole on the main board
- re-appointment of Mr Mabuza as chairman of Sun International
- re-appointment of Mr Campher as the group's lead independent director
- appointments to the board, board committees and the Sun International Employee Share Trust

Confirmed the:

- the various trustee appointments to the pension and provident funds and sub-committees

LOOKING AHEAD THE COMMITTEE WILL FOCUS ON:

- conducting a robust assessment to assess the skills, experience and composition requirements of the main board, with specific focus on, over time, increasing the female directors' compliment on the board to be in excess of 30%
- consideration and nomination of any new trustees to Sun International's provident fund
- ongoing monitoring of the group's voluntary race and gender diversity targets and implementing the wider diversity requirements per the JSE Listings Requirements
- ongoing monitoring of the board and its committee composition with a particular focus on identifying independent non-executive directors with hospitality and gaming experience and international alternate gaming experience
- ongoing monitoring of non-executive directors' independence and potential conflicts of interest

Corporate governance report continued

RISK COMMITTEE

Committee member	Number of meetings	Attendance
Peter Bacon	3	3
Norman Basthdaw (CFO)†	3	3
Dr Lulu Gwagwa	3	1
Anthony Leeming (CE)†	3	3
Enrique Cibie	3	3
Caroline Henry	3	3
Graham Dempster	3	2
Thabo Mosololi (COO)†	3	3
Verna Robson†	3	2
Zaine Miller†	3	3
Rob Collins‡†	1	1

1 Rob Collins resigned effective 31 July 2019.
In addition to the above, certain key members of senior management attend the risk committee meetings by invitation.
† Executive.

PURPOSE:

- reviews the adequacy, effectiveness and integrity of the group's risk management and internal controls, and assists the board to discharge its functions in terms of the management, assurance and reporting of risks
- provides oversight of the IT governance risks
- monitors and reviews stakeholder engagement with regard to assessing and dealing with stakeholder issues and concerns
- assesses the compliance environment in which the group operates
- reviews and satisfies itself regarding the group's insurance portfolio

FOCUS AREAS IN 2019

Reviewed the:

- risk methodology and ranking of risks that were implemented to assess group-wide risks
- policies within the group to ensure they are updated and align with best practice

Monitored the:

- progress on the renewal of licences in Latam and South Africa, as well as GrandWest licensing exclusivity
- group's key risks and ensured adequate mitigation actions are in place to manage them
- sustainability risks impacting the group across the environment, health and safety and socio-economic development (SED) functions
- IT systems in place to address the increase in cyber crime and Sun Dreams' IT system alignment with South Africa's IT systems
- all proposed legislation that could impact the group including PoPI, FICA, gaming tax, carbon tax, and smoking legislation
- FICA training for all employees in compliance with new anti-money laundering laws effective 1 April 2019
- progress regarding The Table Bay lease renewal
- risk relating to the potential downgrading of South Africa's credit rating
- Bally system upgrade and standardisation project

Considered the:

- insurance policies and practices for the group and reviewed the consolidated insurance cover adopted for the group incorporating Latam

LOOKING AHEAD THE COMMITTEE WILL FOCUS ON:

- continuing to monitor the group's IT governance structure to ensure it addresses critical IT risk and IT investments, particularly regarding Latam's IT infrastructure
- ongoing monitoring of a potential credit ratings downgrade in South Africa and the implication on revolving credit facilities
- ongoing monitoring of cyber security controls as cyber attacks increase
- ongoing monitoring of legislation impacting the group including the proposed Tobacco Bill, Protection of Personal Information Act, General Data Protection Regulation, increases in gaming taxes and levies
- reviewing the group's directors' and officers' liability insurance
- increasing cyber risk
- coronavirus impact
- monitoring the upcoming renewal of the SCJ licences, Chile

Corporate governance report continued

SOCIAL AND ETHICS COMMITTEE

The social and ethics committee is constituted as a statutory committee in respect of its statutory duties in terms of section 72(4) of the Companies Act, read together with Regulation 43 of the Companies Regulations, and as a board committee in respect of its responsibilities prescribed by the board in its mandate and terms of reference. A separate social and ethics report is available in this report and online.

Committee member	Number of meetings	Attendance
Tumi Makgabo-Fiskerstrand	3	2*
Valli Moosa[1]	1	1
Leon Campher	3	3
Caroline Henry	3	3
Vusi Khanyile	3	2
Anthony Leeming (CE)[3†]	1	1
Standing invitees		
Anthony Leeming†	2	2
Norman Basthdaw (CFO)†	3	3
Andrew Johnston†	3	3
Jannette Horn[2†]	3	3
Verna Robson†	3	2

1 Mr Moosa retired effective 14 May 2019.
2 Ms Horn is the head of sustainability.
3 Mr Leeming appointed a member effective 16 September 2019.
In addition to the above, certain key members of senior management attend the audit committee meeting by invitation.
† Executive.
* Tumi Makgabo-Fiskerstrand was on maternity leave.

PURPOSE:

- monitors the group's social, transformation, economic and environmental performance and the social impact of its reputational risk
- reports to the board and the group's stakeholders on social, transformation, economic and environmental developments and progress
- oversees the group's ethical conduct and confirms that it carries out its responsibilities in accordance with section 72 and Regulation 43 of the Companies Act and Regulations respectively

FOCUS AREAS IN 2019

Reviewed the:

- policies that were revised and issued to the group in relation to corruption, economic crime (new policy) and responsible gambling
- board diversity policy for recommendation and approval to the board
- sustainability matters pertinent to the group, such as energy and water consumption, and zero-waste-to-landfill at certain operations
- reports issued in relation to consumer relations and adherence to consumer laws, and the group's marketing practices
- compliance function in certain Latam properties

Monitored the:

- material matters arising from the group's ethics hotline and feedback received from the ethics office
- company's employment equity progress in accordance with the group's employment equity plan and the company's B-BBEE results as issued by the verification agency
- group's social, health and safety and environmental and transformation performance in line with relevant codes and legislation, and the principles set out in the UNGC, as well as the OECD recommendations regarding corruption
- projects undertaken in relation to SED and the spend by the group on sponsorships, donations and charitable givings
- Monticello's anti-money-laundering certification process
- ongoing pressures being exerted on the group by various community forums as well as unrest and riots in Latam
- group's engagement with stakeholders on the group's social, transformation, economic and environmental progress

LOOKING AHEAD THE COMMITTEE WILL FOCUS ON:

- monitoring the group's social, transformation, economic and environmental performance
- ongoing transparent and proactive engagement with communities where we operate
- monitoring the group's progress against the six prioritised sustainable development goals

Corporate governance report continued

REMUNERATION COMMITTEE

Committee member	Number of meetings	Attendance
Leon Campher	4	4
Valli Moosa[1]	2	2
Dr Lulu Gwagwa	4	3
Enrique Cibie	4	4
Sam Sithole	4	4
Jabu Mabuza	4	*3
Standing invitees		
Anthony Leeming (CE)†	4	4
Verna Robson†	4	4

1 Mr Moosa retired effective 14 May 2019.
† Executive.
* Ad hoc special meetings called at short notice. Mr Jabu Mabuza had prior commitments and could not attend.

PURPOSE:

- assists the board to discharge its responsibilities to ensure fair and responsible remuneration by the group
- reviews and recommends the group's remuneration policy and oversees its implementation
- oversees benefit schemes in the group such as pension, provident fund and medical aid
- reviews proposed changes to the short-term incentive scheme (STI) and the long-term share-based incentive plans

FOCUS AREAS IN 2019

Reviewed the:

- group remuneration policy and practices, the annual STIs (executive bonus scheme) and the long-term share-based incentives following engagement with shareholders
- Sun Dreams' external benchmarking around single figure remuneration for senior managers and executives in Latam
- Non-executive directors' fees for 2019/2020 and recommended approval of fees
- reports from the pension and provident funds including their valuations and the transfer of the provident fund members to the Sanlam Umbrella Fund, which was effective 1 July 2019

Approved the:

- KPIs for executive committee members and general managers for FY2019 and confirmed the performance rating for the chief executive for the 2018 financial year
- confirmation of the total cost of employment increases for executive members and general managers and approved annual bonuses for the 2018 financial year
- new share incentive plan rules known as the Conditional Share Plan which will be approved by shareholders
- separate remuneration policy for Sun Dreams, based on similar remuneration principles to those adopted by Sun International
- improved disclosure practices relating to remuneration

LOOKING AHEAD THE COMMITTEE WILL FOCUS ON:

- continuing to improve annual disclosure in relation to remuneration practices
- improving engagement with shareholders in accordance with the principles enunciated by King IV™
- continued dialogue with shareholders around evolving remuneration practice and policies
- progressing the EPWEV analyses initiated by human resources and ensuring remuneration practise are aligned with the principles of fairness and responsibility
- monitoring wage negotiations which commence in September 2020
- adopting a new long-term share incentive-based plan for key employees
- the adoption and implementation of a of a new long-term share plan (conditional share plan)

Corporate governance report continued

INVESTMENT COMMITTEE

Committee member	Number of meetings	Attendance
Graham Dempster	6	6
Leon Campher	6	6
Valli Moosa[1]	3	1
Sam Sithole	6	5
Jabu Mabuza	6	*4
Standing invitees		
Anthony Leeming (CE)†	6	6
Norman Basthdaw (CFO)†	6	6
Thabo Mosololi†	6	5

1 Mr Moosa retired as a member effective 14 May 2019.
† Executive.
* Mr Jabu Mabuza had prior commitments and could not attend.

PURPOSE:

- operates under a separate mandate of the board and is chaired by an independent non-executive director
- considers and evaluates, on an ad hoc basis, the viability of proposed investment opportunities (mergers and acquisitions), disposals and expansion projects for recommendation to the board for consideration and approval
- reviews capex budget of the group
- regularly values the portfolio of group assets to see where returns on investment are being achieved

Due to the nature of the price-sensitive information discussed during the investment committee meeting, which may not already be in the public domain, no details pertaining to the deliberation of this committee or focus areas are disclosed in this report.

IT GOVERNANCE

The board is responsible for overseeing IT governance within Sun International, which operates within its IT mandate, incorporating King IV™ IT governance requirements and is aligned with the group's strategic objectives. The board delegates the group's IT responsibilities to the IT governance sub-committee, which reports to the risk committee. This IT governance sub-committee provides oversight to ensure appropriate governance and management of enterprise IT, which includes updates on key IT strategic projects and investments, operational stability and cyber-threats. In addition, it provides assurance on managing key risks and audit findings together with the status of mitigation plans. Sun International's director: information and technology reports directly to the chief executive and is responsible for IT operations and IT strategy within the group.

Sun International's IT governance framework continues to strengthen group-wide IT investment decision-making and has enhanced its alignment to business needs. This has positioned the group to better co-ordinate delivery of group-wide initiatives, identify internal efficiencies and standardise systems and processes. Further detail on IT governance developments included under the chief executive's review, improve our existing operations and our guest experience as well as protect and leverage our existing asset portfolio.

Sun International's e-learning portal contributes to developing and retaining IT skills within the group. During 2019, the group enhanced its IT skill set and capabilities to keep abreast of technology developments in this dynamic environment.

SUPPORTING SUSTAINABLE BUSINESS PRACTICES

The group is aware of its responsibility to be a good corporate citizen as it considers sustainability and the potential business impact on all stakeholders and the environment. Sustainability is interwoven into Sun International's business strategy and decision-making process, from board and management level to our employees at each unit.

Achieving the group's key strategic imperatives is underpinned by the group's sustainable business practices; and is often an enabler by ensuring that a sound corporate reputation and the group's brand are synonymous. Two strategic objectives; our people, and governance and sustainability, ensure that sustainability remains at the heart of our business operations. The group's sustainability agenda also influences three other strategic objectives: improving our existing operations and our guest experiences, protecting and leveraging our existing asset portfolio, and growing our business into new areas and products.

The group's sustainability approach continues to evolve and includes, among others, measurable sustainability practices that engage all our stakeholders through relevant internal and external sustainability reporting, face-to-face community engagement, health, safety and environmental initiatives, and sustainability campaigns.

During 2019, the board engaged the services of an external assurance provider to provide an independent assurance statement on the group's sustainability reporting and ethics as advocated by King IV™. This external review also helped identify areas for improvement. Furthermore, the group continues to use the GRI Standard as the basis for its integrated sustainability reporting.

Corporate governance report continued

THE ACTS, REGULATIONS, FRAMEWORKS AND JSE LISTINGS REQUIREMENTS THAT APPLY TO SUN INTERNATIONAL

Sun International conducts business in a highly regulated industry. We have identified our legal and regulatory universe, which we continuously monitor given the increased changes in law and the varied jurisdictions we operate in. Being a responsible corporate citizen is imperative for maintaining our casino licences and we provide a snapshot of our legal and regulatory universe below.

WHAT WE COMPLY WITH	
JSE Listings Requirements	Sun International is a public company listed on the Johannesburg Stock Exchange and accordingly complies with the JSE Listings Requirements.
King IV Report on Corporate Governance for South Africa 2016 (King IV™)	King IV™ and its recommended practices are applied throughout the group as shown in our King IV™ application register (available online). The board confirms that the group applied the 16 principles of King IV™ and that the spirit of King IV™ is preserved and embedded in the way the group operates.
Local and international legislation	Sun International is committed to complying with all relevant legislation and best practices in the jurisdictions it operates in. The group identified the main areas of legislation that materially affect its operations and regularly engages with key regulators to make public comments and submissions on proposed new industry and other relevant legislation.
License conditions issued by the various gambling boards	The gaming industry is highly regulated and subject to significant probity and external regulatory monitoring both locally and internationally. In addition, the casino licence conditions contain their own requirements, which must be adhered to.
WHAT WE CHOOSE TO COMPLY WITH	
Carbon Disclosure Project (CDP) – water and energy	Sun International participates annually in the CDP.
International Integrated Reporting Council's (IIRC) <IR> Framework	Sun International applies the IIRC's <IR> Framework in compiling its integrated annual report.

KING IV™ APPLICATION REGISTER

It is the board's responsibility to steer the group ethically and effectively towards achieving our sustainable business strategy and instilling confidence in our stakeholders. The board is aided by the group's governance framework that is based on mindful and relevant application of the principles and practices recommended by the King Report of Corporate Governance for South Africa 2016 (King IV™). The company's governance framework provides a sound foundation for the implementation of King IV™ and the board applies these recommended principles to drive the company's value creation process.

Below is a summary of how Sun International applied the principles, the outcomes thereof, and references to further information contained in our report.

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
PRINCIPLE 1: The governing body should lead ethically and effectively		
Application: Ethics training is provided to all newly appointed directors through an induction programme. Directors are kept apprised of the group's codes and policies. They attend various committee meetings of the governing body/board. This allows direct oversight of group operations. The delegated levels of authority and terms of reference relating to the committees are regularly reviewed. The board determines the strategic direction of the group in support of a sustainable business. It monitors management's implementation and execution thereof. The group sustainability manager continued to enhance synergies across the group in relation to health, safety, the environment and socio-economic development (SED) initiatives. The nomination committee is responsible for identifying and recommending suitable appointments to the board to ensure effective governance groupwide.	■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Legitimacy and trust	■ Corporate governance report ■ Ethics declaration ■ Governance and sustainability ■ Board committees and attendance
EXPLANATION Induction and ethics training ensures directors have the necessary competence and knowledge to execute their functions and responsibilities. Committee meeting attendance ensures oversight in delivering group objectives and executing delegated powers. Committee meeting attendance is greater than 90%. This is testament to the members' commitment and purposeful oversight of the group's activities. Attendance at the board and various committee meetings are: ■ Board: 99% ■ Audit committee: 100% ■ Investment: 87% ■ Nomination committee: 85% ■ Remuneration committee: 92% ■ Risk committee: 86% ■ Social and ethics committee: 91%		

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King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
PRINCIPLE 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture		
Application: The directors set the overall tone for ethical leadership of the board. The directors, together with the executive committee, are signatories to a declaration that lists their commitment to Sun International's ethical principles. Sun International's code of ethics and policies as well as a dedicated ethics officer is assigned to overseeing ethics within the group. Contracts with third parties include a provision on adherence to Sun International's code of ethics. The social and ethics committee ensures the group's ethics are managed effectively. The group adopts a zero-tolerance approach to breaching ethical standards.	■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Legitimacy and trust	■ Code of ethics ■ Ethics declaration ■ Supplier code of conduct policy ■ Anti-fronting statement and policy
EXPLANATION The board's commitment to ethical practices sets the tone for the company's ethical conduct. Sun International's anonymous tip-offs ethics hotline is managed by Deloitte.		
PRINCIPLE 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen		
Application: Several initiatives ensure the workplace becomes more responsive to the needs of society and the environment in which the company operates. Compliance with relevant laws, including the Constitution of South Africa and the Bill of Rights is core. The SunWay project continues to promote enabling values and continues to discourage disabling ones. Ongoing training and awareness were provided in regard to health, safety and environmental aspects. Several projects are in place across the group to develop small businesses, facilitate transformation and uplift local communities. The total spend on SED initiatives over the past year was R25.4 million (2018: R23.7 million) and applied mainly to projects related to education, sports, and arts and culture. The group also invested in various CSI initiatives — both in-kind monetary and non-monetary — including donations, sponsorships and charitable givings that totalled over R3.6 million across our South African units. The amount spent on supplier development and enterprise and supplier development (E&SD) was R44.4 million (2018: R46 million) and R12.3 million (2018: R10.2 million) respectively.	■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust	■ Governance and sustainability ■ Our people ■ Environment ■ Health and safety ■ Socio-economic development ■ Enterprise and supplier development
EXPLANATION Sun International identified three pillars for SED support: education, sports, and arts and culture, with an emphasis on education. These pillars align with the company's vision of creating shared value for surrounding communities. Additionally, Sun International is committed to supplier development and upliftment through its business development support programme. The spend in the SED and E&SD areas exceeded the mandated targets. This is evidence of Sun International's commitment to the projects it endorses, thereby demonstrating its upliftment of communities and contribution towards transformation and economic growth.		

King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
PRINCIPLE 4: The governing body should ensure that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process		
Application: The board convenes an annual strategy meeting to approve the strategy and goals for each financial year and measures performance against the targets established for the comparative year. Management is responsible for implementing this strategy to achieve the desired goals and to assess and respond to any issues that may impact the group's activities and outputs. The risk assessment and ranking methodology led by the executive team ensures that the board is apprised of the risks and opportunities facing the group and it takes an integrated approach to assessing risks and material matters. The sustainability committee assists with assessing and monitoring environmental, health and safety, SED, E&SD and B-BBEE issues, internal and external, to the business. The audit committee and board consistently monitor the going-concern status of the group.	■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation	■ Strategic objectives ■ Integrated annual report
EXPLANATION Sun International's strategy is discussed before the start of the financial year, following which an executive conference is held where senior and executive management are advised on the group's performance over the past year and the strategy for the upcoming year. The strategy implementation is included in the key performance areas for executives to ensure the effective execution of the group's objectives, and their individual performance is measured against the achievement of the company's objectives. Bonuses are linked to the execution and delivery of group performance to ensure that the correct behaviour is driven group-wide, ultimately creating value for all stakeholders. Strategy sessions are held by the executive committee throughout the year at the units during July/September and by the full board during November.		
PRINCIPLE 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects		
Application: Several operations issue reports to the board committees, namely the executive, risk, social and ethics, remuneration, nomination, audit and investment committees. These reports incorporate areas of the business including, inter alia, human resources, operations, finance, sustainability, procurement, compliance and B-BBEE. The committees prepare a final report, which is included in the online integrated annual report. The company issues unaudited interim results and audited consolidated financial statements for year-end results. Reports are issued as necessary to comply with legal requirements. Internal and external role players ensure the integrity of all reporting, which forms part of the integrated assurance process.	■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation	■ Corporate governance report ■ Investor presentations ■ Social and ethics report ■ Audit committee report ■ Annual statutory report
EXPLANATION The regular tabling of reports at the various committee meetings ensures the board is aware of all developments across the group and can track progress against established targets in the short, medium and long term. Each committee chairperson provides feedback to the board. The chairman of the social and ethics committee reports back to shareholders at each annual general meeting. This bottom-up approach is vital. The integrated annual report provides details on the operations and performance of the company over the past year and allows stakeholders to assess and gauge how value is created. This report sets out the group's highlights, challenges and future focus areas to provide stakeholders with a realistic view of the company.		

King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES

PRINCIPLE 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation

Application: A protocol guides the board in relation to obtaining external advice. The board charter guides the board in executing its duties and is revised periodically. A director's handbook guides directors on their duties under the Companies Act and King IV™. The group's memorandum of incorporation (MoI) aligns with several corporate governance practices.

- Ethical and cohesive culture
- Effective control, compliance and accountability
- Performing to strategic expectation
- Legitimacy and trust

- Corporate governance report
- Board of directors
- Board charter
- Memorandum of incorporation
- Committees' terms of reference

EXPLANATION

The board charter sets out the board's expectations in relation to its duties towards the group, including in Nigeria and Latam. With various directors sitting on the different committees, there is first-hand oversight on the group's activities. The external advice protocol allows the board to understand what process to follow regarding obtaining external advice, and ensures the board obtains the necessary advice and expertise in the execution of and delivery of the group's objectives. Though the board remains ultimately responsible, the committees provide focused attention on areas to ensure initiatives and projects are properly assessed and implemented. The company secretary is pivotal in ensuring good corporate governance.

The board is comfortable that it has fulfilled its responsibilities in accordance with its charter and is satisfied with the strategic direction set for the group. It appropriately manages its duty as custodian of corporate governance.

PRINCIPLE 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

Application: The board consists of a diverse group of people in terms of gender, race, age, skills and experience. Sun International's board diversity policy was revised in 2019 to incorporate other diversity elements such as skills, experience and age. The race and gender targets for the board were reviewed to ensure that future appointments align with the group's policy on gender and race diversity, and the B-BBEE Codes. The board consists of executive, non-executive and independent directors. The chief executive and chief financial officer are executive board members. The board comprises more independent than executive or non-executive directors.

- Ethical and cohesive culture
- Effective control, compliance and accountability
- Responsive and transparent stakeholder engagement
- Performing to strategic expectation

- Corporate governance report
- Board of directors
- Executive leadership
- Board charter
- Diversity policy

EXPLANATION

The board embraces diversity by improving gender, race, age and skills representation. With the variety of board member qualifications, there is further assurance that the business is considered from different perspectives to provide a holistic review of the group's strategy. A brief CV of each director is available. The board-approved diversity policy incorporates gender, race, age and skills diversity as required by the JSE Listings Requirements. Members of committees are carefully selected, having regard to race, gender, age and skills and experience, and the provisions of the Companies Act, the JSE Listings Requirements and good corporate governance practices.

The independence of directors is monitored in accordance with the JSE Listings Requirements. We believe that the board has the appropriate mix of knowledge, skills and experience, diversity and independence. The company secretary and chief financial officer are evaluated annually in terms of their skills, experience and expertise.

The remuneration committee conducts annual evaluations of each executive director and prescribed officer.

	Target	**Actual 2019**	Actual 2018
Race	50% black directors	57%	57%
Gender	30% female directors	29%	29%

King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
PRINCIPLE 8: The governing body should ensure that its arrangements for delegation within its own structure promote independent judgement, and assist with balance of power and the effective discharge of its duties		
Application: The group has six standing committees: nomination, audit, risk, remuneration, social and ethics committees, and the investment committee. Most committee members are independent non-executive directors. The executive committee has two sub-committees, the sustainability and IT governance committees. These committees comprise senior executives and management only. The board charter and composition of the committees are determined and approved by the board.	■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Performing to strategic expectation ■ Legitimacy and trust	■ Corporate governance report ■ Committees' terms of reference
EXPLANATION The committees are pertinent to overseeing the group's business and its core operations. The non-executive directors are included across the various committees, with many sitting on more than one committee to ensure that there is effective collaboration across the committees and an integrated approach is adopted in relation to the execution and evaluation of all strategic projects and plans. The committees regularly provide feedback to the board, which facilitates the execution of its responsibilities. The independent directors provide an objective assessment of the company's projects, plans and initiatives. The composition of the board committees contribute to effective collaboration, balanced distribution of power and the board's effectiveness in fulfilling its duties. There is a clearly defined delegation of authority matrix for all executives and senior managers of the group.		
PRINCIPLE 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness		
Application: The board chairman, the lead independent director, board members and the board committees are evaluated every other year, and by an independent third party every six years regarding their performance, processes and procedures. The members of the board are evaluated annually by the nomination committee, and the executive directors' performance is assessed by the remuneration committee and nomination committee by way of an annual performance review for purposes of awarding total cost of employment (TCOE) incentives and short-term incentives (STIs). Non-executive directors are evaluated by the nomination committee annually to determine eligibility for election and re-election. The chief financial officer and company secretary are evaluated annually by the audit committee and board respectively.	■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust	■ Corporate governance report ■ Audit committee report ■ Board charter
EXPLANATION The evaluations assess individual and committee performance against the specific terms of reference, the board charter and best governance practices. The nomination committee annually considers the competence of the company secretary and the audit committee annually considers the competence of the chief financial officer. As recorded in the annual financial statements, the chief financial officer and the company secretary were declared competent and have the necessary expertise and experiences to carry out their functions and duties on behalf of the company. Bonuses and remuneration of the executive directors are linked to their performance reviews. Sun International is cognisant that the performance of the board, statutory and board committees is essential considering the increased focus on accountability, transparency and adding value.		

King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
PRINCIPLE 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility		
Application: The chief executive was appointed by the board and the nomination committee considers executive succession planning. The chief executive's performance is evaluated annually by the chairman and the remuneration committee. The board annually reviews the delegation of authority to the chief executive, who in turn delegates authority to other executives and prescribed officers. Professional governance services are provided by the company secretary, who is evaluated annually by the nomination committee and board. Following an assessment by the nomination committee, the company secretary has the requisite competence, qualifications and experience to carry out his duties. The board has access to governance support and guidance at all times.	■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust	■ Corporate governance report ■ Board of directors ■ Executive leadership ■ Committees' terms of reference
EXPLANATION The nomination committee has the experience and skills required to ensure a balanced constitution of the board and is most suitably placed to evaluate the executive team's performance. The chief executive's delegation of authority to the executive committee ensures the delivery and implementation of the company's strategy. The executive management team includes the property general managers of key units, to improve decision-making and enhance alignment with the group strategy. In 2019, the central office operating structure was revised to ensure a more efficient way of working together and serving the units. This revised structure includes a chief operating officer: gaming and a chief operations officer: hospitality. The nomination committee evaluates the board and company secretary. The chief executive evaluates other executives and prescribed officers. The remuneration committee evaluates the performance of executive directors and prescribed officers for TCOE and STIs. The audit committee reviews the chief financial officer and the director internal audit. The board is comfortable and satisfied that the delegation of authority framework provides for effective exercise of authority and responsibilities.		
PRINCIPLE 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives		
Application: Sun International's risk methodology and risk ranking system require each division, under the direction of their respective executive, to complete a risk assessment dashboard. The results are consolidated using a formula that categorises all risks in order of importance and details actions to mitigate the risks. This risk categorisation guides the group in relation to its business operations' priorities going forward. The risk function is assisted by the audit and risk management committees.	■ Effective control, compliance and accountability ■ Performing to strategic expectation ■ Responsive and transparent stakeholder engagement	■ Corporate governance report ■ Risk management ■ Group risk register
EXPLANATION An evaluation of risks group-wide ensure all risks and opportunities are identified and ranked, which informs the group's material matters and strategy. The risk methodology ensures each executive is assigned responsibility for a specific area and that risks are managed and mitigated. The main three key risks identified in 2019: ■ smoking legislation (South Africa and Latam) ■ weak economic conditions ■ erosion of market share due to EBTs and LPMs in catchment areas.		

King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
PRINCIPLE 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives		
Application: The IT governance committee is a sub-committee of the executive committee. This sub-committee is responsible for monitoring, developing and communicating the processes for managing IT governance, information flows and technology across the group. The deliberations of the IT governance sub-committee do not reduce the individual and collective responsibilities of the executive committee, risk committee members and board members regarding their fiduciary duties and responsibilities. They continue to exercise due care and judgement in accordance with their statutory obligations. The board has the ultimate responsibility for IT governance of the company, and the IT governance sub-committee assists the risk committee and the board in fulfilling this responsibility. The company monitors the IT governance structure to ensure it addresses critical IT risks (IT governance project dashboard) and IT investments (the Sun International App). IT governance includes group business continuity, data governance and scoring, strategic vendor analysis, IT policies, cyber-security threat (which is a key focus area), Protection of Personal Information (POPI), General Data Protection Regulation (GDPR), and key incidences management.	■ Effective control, compliance and accountability ■ Performing to strategic expectation ■ Responsive and transparent stakeholder engagement ■ Legitimacy and trust	■ Corporate governance report ■ Efficiency and optimisation of our processes ■ Protect and leverage our existing asset portfolio ■ IT policies
EXPLANATION Through the IT governance sub-committee, operations report to the board, which ensures significant information and technology risks are identified with the mitigating controls. Effective controls are in place to address and mitigate any potential cyber threats, and an e-learning portal facilitates IT e-learning. Projects involving various areas of the business are monitored and overseen by the IT governance sub-committee. Progress is reported to the risk committee to ensure an integrated approach to monitoring and assessing IT risks within the business.		
PRINCIPLE 13: The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen		
Application: The compliance function supports the wider sustainability objectives of the group. Polices are reviewed and revised as necessary. The policy revitalisation management subcommittee reviews, updates and consolidates group policies. The automated compliance portal is in the process of being rolled out and continues to evolve. Employee access to material policies is monitored to ensure that all policies are brought to their attention. Policies are reviewed regularly to ensure compliance with latest developments and legislation.	■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust	■ Corporate governance report ■ Chairman's message ■ Social and ethics committee report ■ Code of ethics
EXPLANATION The compliance function ensures all aspects of the business are covered. By monitoring policy access and review, the group ensures that employees keep abreast with latest developments and can address any evident gaps. The central policy portal prompts employees on any policy updates. There were no material or repeated regulatory penalties, fines, censures or compliance orders for the year under review.		

King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
PRINCIPLE 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term		
Application: The remuneration committee reviews the remuneration policy of the group annually, which is approved by the board and tabled at the AGM for a non-binding shareholder advisory vote. The policy is published online as a part of the remuneration committee report.	■ Ethical and cohesive culture ■ Responsive and transparent stakeholder engagement ■ Legitimacy and trust	■ Remuneration report ■ Annual statutory report
EXPLANATION The remuneration policy is reviewed annually to ensure that Sun International attracts top talent and returns value to shareholders in a fair, transparent and balanced manner. Remuneration is linked to performance to ensure executives and employees are motivated to achieve the company's strategic objectives and goals, and that their interests are aligned with those of shareholders. Sun International engages with its shareholders around its remuneration policy and procedures, which are disclosed in the 2019 remuneration policy and report. This remuneration policy and report was approved by the board in March 2019 and by shareholders at the AGM on 14 May 2019. Thereafter, Sun Dreams adopted a remuneration policy that is closely aligned to Sun International's policy taking into consideration relevant country-specific legislation and market conditions.		
PRINCIPLE 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports		
Application: The board, in the statement of responsibility of directors, provides its independent assurance of the company's integrated annual report and confirms this to be an accurate reflection of the company to all stakeholders. An external independence assurance provider is appointed to review the sustainability aspects of the sustainability practices of the company, and external auditors assure the financial information.	■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust	■ Audit committee report ■ Independent assurance statement
EXPLANATION The company follows a combined assurance model to ensure objectivity of all information provided to stakeholders. The board and its committees consist of persons from varied backgrounds with diverse skills and experience to ensure risks and opportunities are considered from various perspectives.		
PRINCIPLE 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time		
Application: The risk committee reviews the stakeholder register regularly. The stakeholder register comprises, inter alia, the gambling boards, the communities, and shareholders. Engagement with stakeholders is undertaken throughout the year and material matters are reported to the board. A new community stakeholder engagement strategy has been developed in 2019 and will be implemented across all local units in 2020. A task team will be established to focus on the group's procurement strategy and to better understand and address community concerns in respect of developing local business. The board is the custodian of Sun International's corporate governance framework.	■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust	■ Corporate governance report ■ Stakeholder engagement ■ Social and ethics report
EXPLANATION Regular stakeholder engagement ensures the board is advised of all material matters that may impact the company. The group's revised community stakeholder engagement ensures all community engagement and interventions align with the group's sustainability strategy and, more broadly, with provincial and national growth and development plans. Specific executives are tasked with stakeholder engagement according to their executive responsibilities. A group SED specialist is responsible for targeted community engagement. Sun International does not subscribe to the shareholder-exclusive model but rather the stakeholder-inclusive model.		

SOCIAL AND ETHICS REPORT

BLM Makgabo-Fiskerstrand /
Chairman of the social and ethics committee

Sun International remains committed to ethical and responsible leadership. Being a good corporate citizen includes driving an ethical culture group-wide; ensuring the health and safety of our customers and employees; engaging with local communities; providing opportunities for shared socio-economic value; protecting our environment; monitoring our transformation progress; and complying with relevant legislation and codes.

MESSAGE FROM THE CHAIRMAN

Dear stakeholders

I am pleased to present the Sun International social and ethics committee (the committee) report for the year ended 31 December 2019. The purpose of this report is to inform our stakeholders on the discharge of our duties as set out in the Companies Act, and supplemented by the committee's terms of reference.

Our commitment is driven by the board and executive committee approved ethics declaration, as well as the group's code of ethics (the code), which commits management and employees to the highest ethical conduct and standards. Ongoing awareness ensures all employees understand how to contribute to the group's ethical conduct, brand reputation and integrity. The group's whistleblowing and fraud response policies, which are disseminated group-wide, contain clear guidelines for reporting any criminal, illegal, discriminatory or other inappropriate behaviour without fear of occupational detriment. Employees can contact the Deloitte Tip Offs hotline anonymously through a 24/7 toll-free number. The ethics officer oversees ethics within the organisation and receives regular feedback on any matters of concern. Employees can email a secure and private address with any ethics concern or dilemma, which will be handled confidentially. Closed sessions are held between the chairman of the social and ethics committee and the ethics officer after each social and ethics committee meeting to discuss any material ethical issues reported.

The committee performs the requisite statutory functions on behalf of all units and companies in the group, as it was appointed as the social and ethics committee for the entire group, including those that score above 500 points in terms of Regulation 26(2) as contemplated in Regulation 43(1)(c) of the Companies Regulations, 2011. This ensures that practices across the group are consistent and aligned, and that our ethical practices are applied irrespective of the jurisdiction we operate in. We continue to review Sun Dreams' operations and align their governance and system processes with our South African operations. Sun Dreams reports all relevant and material matters contemplated by Regulation 43 of the Companies Regulations, 2011 and those pertaining to Latam, to the Sun International social and ethics committee for review. This positions the group's social and ethics committee to oversee the group operations and consider all ethical material issues. In Nigeria, TCN has its own code of conduct and regularly reports any ethical issues to the TCN board. Further, the Sun International director: corporate services attends all committee meetings in Latam and chairs the nomination and governance committee in Nigeria in his capacity as a director of TCN, which further reinforces the group's governance structures and practices.

"In Nigeria the TCN has its own code of conduct and regularly reports any ethical issues to the TCN board. Further, the Sun International director: corporate services attends all committee meetings in Latam and chairs the nomination and governance committee in Nigeria in his capacity as a director of TCN, which further reinforces the group's governance structures and practices."

Social and ethics report continued

Composition, meetings and assessment

During the year under review there were changes to the social and ethics committee's composition. Effective 16 September, Mr Anthony Leeming was appointed as an additional committee member and Mr Valli Moosa who retired from the board effective 14 May 2019, is no longer a member of the social and ethics committee. Following these changes, the committee's composition included four non-executive directors as members, all of whom are independent, and one executive director as a member. The committee met three times during the year, which was adequate to deal with various matters contemplated in the Companies Act and the committee's mandate and terms of reference. In addition, Sun International executives whose areas of discipline are covered by the committee are standing invitees to the committee and include the: chief financial officer; chief operating officer; director: corporate services; director: human resources; director internal audit; and sustainability manager. As per the mandate of the committee, the terms of reference were reviewed and approved, and we achieved a 91% meeting attendance for the year under review.

Through the participation of stakeholders from various areas within the group, we are assured that appropriate feedback is provided relating to all matters. The mix of experience and expertise on the committee allows for robust debate on topics put forward to the committee. We are satisfied that initiatives undertaken by the group are adequately challenged when tabled at committee meetings.

Roles and responsibilities

The committee is required, among its other duties, to:

- monitor the social, economic, employment and environmental activities of the group and report to the board and stakeholders in terms of development and progress
- assist the board in assessing aspects of governance applicable to the committee's function and terms of reference
- ensure that Sun International remains a socially committed corporate citizen
- monitor the group's six prioritised sustainable development goals (SDGs).

The committee's mandate, terms of reference and further details on the committee's roles and responsibilities are available online at https://corporate.suninternational.com/investors/investors-governance/comittee-terms-of-reference/

We operate in a highly regulated industry and our corporate credentials and socially responsible behaviour are critical in terms of our licence to operate.

To guide us in this oversight role, we task management with implementing principles contained in relevant legislation, regulations and prescribed legal requirements or prevailing codes of best practice. This includes the group's standing in terms of the goals and purpose of the:

- 10 principles set out in the UNGC Principles
- OECD recommendations regarding anti-corruption
- Employment Equity Act
- B-BBEE Act and amended B-BBEE Codes of Good Practice
- six SDGs prioritised by the group.

Management discharges this duty by reporting to the committee on the group's:

- good corporate citizenship, including the company's promotion of equality and the prevention of unfair discrimination
- implementation of its sustainable business strategy
- contribution to the development and upliftment of the communities in which it operates
- environmental, health and safety and procurement initiatives across all relevant areas
- progress on the group's contribution towards the six prioritised SDGs
- consumer relationships and marketing initiatives
- implementing the National Responsible Gambling Programme (NRGP)
- labour and employment including the company's standing in terms of the International Labour Organisation's Protocol on decent work and working conditions and our relationships with our employees
- contribution towards the educational and skills development of our employees.

These reports correlate with the committee's mandate and the areas mentioned above are reported at each meeting. As chairman of the committee I also provide regular feedback at board meetings in relation to the committee's activities and provide feedback to the shareholders at the annual general meeting (AGM). The 2018 social and ethics report was tabled at the Sun International AGM held on 14 May 2019.

The group's sustainability committee, a sub-committee of group executive management, includes several senior and executive managers from relevant areas within the group. In 2019, the committee met quarterly to discuss relevant sustainability matters – particularly environmental, health and safety, socio-economic development (SED) and enterprise and supplier development (E&SD) matters. Any areas of concern identified at these meetings are elevated to the social and ethics committee.

As part of our independent assurance scope, IBIS ESG Assurance conducted a review of all sustainability aspects and also included a readiness assessment of Sun International's corporate social investment (CSI) practices, procedures, systems and controls. The review included interviews at a group level and a site visit to our unit that contributed the most to CSI. The assessment focused on the adherence to Sun International's relevant policies, procedures, systems and controls and whether they meet reasonable expectations for the monitoring, management and reporting of CSI at Sun International. No material issues were identified during the assurance audit.

Social and ethics report continued

Salient matters of interest

Several matters dealt with by the committee during the period under review are highlighted as items of interest to our stakeholders.

The committee continues to review the group's standing and progress in accordance with the 10 principles of the UNGC and the OECD recommendations regarding anti-corruption. The committee concluded that the group substantially complied with the requirements of the UNGC principles, and that there were no material areas of concern. The company monitors compliance with its policies in relation to bribery and corruption; gifts, entertainment and tips; and responsible gambling.

The SunWay culture and employee value proposition (EVP) continues to gain traction across the group. All elements of SunWay have been incorporated in training interventions to reinforce the group-wide value system. The EVP continues to assist in attracting and retaining talented employees by delivering world-class employee benefits and a positive working environment. A group-wide culture survey based on the SunWay will be conducted in 2020 and reported on to shareholders in 2021.

Transformation is embedded in Sun International and is integral to its sustainability. The committee monitors appointments, retirements and resignations to ensure we achieve a demographic workforce in line with our targets. During 2019, our overall black employee representation was 93% (2018: 92%), exceeding the distribution of the national economically active population. Females make up 56% (2018: 55%) of our workforce across our South African operations, 95% (2018: 95%) of whom are black. The group exceeded its employment equity targets at all levels except middle management, and it achieved its targets for black (African, Coloured and Indian) females at all management levels. The disability capacity building workshops and disability awareness days continue to remove the stigma and fear of victimisation experienced by employees with disabilities.

Sun International's board diversity policy recognises and embraces the benefits of having a diverse board, as increasing board diversity is essential in maintaining a competitive advantage. In accordance with the JSE Listings Requirements, the committee recommended a revised board diversity policy effective December 2019 that incorporates additional diversity elements such as skills and experience, regional and industry experience and age. This policy was approved by the board. Good progress was noted against the board's race and gender targets. In 2019, the board exceeded its black director target of 50% with 57% black representation, while it narrowly missed achieving the female director target of 30%, with 29% female representation.

In 2019, Sun International was externally rated as a Level 1 B-BBEE contributor in accordance with the Tourism Sector Codes as at 31 July 2019 (2018: Level 1). SunSlots was the only unit to be verified under the Generic Codes of Good Practice and achieved a Level 5 rating. The group was rated the sixth most-empowered South African company [1]. Going forward, the committee will be monitoring the proposed changes to the Tourism Sector Code which is expected to be implemented in May 2020.

"The SunWay culture and employee value proposition (EVP) continues to gain traction across the group. All elements of SunWay have been incorporated in training interventions to reinforce the group-wide value system. The EVP continues to assist in attracting and retaining talented employees by delivering world-class employee benefits and a positive working environment group-wide."

Communities' concerns about inequality in certain operational areas remain an issue, especially around securing local procurement spend and local employment to provide socio-economic upliftment. Going forward, a procurement task team will be established to address the group's procurement strategy and better understand local communities' concerns as well as develop local businesses to become part of Sun International's supply chain and enhance shared value. This task team will constitute representatives from all units and progress will be monitored by the committee.

The group continues to make significant progress in the areas of procurement and enterprise and supplier development. Sun International invested R44.4 million[2] and R12.3 million in supplier development and enterprise development respectively during 2019. There were 15 beneficiaries supported through Sun International's formal business development support process and the online tender bulletin board provides prospective suppliers with sourcing opportunities to further enhance value sharing and economic upliftment. Sun International's supplier code of conduct ensures all suppliers adhere to minimum best practice ethical standards.

The group's SED strategy, which is premised on creating shared value, was instrumental in making a significant impact on the communities with whom we interact. Our units work diligently on SED and CSI projects within their surrounding communities. A total of R25.4 million (2018: R23.7 million) was invested in making a difference in the lives of communities with a specific focus on education, sports, and arts and culture. In addition, the group also contributed R3.6 million towards various CSI initiatives including in-kind monetary donations (venues, accommodation, show tickets) and non-monetary donations (linen, cutlery, and furniture).

We continue to participate in the Stop Hunger campaign in celebration of Mandela Day, where over one million meals (2018: 738 000) were packed in 2019. Staff participation also increased to 2 562 compared to 1 989 in 2018. This project significantly impacted many children's lives by feeding them one nutritious meal, five times a week for an entire year. We remain committed to giving back to our communities and being socially responsible.

1 http://www.empowerdex.com/images/Documents/TheEmpowermentReportOctober2018.pdf
2 Actual contributions invested, not the recognised values as per the B-BBEE Codes.

Social and ethics report continued

The group is committed to, and financially supports, the South African Responsible Gambling Foundation (SARGF), which remains globally regarded as a leading programme for promoting responsible gaming. The SARGF, through the NRGP, creates awareness around public initiatives undertaken in the industry, which include prevention, treatment and counselling initiatives, training for regulators and industry employees, research audits, and life skills programmes for schools. Sun International reports progress on these NRGP principles across all gambling operations to relevant governance committees. In addition, reports on matters such as crèche utilisation rates, which remain strictly monitored at all units, and on training employees in the different stages of NRGP are also reported to relevant governance committees. Group internal audit is responsible for conducting various internal audits and reports its findings to the social and ethics committee. In 2019, the National Gambling Bill (including its regulations) proposed the implementation of a national exclusion programme. Sun International, through the Casino Association of South Africa (CASA), has engaged with the National Gambling Board regarding the practical aspects of implementing this programme in its current form. In addition, the Western Cape Gambling and Racing Board (WCGRB) may implement a pre-commitment system to further assist problem gamblers and to prevent the risk of persons from becoming problem gamblers. The WCGRB circulated a draft research report for comments to which Sun International has responded.

The group continues to make solid progress on environmental matters and explores innovative ways to address pressing issues facing the country. These include the quality and availability of water, sustainable supply of energy and rising energy costs, and the increased concerns around the lack of certified waste facilities in South Africa. Sun International continues to investigate sustainable water solutions. For example, a reverse osmosis plant is expected to be implemented at the Boardwalk in 2020. To further reduce energy consumption, an internal working group was established to determine the most feasible group-wide approach for participating in energy efficiency projects. Regarding waste initiatives, the group completed the transition of seven units to new waste recycling service providers that align with the group's zero-waste-to-landfill programme.

The health and safety of our customers and employees remains a key focus for the group. We are pleased to report that there were no fatalities for the year under review. Over the past four years (2016 to 2019) across our South African units, we achieved a cumulative reduction of 63% in lost-time injury frequency rates, however, we did not achieve our injury reduction targets set for 2019. Therefore the group conducted a review of its reduction target methodology taking account of prior trends, challenges facing units and industry leading indicators. This resulted in more realistic targets being developed for all South African units over the period 2020 to 2024. We continuously improve our health and safety control through proactive compliance management, utilising our electronic platform to manage our risk and compliance management functions.

Based on the committee's performance during the year, it is satisfied that it has fulfilled its mandate in terms of Regulations 43 of the Companies Regulations, 2011. There were no known instances of material non-compliance with legislation or regulations, or non-adherence with codes of best practice in terms of the areas within the committee's mandate during the year under review or repeated regulatory penalties, fines, censures or compliance orders. As such, we are satisfied that the group has operated as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development.

During the year under review, Sun International received four separate applications in terms of the Promotion of Access to Information Act (PAIA). The group continued to respond to all applications in terms of the relevant provisions of this Act.

LOOKING AHEAD

Going forward, the committee will focus on:

- Overseeing the corporate citizenship of the group and ensure it continues to improve the already embedded principles of carrying out its actions as a responsible and ethical corporate citizen
- Monitoring the proposed changes in the Companies Amendment Bill, 2018 as they pertain to the social and ethics committee
- Adopting the proposed JSE Listings Requirements amendments as they pertain to a social and ethics committee
- Ensuring that a statement is made in the financial statements confirming that the social and ethics committee is satisfied that it has fulfilled its mandate in terms of Regulation 43 of the Companies Regulations, 2011
- Considering, from a social perspective, that the group pays its employees fairly and responsibly in accordance with the equal pay for work of equal value principle

BLM MAKGABO-FISKERSTRAND
Chairman of the social and ethics committee

31 March 2020

INDEPENDENT ASSURANCE STATEMENT TO THE MANAGEMENT AND STAKEHOLDERS OF SUN INTERNATIONAL MANAGEMENT LIMITED

INTRODUCTION

IBIS ESG Assurance Proprietary Limited (IBIS) was commissioned by Sun International Management Limited (Sun International) to conduct an independent third-party assurance engagement in relation to the sustainability information in its Integrated Annual Report (the report) for the financial year that ended 31 December 2019.

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Adam Sutton-Pryce from IBIS. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 25 years' experience in sustainability performance measurement involving both advisory and assurance work. This assurance engagement is the second sustainability assurance engagement conducted for Sun International by IBIS.

ASSURANCE STANDARD APPLIED

This assurance engagement was performed in accordance with AccountAbility's AA1000AS (2008) standard and was conducted to meet the AA1000AS Type II moderate level requirements.

RESPECTIVE RESPONSIBILITIES AND IBIS' INDEPENDENCE

SUN INTERNATIONAL

Sun International is responsible for preparing their Integrated Annual Report and for the collection and presentation of sustainability information within the report.

Sun International is also responsible for maintaining adequate records and internal controls that support the reporting processes.

IBIS

IBIS' responsibility is to the management of Sun International alone and in accordance with the scope of work and terms of reference agreed with Sun International.

IBIS applies a strict independence policy and confirms its impartiality to Sun International in delivering the assurance engagement.

ASSURANCE SCOPE

The scope of the subject matter for moderate assurance in accordance with the AA1000AS assurance standard, as captured in the agreement with Sun International is set out below:

SUBJECT MATTERS IN THE ASSURANCE SCOPE

- Alignment with the AA1000APS (AccountAbility Principles responsiveness Standard) stakeholder engagement principles of inclusivity, materiality, responsiveness
- Sun International's alignment with the GRI Standards reporting requirements
- The following selected disclosures relating to material sustainability risks and opportunities for South Africa
- Sun International's compliance with the principles contained within the King Report on Governance for South Africa 2016 and the King Code of Governance Principles (collectively, King IV)

ENVIRONMENTAL:

- Total direct and indirect consumption of energy
- Total Scope 1 and Scope 2 greenhouse gas (GHG) emissions
- Total volume of fresh water consumed
- Total volume of water discharged
- Total volume of solid waste sent for disposal at landfill
- Total volume of solid waste sent for recycling

SAFETY:

- Total person hours worked (used as the Group's intensity measure)
- Lost Time Injury Frequency Rate (LTIFR)
- Total recordable Injury Frequency Rate (TRIFR)
- Total Injury Frequency Rate (TIFR)

SED:

- SED budget spent as per the BBBEE requirement of 1% NPAT

Independent assurance statement continued

ASSESSMENT CRITERIA

The following assessment criteria were used in undertaking the work:

AA1000APS (AccountAbility Principles Standard)	Sun International Sustainability Manual	Global Reporting Initiative (GRI) Standards	King IV Principles
AA1000APS (2008) Principles of Inclusiveness, Materiality and Responsiveness criteria	Operational Sustainability Manual that specifies definitions, reporting processes, controls and responsibilities	Alignment with GRI Standards reporting requirements	King Report on Governance for South Africa and the King Code of Governance Principles

ASSURANCE PROCEDURES PERFORMED

Our assurance methodology included:

Site Visits	Interviews	Inspection	Assessing	Reporting
Site visits to Sun City, Sibaya, Wild Coast and Golden Valley, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place	**Interviews** with relevant functional managers at head office and units to understand and test the processes in place for maintaining information in relation with the subject matters in the assurance scope	**Inspection and corroboration** of supporting evidence to evaluate the data generation and reporting processes against the assurance criteria	**Assessing** the presentation of information relevant to the scope of work in the Integrated Annual Report for consistency with the assurance observations	**Reporting** the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process

ENGAGEMENT LIMITATIONS

IBIS planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a moderate level of assurance in accordance with AA1000AS (2008).

The procedures performed in a moderate assurance engagement vary in nature from, and are less in extent, than for a high assurance engagement. As a result, the level of assurance obtained for a moderate assurance engagement is lower than for high assurance as per AA1000AS (2008).

It should be noted that international operations outside of South Africa were excluded from the assurance engagement scope.

ASSURANCE CONCLUSION

In our opinion, based on the work undertaken for moderate assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined criteria and are free from material misstatements.

KEY OBSERVATIONS AND RECOMMENDATIONS FOR IMPROVEMENT

Based on the work set out above, and without affecting the assurance conclusion, the key observations and recommendations for improvement are set out below.

IN RELATION TO AA1000APS

Inclusivity: Sun International has followed formal board-approved stakeholder engagement processes during the reporting period. Evidence observed pointed to inclusive stakeholder engagement where collective decision-making is performed. Through the group's stakeholder engagement process, Sun International annually assesses their stakeholder universe. Stakeholder engagement processes are formalised through the group Community & Stakeholder Engagement (C&SE) Policy and guided by the C&SE Standard Operating Procedure (SOP). The risk committee and social and ethics committee provide oversight of the group's

Independent assurance statement continued

stakeholder engagement and are responsible for keeping the board abreast of material matters arising. During 2019 Sun International provided training to dedicated SED managers and officers on the community engagement approach.

Materiality: Evidence observed confirmed that Sun International has maintained due process in mapping and disclosing its material stakeholder matters in a transparent and balanced manner. The materiality determination process performed in 2019 followed a more structured approach and considered Sun International's operating environment, stakeholder engagement, risk management and strategy. Material matters were discussed and prioritised by the executive committee before being presented to the board for approval. The Integrated Annual Report sets out matters of concern to stakeholders, mitigating actions as well as associated risks and opportunities.

Responsiveness: Sun International's responses to stakeholder issues observed across different stakeholder groups and case studies sampled indicate a high level of accountability to stakeholder issues raised. Responses to stakeholders were found to be directly related to the stakeholder concerns and were conducted in a timely, fair and appropriate manner without prejudice to any one stakeholder group. There are dedicated platforms for engagement for each stakeholder group, but not necessarily a formal overarching platform for recording and tracking of engagement with all stakeholders. An electronic database to capture key stakeholder information is currently being investigated by Sun International.

IN RELATION TO THE <IR> FRAMEWORK

A review of the report against the IIRC's recommendations for Integrated Reporting (<IR> Framework) indicated that Sun International effectively reports in line with the <IR> Framework by describing its value creation activities from input to outcomes for the relevant capitals reported.

IN RELATION TO SUN INTERNATIONAL'S ALIGNMENT WITH THE GRI STANDARDS

Although Sun International does not claim reporting to any GRI reporting option, a review of the report against the GRI Standards indicated alignment with the GRI Standards reporting requirements.

IN RELATION TO SUN INTERNATIONAL'S ALIGNMENT WITH KING IV AND THE JSE LISTING REQUIREMENTS RELATED TO PUBLIC REPORTING

Evidence observed during interviews with the Company Secretary as well as inspections of Board minutes, policy and other related documents, confirmed due application of King IV as reported, as well as the JSE Limited Listings Requirements related to public reporting.

IN RELATION TO THE SELECTED DISCLOSURES

It was observed that appropriate measures are in place to provide reliable source-data related to the selected disclosures assessed. The general control environment for sustainability information has improved with the introduction of the group sustainability manual, which is intended to ensure consistent interpretation of definitions across the group and provide guidance on the implementation of key internal controls. Data inconsistencies identified during the assurance process were subsequently corrected and IBIS is satisfied with the accuracy of the final data in the assurance scope.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to Sun International management for consideration.

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Director, IBIS ESG Assurance (Pty) Ltd

AA1000
Licensed Assurance Provider
000-156

Johannesburg

23 March 2020

CONTACTS

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Incorporated in the Republic of South Africa

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ISIN: ZAE000097580

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