GOVERNANCE AND SUSTAINABILITY

Doing business sustainably is no longer optional, but a competitive business necessity. It allows Sun International to integrate strategic business decisions to create long-term shared value for our business, employees, society and the environment.

Sun International's sustainability journey started in 1996. We wanted to create a company that balanced doing business with doing good. Since then, the group's sustainable business approach has evolved to include, 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.

As an internal and external communication aid for all stakeholders, we created sustainability icons to represent focus areas within our three sustainability portfolios. These are: environment, health and safety, and socio-economic development (SED).

ENVIRONMENT	HEALTH AND SAFETY	SOCIO-ECONOMIC DEVELOPMENT
- Energy - GHG - Waste - Water	- Health - Hygiene - Safety	- Socio-economic development - Community and stakeholder engagement

HIGHLIGHTS

- Appointed dedicated sustainability professionals at all local units
- Conducted the group's first sustainability culture survey
- Launched the group's new internal and external sustainability branding
- Maintained a Level 1 B-BBEE rating and were rated the sixth most-empowered South African company[1]
- Established management targets for all sustainability portfolios (environmental, health and safety and SED)
- Trained all safety, health and environment (SHE) professionals to be lead SHE auditors and conducted our first round of cross-unit SHE audits for all South African units
- Developed an integrated management system for SHE, based on the ISO 45001: 2018 and ISO 14001: 2015 standards.

1   http://www.empowerdex.com/images/Documents/TheEmpowermentReportOctober2018.pdf

CHALLENGES

- Collecting accurate and consistent sustainability data
- Implementing metering project across all local units
- Slower-than-expected progress towards our zero-waste-to-landfill initiatives at local units
- A delay in implementing a formal stakeholder engagement management process which will be completed in 2019
- Fully integrating and aligning Latin America's (Latam's) operations to the group's sustainability strategies, policies and procedures
- Consistent and impactful awareness and training for sustainability portfolios.

FOCUS AREAS

Our focus for 2018	What we achieved	Self-assessment
Implementing sustainability policies, procedures and frameworks across all portfolios.	Finalised the group's sustainability policies, standard operating procedures and frameworks for environmental, health and safety and SED.	Achieved
Developing a sustainability manual for Sun International.	Developed a sustainability manual to be rolled out in 2019 across all units locally and internationally.	In progress
Training all SHE professionals to conduct cross-unit SHEaudits at our local units.	Successfully trained all South African SHE teams as internal SHE legal auditors and implemented the first phase of our SHEcross-unit auditing programme.	Achieved
Developing and implementing our sustainability culture programme.	Good progress was made during 2018 – we conducted a sustainability culture survey to assess the current sustainability culture and determine what we need to prioritise going forward. The culture programme concept was also finalised.	In progress
Improving sustainability awareness through training and unit initiatives.	Sustainability initiatives and training were carried out across all local units.	Achieved
Maintaining our Level 1 B-BBEE scorecard.	Most units achieved a Level 1 or 2 B-BBEE rating.	Achieved
Improving communication and awareness within South Africa, with focus on specific awareness days and using all forms of media through a communications and marketing strategy.	An integrated communication and awareness strategy was implemented to assist in breaking down silos and improving sustainability awareness group-wide. We need to place more focus on external communication around our sustainability strategy and achievements.	In progress

KEY PERFORMANCE INDICATORS

To measure our sustainability performance, we have developed specific KPIs for each of the sustainability portfolios, namely environmental, health and safety, and SED. These indicators are reported on in each of the sustainability portfolio sections as indicated above. The group sustainability portfolio specialists track and monitor the specific KPIs and progress is regularly reported to our governance committees.

Strategy

The table depicts and highlights how our sustainability strategy is aligned with the group's 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
Adopt a proactive approach to SHE management. Standardise processes, to improve efficiencies and operational management

Achieve cost reductions through efficiencies and awareness campaigns | Prevent harm, reputational damage, and reduce our risk through SHE initiatives

Improve stakeholder commitments and brand reputation through targeted SED initiatives | Encourage engagement and improve participation in sustainability initiatives by breaking down silos and becoming an industry leader in the gaming and hospitality sector | Create a caring, responsible and vigilant workforce through improved awareness and communication and embedding a group-wide sustainability culture | Maintain compliance with all applicable legislation and conform to adopted standards.

Continue integrating sustainability into the business strategy and create a sustainable work ethic |

In line with top management's commitment to a sustainable business practice, we saw the need for a more formal approach to sustainability group-wide. As such, a sustainability department was established in 2017 to support, coordinate and drive the group's sustainability strategy across all units, standardise all policies and procedures group-wide, and ensure all engagement efforts align with the group's strategic messaging. The following portfolios are incorporated under the sustainability department:

- environmental
- health and safety
- socio-economic development.

The group sustainability manager is responsible for ensuring that the integrated sustainability strategy is filtered down to each portfolio specialist responsible for environmental, health and safety, SED, and stakeholder engagement. Each group specialist, responsible for the three portfolios, developed portfolio-specific strategies and frameworks that align to the group's sustainability strategy. These are embedded throughout our operations.

The sustainability organogram shows the various sustainability roles implemented throughout our local operations. The structure of the sustainability teams was determined by the size, location, structure and specific needs of each unit.

An important part of the group's sustainability strategy includes monitoring the performance of non-financial aspects so that informed business and board decisions can be made. The sustainability department developed a sustainability data reporting template that includes all relevant sustainability indicators and group-specific definitions for these indicators. The group's indicators are generally aligned with the GRI standard and/or industry best practices. This ensures accurate reporting and timely monitoring of the group's non-financial performance.

Sustainability is embedded within the group and impacts Sun International's strategic objectives. The governance and sustainability strategic objectives assist the group in monitoring and reporting on progress against specific short, medium and long-term sustainability KPIs. It also focuses on initiatives around cost saving, breaking down silos, and integrating management systems and communication approaches.

Our commitment towards sustainability demonstrates our business objective of **creating long-term value for our shareholders** by considering the group's impact on surrounding communities, our people, our suppliers and the environment. Our strategy further demonstrates Sun International's commitment to advancing its capitals: financial, productive, human, intellectual, social and relationship, and natural through continually improving our sustainability performance.

Governance and risk management process

We continue to implement Sun International's policies, procedures and standards internationally. The group sustainability manager focuses on strategy development and implementation; improving resource efficiencies; and embedding a sustainability culture to ensure that sustainability remains relevant and continues to create value. Further sustainability responsibilities include collating sustainability data group-wide and coordinating, compiling, designing and manging the group's integrated annual reporting and risk management processes.

GROUP SUSTAINABILITY POLICY OBJECTIVES

▶ Demonstrating **sound financial value** and **responsible commercial behaviour**
▶ Demonstrating **environmentally responsible behaviour**
▶ Demonstrating **responsible health and safety behaviour**
▶ Demonstrating **socially responsible behaviour**
▶ Demonstrating **good corporate governance**

The group has various sustainability policies in place that align to the group's strategy and demonstrate Sun International's commitment to advancing its sustainability performance as highlighted above. These policies are available online at https://corporate.suninternational.com/sustainability/ and include:

- group sustainability policy
- group environmental policy
- group health and safety policy
- group socioeconomic development policy
- group community and stakeholders' engagement policy
- group sustainable seafood policy.

As mentioned earlier, group sustainability is governed by various committees, as indicated below, and reports on strategic developments, risks and progress on KPI to these committees.
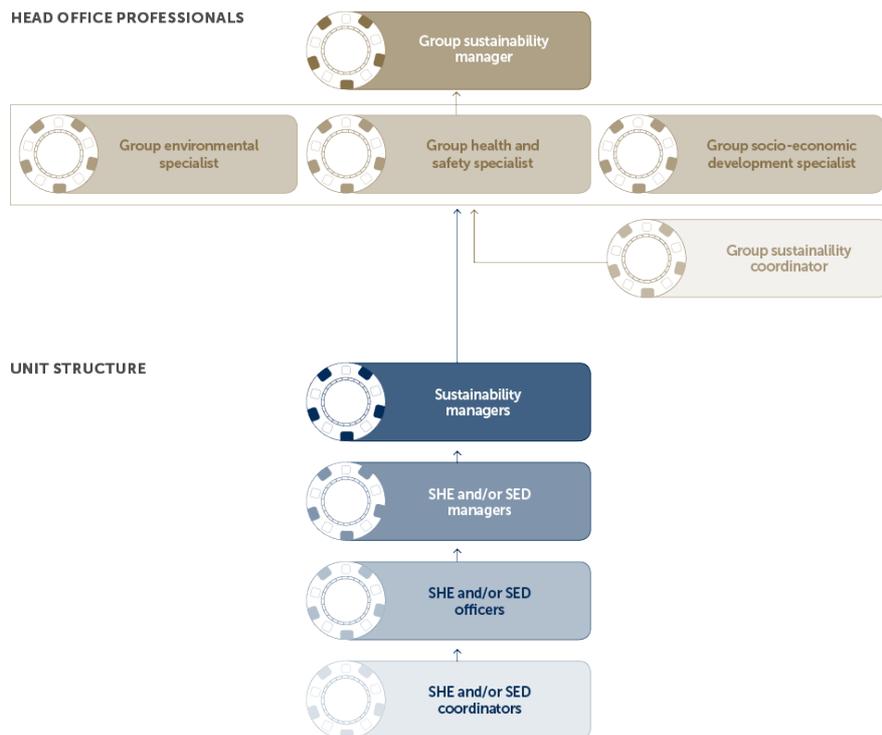
	Governance	Risk	Strategic objectives
Group sustainability	- Sustainability committee - Social and ethics committee - Risk committee - Executive committee - SISCDT	- Failure to accurately and timeously track and report sustainability data groupwide - Unable to determine feasible sustainability initiatives across all portfolios - Failure to spend entire SED budget as required by the B-BBEE Act and the Gaming Board licence conditions - Unable to achieve SHE reduction and cost-saving targets for each unit.	- 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.

Sustainability organogram

Although similar in approach, Sun International's sustainability structure is customised to each unit's needs. This approach depends on the size, location and structure of the unit, with a focus on improving our guest experience, delivering value to our shareholders, providing a safe and sustainable work environment for our employees, and uplifting our communities.

A team of dedicated and enthusiastic sustainability professionals at head office and unit level ensures we continue to add value while achieving our group sustainability targets.

Group sustainability organogram

HEAD OFFICE PROFESSIONALS

Group sustainability manager

Group environmental specialist

Group health and safety specialist

Group socio-economic development specialist

Group sustainalility coordinator

UNIT STRUCTURE

Sustainability managers

SHE and/or SED managers

SHE and/or SED officers

SHE and/or SED coordinators

Sustainability legislation and frameworks

Sun International complies with all relevant legislation and frameworks. 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 Sun International remains compliant with country-specific legislation.

The sustainability department developed a SHE legal register for our South African units, which includes a legal library of all the SHE legislation that units need to comply with. The SHE legal register allows for updates and new legislation to be added and is stored in the cloud to ensure easy and secure access. Any regulatory changes are updated, flagged and communicated to our SHE professionals. This ensures that the units have access to the latest relevant legal requirements.

The group also considers various local and international standards, frameworks and best practice initiatives and, where relevant, aligns our strategy to these requirements. Below are some of the sustainability requirements considered and implemented by the group:

- *Corporate governance*: Good corporate governance ensures the robustness of the organisation's framework that leads to accountability, fairness and transparency in how it conducts business and how it engages with all stakeholders. Sun International embraces the King Code on Corporate Governance for South Africa 2016 (King IV™), which includes 16 principles of good corporate governance.

- *Environment*: Environmental legislation ensures that the group complies with local, provincial and national environmental legislation with the aim of reducing the organisation's environmental impact.
- *Health and safety*: Health and safety legislation extends to employees, contractors, concessionaires and guests. The relevant legislation provides guidelines on how to monitor and maintain a safe and healthy operating environment.
- *SED*: The gaming industry is required to adhere to gaming legislation as required by the Provincial and National Gaming Board's requirements and licence conditions in each country. In addition to gaming legislation, our South African operations are required to comply with the B-BBEE Act, which aims to empower and distribute wealth across as broad a spectrum of previously disadvantaged South African society as possible.
- *Reporting*: Reporting financial and sustainability information to all stakeholders continues to evolve and improve. Regarding sustainability, the group uses the Global Reporting Initiative to guide sustainability reporting and continues to embrace the United Nations Global Compact (UNGC) requirements. Integrated reporting continues to gain traction, with many companies, including Sun International, following the International Integrated Reporting Council's (IIRC) reporting framework (the <IR> Framework). Sun International continue to participate in the CDP (previously the Carbon Disclosure Project), reporting for both carbon and water disclosures in 2018.
- **Sustainability Development Goals (SDGs):** The United Nations released its SDGs, which address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. Sun International embraces the United Nations SDGs, and we endeavour to help achieve them through our operations and business strategies. While Sun International is only formally aligning and assessing the relevant goals in 2019, we are working towards addressing various SDGs in our ongoing sustainability journey. Refer to the Sun International report on Sustainable Development Goals for more details.

Assurance

The group's assurance process incorporates an integrated audit compliance programme across all sustainability portfolios. This process follows a tiered structure as depicted below.

STAKEHOLDER ENGAGEMENT APPROACH

Every aspect of our business interacts with stakeholders and all our stakeholder relationships impact directly and indirectly on our business and its reputation. Our social and relationship capital has a direct impact on our financial capital, as it influences whether consumers decide to become guests; whether suppliers choose to be vendors; and whether government believes that we are complying with regulations, giving back to the community and driving economic development. Key stakeholders include employees, equity partners and debt funders, customers and guests, regulatory and industry bodies, gaming boards, unions, and communities.

The group continues to improve its stakeholder engagement approach, which identifies stakeholder concerns and provides a governance reporting framework for reporting any material concerns through to the relevant board and management committees. In addition, the sustainability department focuses engagement within the communities in which we operate, as most of our units are situated within or close to surrounding communities. The group SED and stakeholder engagement specialist, along with the SED professionals at the various units, are responsible for engaging and cultivating relationships with stakeholders, including communities, non-governmental organisations (NGOs), non-profit organisations (NPOs) and public benefit organisations (PBOs). This engagement ensures that Sun International's relationships with these stakeholders offer shared value and sustainable socio-economic development.

Communications and awareness

To continue promoting group sustainability awareness, the sustainability department continuously rolls out initiatives and awareness campaigns for all three portfolios through different communication platforms. These communication and awareness programmes assist in breaking down silos, and improving employee engagement and participation that reinforces the SunWay formula for success.

Sustainability culture programme

Our sustainability culture programme encompasses all sustainability portfolios and aims to improve employee awareness, accountability and ownership in protecting the health and safety of all stakeholders, the environment, and the communities in which we operate.

To date, the sustainability culture programme:

- successfully implemented various sustainability practices into business processes
- completed a sustainability survey to assess the sustainability culture in Sun International
- improved awareness and commitment to sustainability policies, procedures and frameworks
- completed the development of the group SHE management system and the sustainability manual
- celebrated group SHE awareness days
- developed concepts for the e-learning and behavioural changes to be implemented as part of the overall culture programme.

Sustainability culture survey

Sustainability is often misunderstood internally as only being related to the environment. To clarify what sustainability means for the group, we conducted a sustainability survey, aimed at gauging the current understanding of what sustainability means in Sun International. The survey targeted all South African units and achieved a 40.6% response rate from the sample surveyed.

The following factors were examined in the survey:

- how aware employees are about the sustainability policies and practices of Sun International
- to what degree employees participate in sustainability initiatives at Sun International
- how committed management is to adhering to recognised sustainability policies and practices
- to what degree the Sun International culture is compliant with sustainability policies and practices.

The overarching comments centered around a need to improve sustainability training and awareness, as well as communication around who the sustainability representatives are within units. In addition, the survey revealed that employees felt that sustainability-related information was not cascaded down from management level to general employees and that a more consultative approach should be implemented between management and employees. Employees also stated their willingness to increase participation in employee volunteerism projects. These concerns will be addressed in the sustainability culture and behavior programmes planned for 2019.

PERFORMANCE OVERVIEW

To ensure the sustainability strategy is aligned and embedded throughout the group, the sustainability department identified the need for an integrated approach to managing sustainability. The group's integrated SHE management system enables ongoing sustainability performance overview and a holistic approach to managing and implementing sustainability at unit level. Sustainability data is captured, at our South African units, on this integrated system and the collated information is submitted to the group sustainability department for review and submission to relevant governance committees. Going forward, we aim to implement this integrated system at our Latam and African operations, that currently report sustainability information to the group on an annual basis.

The portfolio specialists monitor the group's environmental, health and safety and SED performance.

LOOKING AHEAD

- Launching and implementing Sun International's sustainability manual (locally and internationally)
- Identifying integrated SED projects that incorporate environmental and health and safety initiatives
- Implementing and maintaining our new SHE management system based on ISO 14001:2015 and ISO 45001:2018
- Launching our internal sustainability SharePoint site
- Implementing our sustainability culture programme – including our e-learning and behavioural change programmes
- Achieving our SHE reduction targets
- Increasing internal and external communication around Sun International's sustainability strategy
- Improving resource efficiencies across the group
- Aligning Latam and African operations with the new group sustainability strategy
- Continuing to improve our overall B-BBEE score.