

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 2018.

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Adam Sutton-Pryce and Alain Mahieu from IBIS. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 20 years' experience in sustainability performance measurement involving both advisory and assurance work. This assurance engagement is the first 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.

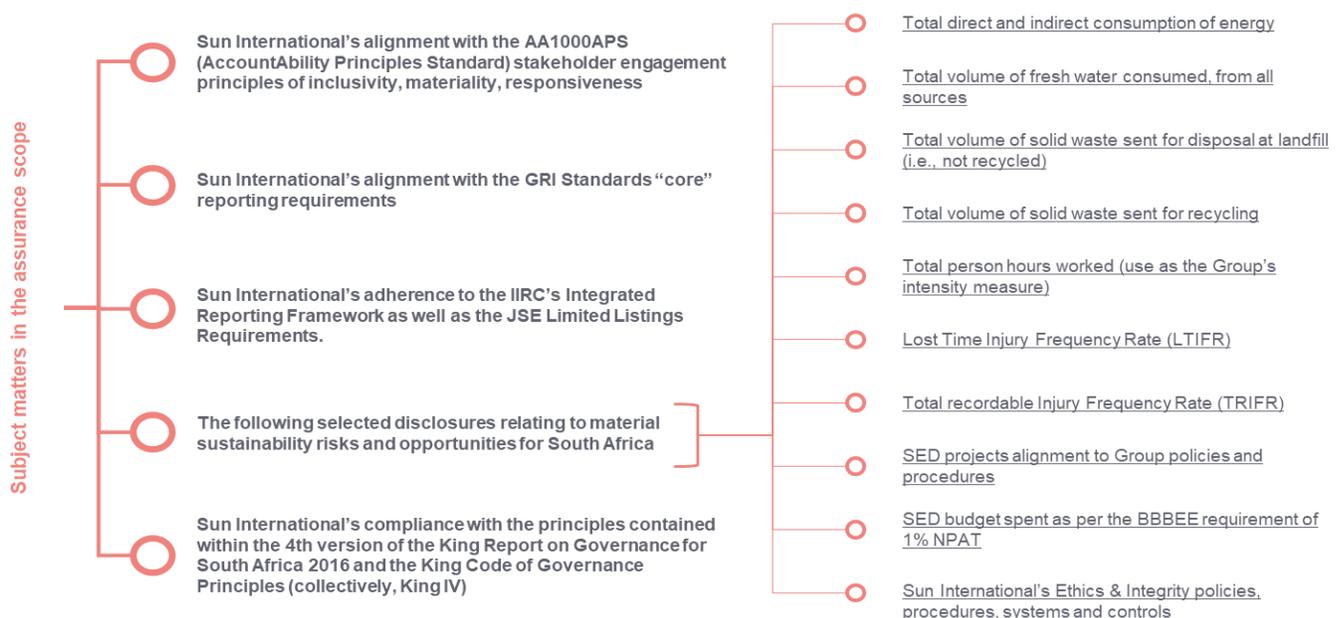
IBIS

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:



ASSESSMENT CRITERIA

The following assessment criteria were used in undertaking the work:

AA1000APS (AccountAbility Principles Standard)	AA1000APS (2008) Principles of Inclusiveness, Materiality and Responsiveness criteria
Sun International Sustainability Manual	Sun International's operational Sustainability Manual that specifies definitions, reporting processes, controls and responsibilities
Sun International Code of Ethics	Sun International's Ethics and Integrity policies, procedures, systems and controls
<IR> Framework	The International Integrated Reporting Council (IIRC) recommendations for IAR (<IR> Framework)
GRI Standards	Alignment with GRI Standards "core" reporting requirements
King IV	King Report on Governance for South Africa and the King Code of Governance Principles

ASSURANCE PROCEDURES PERFORMED

Our assurance methodology included:

SITE VISITS	Site visits to The Table Bay Hotel, Windmill Casino and The Maslow Time Square, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place
INTERVIEWS	Interviews with relevant functional managers at head office and operations to understand and test the processes in place for maintaining information in relation with the subject matters in the assurance scope
INSPECTION	Inspection and corroboration of supporting evidence to evaluate the data generation and reporting processes against the assurance criteria
ASSESSING	Assessing the presentation of information relevant to the scope of work in the Integrated Annual Report for consistency with the assurance observations
REPORTING	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).

Although the consolidation of data disclosures from international operations outside of South Africa have been reviewed at corporate level, it should be noted that those operations were excluded from the audit scope, since they are still in the process of incremental incorporation into Sun International's integrated reporting journey.

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 as follows:

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 key stakeholders. 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 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. Sun International's community engagement methodology is in the process of being updated as part of a new stakeholder engagement management system and is scheduled for roll out to all South African units in 2019.

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. An established materiality determination process was performed in 2018 and considers Sun International's operating environment, including external and internal factors, stakeholder concerns, and the risks that effect the business. There is currently no formal criteria or thresholds for assessing the materiality of issues raised, however material issues 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 and their associated risks and opportunities.

Responsiveness: Sun International's responses to stakeholder issues observed across different stakeholder groups and case studies sampled indicate appropriate accountability to stakeholder issues raised. Sun International updated its stakeholder engagement process through the group C&SE Plan which was implemented during 2018. 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. It was noted that recording and tracking of engagement with certain stakeholders, including the timing of discussions and feedback is still a work in progress. With the introduction of the new AA1000AP (2018) standard, which includes the addition of the Impact Principle, it is recommended that Sun International starts introducing processes to formally monitor and measure how their actions impact their broader ecosystems.

In relation to ethics and integrity

IBIS observed internal adherence to Sun International's relevant policies (e.g. the code of ethics), procedures, systems and controls and confirmed that they meet reasonable expectations for the monitoring and management of ethics and integrity at Sun International. At the end of 2018, Sun International relaunched its revised code of ethics which is in the process of being rolled out to all units in South Africa. The SunWay culture and code of ethics are intended to support ethical behaviours to help ensure a cohesive culture at 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 partial 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. However, it was found that the actual collection, verification, and reporting of sustainability information presented challenges at a unit level, with a number of data inconsistencies being identified during the assurance process. IBIS is satisfied with the accuracy of the final data in the assurance scope as data inconsistencies were subsequently corrected. The general control environment for sustainability information should improve 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.

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

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Johannesburg
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