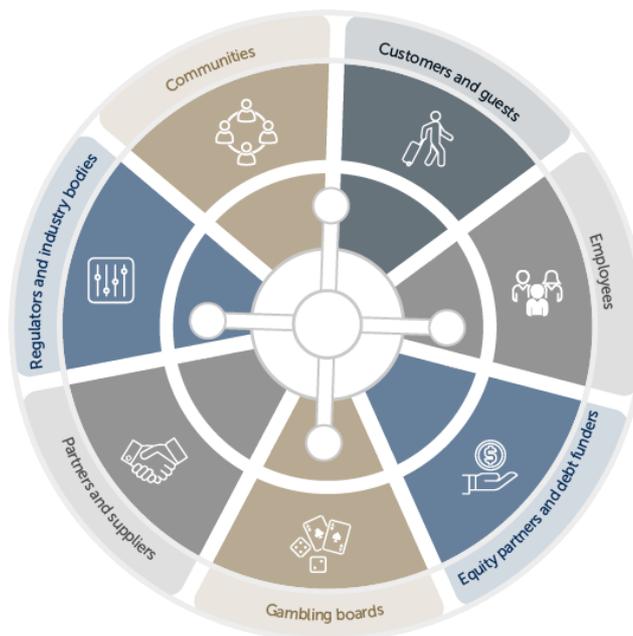


# STAKEHOLDER ENGAGEMENT

We actively engage with our key stakeholders and value constructive feedback. We encourage all shareholders to voice legitimate concerns, comments and suggestions through the various communication channels that we make available.

## 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, among others, 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 influence 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 2018, communities (particularly in the North West) raised concerns around the lack of local procurement opportunities which, in return, create job opportunities and provide socio-economic upliftment in these communities.

To ensure that we stay abreast of community needs and concerns, the group's community engagement methodology is being updated as part of a new stakeholder engagement management system. This will ensure 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 revised 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 new engagement methodology will be rolled out to all South African units in 2019.

## 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.

### 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

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

## 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.

### 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 Sun MVG offerings
- Implementing a new communication system to improve direct communication with Sun 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.

#### **Key stakeholder concerns**

- Fair remuneration
- Learning and development
- Talent management
- Performance management
- Succession planning
- Transformation
- Recognition

#### **Actions to address stakeholder concerns**

- Embedded the 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
- Biannual employee satisfaction surveys to determine overall employee satisfaction
- Robust employment equity plan in place to track transformation progress
- Best practice policies, standards and procedures in place
- Increased employee wellness initiatives and programmes
- Updated and implemented the group's revised code of ethics

### **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.

#### **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**

- Rights offer proceeds of R1.6 billion allocated to debt to strengthen balance sheet
- 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**

Gambling 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 game industry to ensure a fair and responsible industry.

### **Key stakeholder concerns**

- EBTs licensing
- Licence conditions change requests
- Increase in gaming taxes in Gauteng

### **Actions to address stakeholder concerns**

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

### **PARTNERS AND SUPPLIERS**

Partners provide support to ensure 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.

### **Key stakeholder concerns**

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

### **Actions to address stakeholder concerns**

- Improved the procurement system to control fronting and support B-BBEE initiatives
- Improved guest and customer offerings through sustained and improved partnerships
- Maintained our Level 1 B-BBEE rating
- Introduced a procurement tender notice board to inform all suppliers of new requests for proposal
- Introduced supplier conferences and open day to improve local procurement
- Continued to review events to provide sustainable returns on investment

### **REGULATORS AND INDUSTRY BODIES**

Regulators provide guidance on how 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.

### **Key stakeholder concerns**

- Compliance with relevant legislation (e.g. regarding B-BBEE, labour, health, smoking and liquor)

### **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 the industry body, *CASA*
- Internal and external compliance audits on all aspects of sustainability, namely environment, health and safety, and SED
- SHE compliance cross-unit audits conducted at all local operations
- Training of 32 SHE representatives as internal SHE compliance auditors