



Sun International

2019
CORPORATE GOVERNANCE REPORT

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

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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.

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.

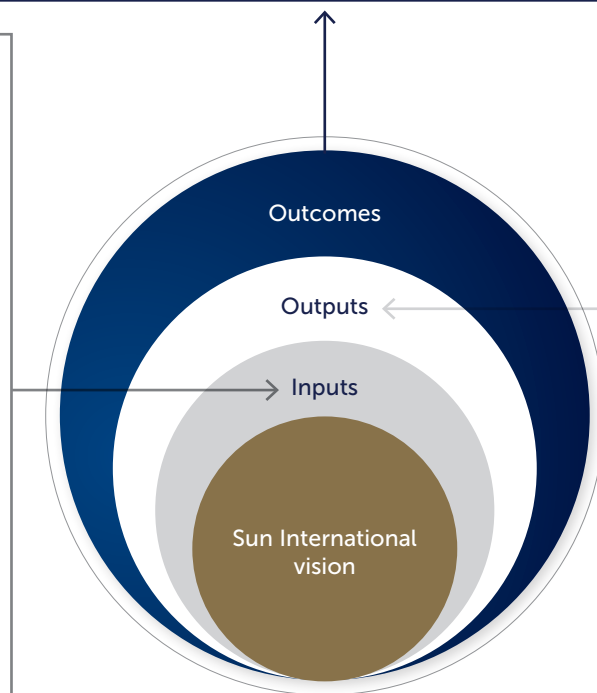
Sun International's board and executive management collectively have a wealth of knowledge that spans across South Africa and internationally to provide the necessary expertise to guide the group towards achieving its strategic objectives and ultimately creating great memories for our guests, people 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



- Code of ethics
- SunWay culture
- Board and exco expertise
 - Leadership
 - Finance
 - Gaming and hospitality
 - Hotel management
 - Gaming systems
 - B-BBEE and business development
 - Information technology
 - Sustainability
 - Governance
 - Legal
 - Marketing
 - Human resources
 - Compliance
 - Auditing
- Legislation, codes and frameworks
- Policies
- Governance framework
- Business and sustainability strategy



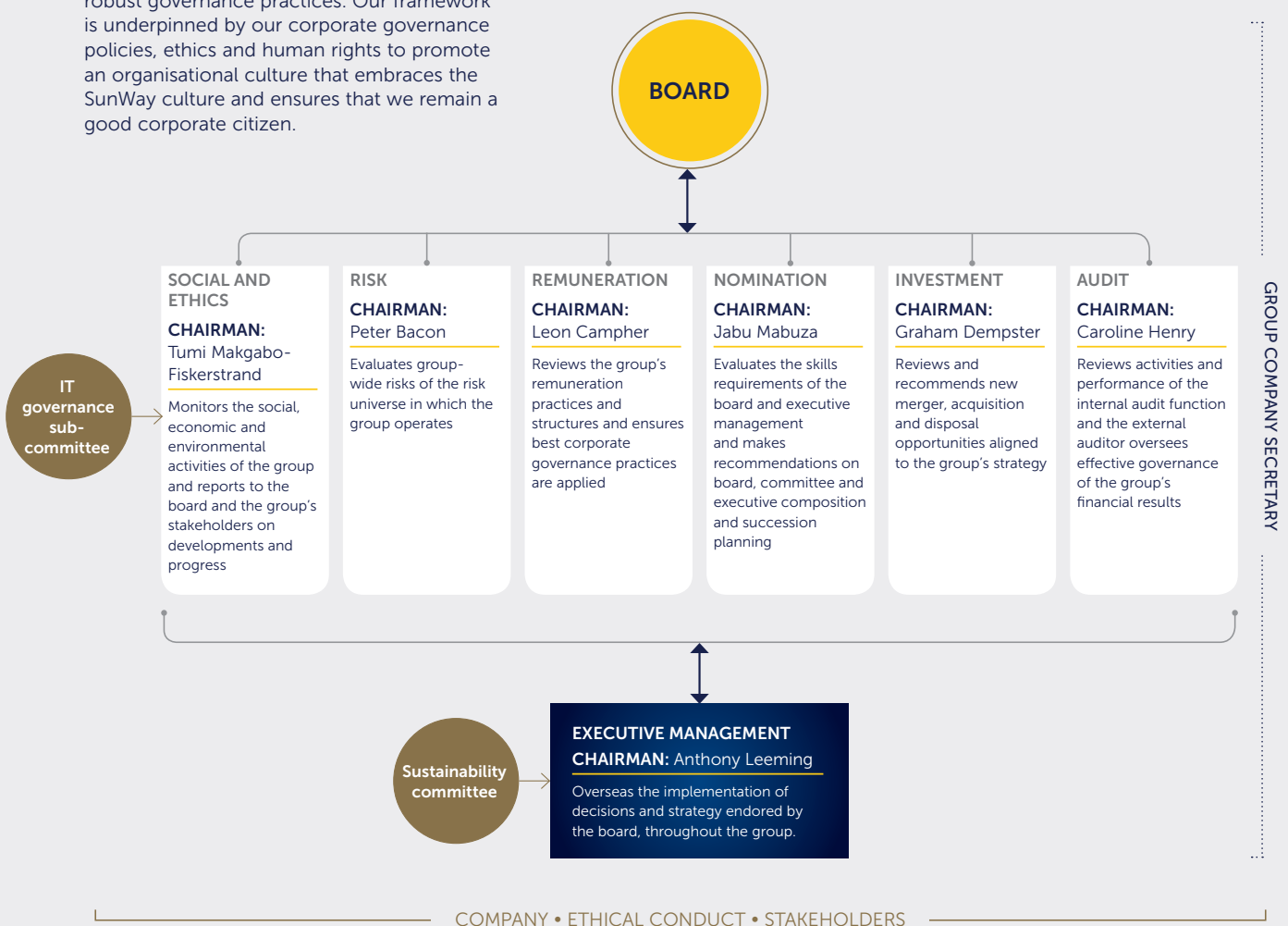
Outputs include **progress against our strategic objectives** and continually **improving the group's ethical culture**. We also ensure our business activities make a **positive impact on society** by managing our **natural resources responsibly** and **uplifting the communities** where we operate.



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

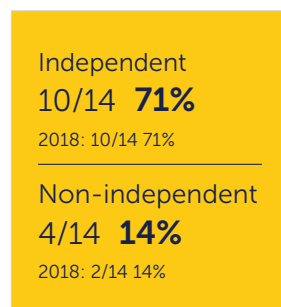
The board, through the nomination committee, annually assesses the independence of the non-executive directors against the criteria set out in King IV™ and the JSE Listings Requirements. During 2019 and prior to the date of this report, the nomination committee agreed that 10 non-executive directors 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.

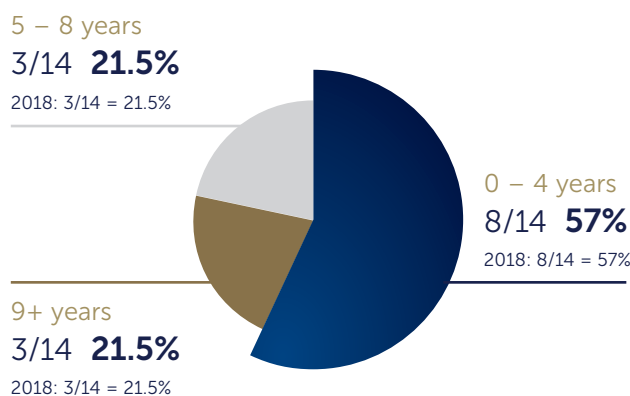
Independence
at 31 December 2019



Executive and non-executive directors
at 31 December 2019



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 (Mol), 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 Mol, 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 Mol, 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 Mol 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 Mol. 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 detailed in the online IAR in the Corporate Governance section.

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.

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

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

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 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) ^{2†}	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 IV Code of Corporate Governance South Africa 2016 (King IV™¹). 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
<p>PRINCIPLE 1: The governing body should lead ethically and effectively</p> <p>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 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.</p> <p>The nomination committee is responsible for identifying and recommending suitable appointments to the board to ensure effective governance groupwide.</p> <p>EXPLANATION</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> ■ Board: 99% ■ Audit committee: 100% ■ Investment: 87% ■ Nomination committee: 85% ■ Remuneration committee: 92% ■ Risk committee: 86% ■ Social and ethics committee: 91% 	<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Ethics declaration ■ Governance and sustainability ■ Board committees and attendance

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King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
<p>PRINCIPLE 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture</p>		
<p>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.</p> <p>The social and ethics committee ensures the group’s ethics are managed effectively. The group adopts a zero-tolerance approach to breaching ethical standards.</p>	<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Code of ethics ■ Ethics declaration ■ Supplier code of conduct policy ■ Anti-fronting statement and policy
<p>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.</p>		
<p>PRINCIPLE 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen</p>		
<p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Governance and sustainability ■ Our people ■ Environment ■ Health and safety ■ Socio-economic development ■ Enterprise and supplier development
<p>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.</p> <p>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.</p>		



King IV™ application register continued

APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
<p>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</p>		
<p>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.</p>	<ul style="list-style-type: none"> ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation 	<ul style="list-style-type: none"> ■ Strategic objectives ■ Integrated annual report
<p>EXPLANATION</p> <p>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.</p> <p>Strategy sessions are held by the executive committee throughout the year at the units during July/September and by the full board during November.</p>		
<p>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</p>		
<p>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.</p>	<ul style="list-style-type: none"> ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Investor presentations ■ Social and ethics report ■ Audit committee report ■ Annual statutory report
<p>EXPLANATION</p> <p>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.</p> <p>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.</p>		



King IV™ application register continued

APPLICATIONS AND EXPLANATIONS		OUTCOMES	OTHER REFERENCES										
<p>PRINCIPLE 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation</p>													
<p>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.</p>		<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Performing to strategic expectation ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Board of directors ■ Board charter ■ Memorandum of incorporation ■ Committee's terms of reference 										
<p>EXPLANATION</p>	<p>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.</p> <p>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.</p>												
<p>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</p>													
<p>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.</p>		<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Board of directors ■ Executive leadership ■ Board charter ■ Diversity policy 										
<p>EXPLANATION</p>	<p>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.</p> <p>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.</p> <p>The remuneration committee conducts annual evaluations of each executive director and prescribed officer.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th></th> <th>Target</th> <th>Actual 2019</th> <th>Actual 2018</th> </tr> </thead> <tbody> <tr> <td>Race</td> <td>50% black directors</td> <td>57%</td> <td>57%</td> </tr> <tr> <td>Gender</td> <td>30% female directors</td> <td>29%</td> <td>29%</td> </tr> </tbody> </table>				Target	Actual 2019	Actual 2018	Race	50% black directors	57%	57%	Gender	30% female directors
	Target	Actual 2019	Actual 2018										
Race	50% black directors	57%	57%										
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APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
<p>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</p>		
<p>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.</p>	<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Performing to strategic expectation ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Committee's terms of reference
<p>EXPLANATION</p> <p>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.</p> <p>The composition of the board committees contribute to effective collaboration, balanced distribution of power and the board's effectiveness in fulfilling its duties.</p> <p>There is a clearly defined delegation of authority matrix for all executives and senior managers of the group.</p>		
<p>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</p>		
<p>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.</p>	<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Audit committee report ■ Board charter
<p>EXPLANATION</p> <p>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 group 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 group 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.</p> <p>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.</p>		



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APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
<p>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</p>		
<p>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 group company secretary, who is evaluated annually by the nomination committee and board. Following an assessment by the nomination committee, the group 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.</p>	<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Board of directors ■ Executive leadership ■ Committee's terms of reference
<p>EXPLANATION</p> <p>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.</p> <p>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.</p> <p>The board is comfortable and satisfied that the delegation of authority framework provides for effective exercise of authority and responsibilities.</p>	<ul style="list-style-type: none"> ■ Performing to strategic expectation ■ Legitimacy and trust 	
<p>PRINCIPLE 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>		
<p>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.</p>	<ul style="list-style-type: none"> ■ Effective control, compliance and accountability ■ Performing to strategic expectation ■ Responsive and transparent stakeholder engagement 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Risk management ■ Group risk register
<p>EXPLANATION</p> <p>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.</p> <p>The main three key risks identified in 2019:</p> <ul style="list-style-type: none"> ■ smoking legislation (South Africa and Latam) ■ weak economic conditions ■ erosion of market share due to EBTs and LPMs in catchment areas. 		



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APPLICATIONS AND EXPLANATIONS	OUTCOMES	OTHER REFERENCES
<p>PRINCIPLE 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</p>		
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> ■ Effective control, compliance and accountability ■ Performing to strategic expectation ■ Responsive and transparent stakeholder engagement ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Efficiency and optimisation of our processes ■ Protect and leverage our existing asset portfolio ■ IT policies
<p>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.</p>		
<p>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</p>		
<p>Application: The compliance function supports the wider sustainability objectives of the group. Policies 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.</p>	<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Chairman’s message ■ Social and ethics committee report ■ Code of ethics
<p>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.</p> <p>There were no material or repeated regulatory penalties, fines, censures or compliance orders for the year under review.</p>		



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APPLICATIONS AND EXPLANATIONS		OUTCOMES	OTHER REFERENCES
<p>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</p>			
<p>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.</p>		<ul style="list-style-type: none"> ■ Ethical and cohesive culture ■ Responsive and transparent stakeholder engagement ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Remuneration report ■ Annual statutory report
EXPLANATION	<p>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.</p> <p>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.</p> <p>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.</p>		
<p>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</p>			
<p>Application: The board, in the statement of responsibility of directors, provides their 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.</p>		<ul style="list-style-type: none"> ■ Effective control, compliance and accountability ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Audit committee report ■ Independent assurance statement
EXPLANATION	<p>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.</p>		
<p>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</p>			
<p>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.</p>		<ul style="list-style-type: none"> ■ Responsive and transparent stakeholder engagement ■ Performing to strategic expectation ■ Legitimacy and trust 	<ul style="list-style-type: none"> ■ Corporate governance report ■ Stakeholder engagement ■ Social and ethics report
EXPLANATION	<p>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.</p> <p>Sun International does not subscribe to the shareholder-exclusive model but rather the stakeholder-inclusive model.</p>		