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ABOUT THIS REPORT

We are pleased to present Sun International Limited's (Sun International) 2020 integrated annual report (IAR) to our stakeholders. Sun International reports in a holistic, transparent and integrated manner to assist our stakeholders to make informed decisions about our business. We aim to provide our stakeholders with a focused and balanced report that demonstrates our integrated thinking and our ability to create and preserve value, but also highlights the areas where we eroded value for the year under review.

This report covers the financial period 1 January 2020 to 31 December 2020 and incorporates all Sun International's subsidiaries and operating units in the geographic locations where we operate – South Africa and the rest of Africa. Our previous reporting period included our operations in South Africa, Latin America (Latam) and the rest of Africa. During 2020, we disinvested from Sun Dreams, which represents an entire geographic area (Latam).



The rationale for this disinvestment is outlined in the **chief executive's overview**.

This report is structured around our leadership overviews, business overview, our strategic performance and outlook, our governance transparency and accountability, and our financial performance. The tourism and entertainment industry was one of the worst hit by the Covid-19 pandemic. With prolonged lockdowns at various alert levels since March 2020 until the date of this report, our business operations were severely impacted.



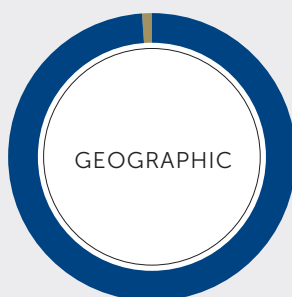
Details of this impact and our response are provided in a separate section referred to as **Covid-19 response**.

The other suite of reports include the group's annual financial statements (AFS), statutory information and our environmental, social and governance (ESG) information.

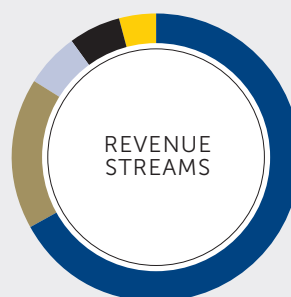
Our IAR's content covers the reporting period's most material matters and where applicable, content includes the period up to the report's finalisation on 31 March 2021. Sun International's material matters are topics that could substantively influence the assessment of providers of capital and other stakeholders regarding the group's ability to create, preserve and erode value over the short, medium and long term. The process of determining materiality, outlined in the materiality section of this report, involves reviewing and assessing our risks and opportunities, the external environment and stakeholder concerns. This process is dynamic and evolves annually to ensure our material matters remain relevant and enable the group to achieve its strategic objectives, vision and purpose. Our materiality determination and methodology process received specific focus in 2020, with a more inclusive and transparent review and approval procedure. Our relevant governing bodies provided input into this process and where applicable, we continued to align to best practice.

South African operations are the group's single biggest revenue contributor and gaming remains the group's primary revenue generator.

CONTRIBUTION TO GROUP REVENUE



- **99%** South Africa (2019: 97%)
- **1%** other African countries (2019: 3%)



- **67%** Casino (2019: 66%)
- **17%** Alternate gaming (2019: 12%)
- **6%** Food and beverage (2019: 9%)
- **6%** Rooms (2019: 9%)
- **4%** Other (2019: 4%)

REPORTING SUITES, REPORTING FRAMEWORKS AND ASSURANCE

The group's suite of reports is guided by various frameworks. Our IAR is primarily guided by the International Integrated Reporting Council's (IIRC) recommendations for integrated reporting (the <IR> framework). This IAR is also prepared in accordance with the JSE Limited Listings Requirements (JSE LR) and the South African Companies Act, 71 of 2008, as amended (Companies Act). Our AFS follow the International Financial Reporting Standards (IFRS) and are externally

assured by PricewaterhouseCoopers Inc. Our statutory report is guided by the Companies Act, JSE LR and the King Code on Corporate Governance™ for South Africa 2016 (King IV™). A detailed register of our King IV™ application of governance principles is available online. Our sustainability information is guided by the Global Reporting Initiative (GRI) Standards, with certain information externally assured by IBIS ESG Assurance. The group also embraces the United Nations Sustainable Development Goals (SDGs), which encourage companies and individuals to take the necessary action to achieve the SDGs by 2030.

Suite of reports and reporting frameworks

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

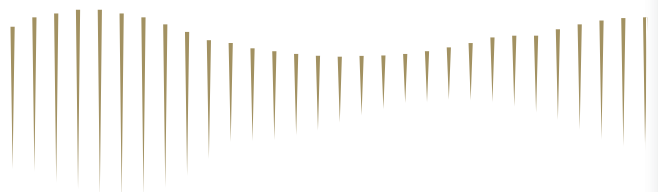
Integrated annual report	Annual statutory report	Environmental, social and governance report	Group audited consolidated financial statements
<ul style="list-style-type: none"> • IIRC <IR> framework • Companies Act • King IV™ • JSE LR • SDGs • GRI 	<ul style="list-style-type: none"> • Companies Act • King IV™ • JSE LR 	<ul style="list-style-type: none"> • IIRC <IR> framework • Companies Act • King IV™ • JSE LR • SDGs • GRI • AA1000AS 	<ul style="list-style-type: none"> • IFRS • Companies Act • JSE LR

Combined assurance model

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



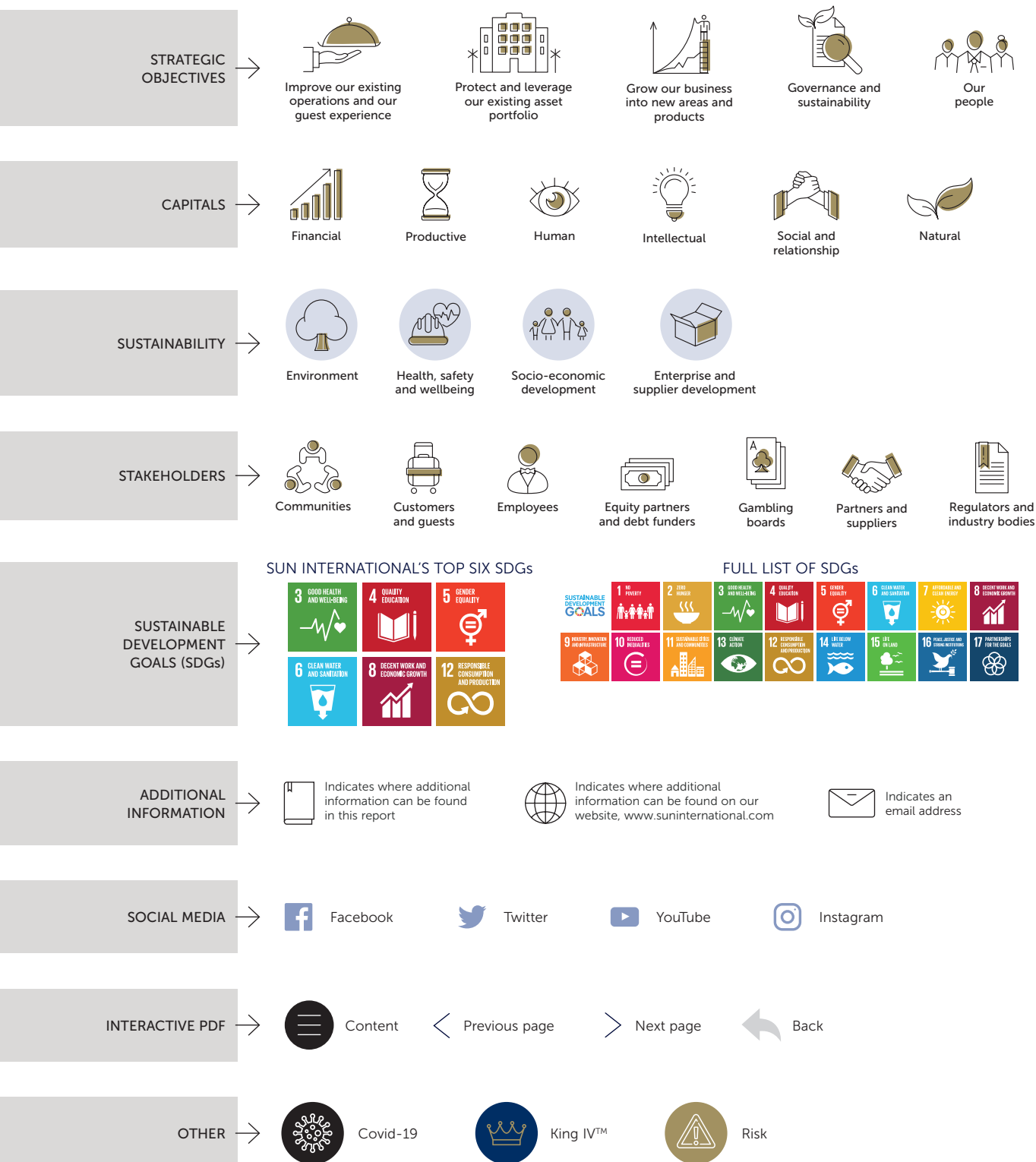
Sun International's **combined assurance model**



REPORTING FOOTPRINT AND NAVIGATION

Sun International continues to minimise its environmental footprint by only producing online annual reports. Our reporting design and report generator function enhances the overall user experience and enables the reader to select and print any section of the report or create their own report in a PDF format. Our interactive icons, footnotes and links further add to the user experience and interface.

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





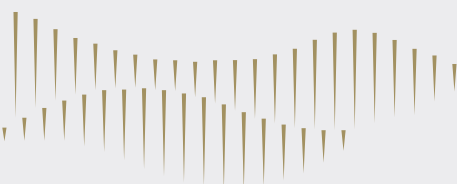
DIRECTORS' APPROVAL

The board acknowledges its responsibility to ensure the IAR's information integrity as well as the reports' preparation. Various board committees were involved in the review, guidance and approval of this year's IAR. The board was also kept abreast of the reporting progress through various board committees' feedback.

The board is of the opinion that this report is presented in compliance with the <IR> framework and that the information is correct, relevant and transparent. The IAR was approved by the board on 31 March 2021.

JABU MABUZA
Chairman
31 March 2021

ANTHONY LEEMING
Chief executive
31 March 2021



STAKEHOLDER FEEDBACK

We welcome stakeholders' feedback on our reporting, particularly regarding our suite of reports. Feedback can be sent to:



investor.relations@suninternational.com

or



group.sustainability@suninternational.com

FORWARD-LOOKING STATEMENTS

This report may contain certain forward-looking statements – other than the statements of historical fact – which cannot be construed as reported financial results. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein, as they have not been reviewed or reported on by the group's external auditors. Such statements may include predictions of or indicate future earnings, objectives, savings, events, trends or plans based on current expectations, forecasts and assumptions. As with any forward-looking statement, prediction or forecast, there are inherently unexpected events which could cause uncertainty and unexpected change which have not, and could not, be accounted for. Whereas the company has made every effort to reasonably ensure the accuracy and completeness of the information contained within this report, any forward-looking statements speak only as at the date that they are made. The actual results may vary materially from those expressed or implied, and the company undertakes no obligation to publicly update or alter these or to release revisions after the date of publication of this report.



JABU MABUZA
Chairman

CHAIRMAN'S OVERVIEW

2020 was like no other. It tested individual and corporate resilience as the world grappled with the effects of Covid-19 on lives and livelihoods. This was over and above other challenges including economic headwinds, geopolitical risks, climate change, and political and social unrest.

At the start of 2020, Sun International had completed its central office restructuring and we were realising significant efficiencies and cost savings from our work in prior years. But nothing prepared us for the global pandemic's impact and the extent and duration of the lockdowns that followed. Globally the tourism and hospitality industry was decimated, with predictions that the virus has cost global tourism US\$1.3 trillion in 2020. Tourism in South Africa is largely reliant on international interest and accounted for 1.5 million jobs and approximately 8.6% of the total GDP in 2018. In an environment where travel is restricted and borders are closed, the impact on our sector is severe. Reports are that business revenues in the tourism sectors have more than halved. Despite the easing of lockdown restrictions and the resumption of travel under strict conditions, concerns over health, safety and future spikes in infections continue to dampen international travel. The global rollout of vaccines, albeit at varying stages per country, should help the sector recover, but it will happen slowly. Businesses and individuals will have to brace themselves for tough times still ahead.

The saying that 'the ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy' feels appropriate for our current operating environment.

The people in our group have exceeded my expectations in dealing with this crisis. Thank you to all Sun employees who have made many sacrifices, personally and financially, to ensure we could be agile and resilient during this time.

"The people in our group have exceeded my expectations in dealing with this crisis. Thank you to all Sun employees who have made many sacrifices, personally and financially."

Under Anthony Leeming's leadership the group was quick to mobilise. A crisis management team was established and the board made itself available for more frequent interactions with the executive team. At the height of the crisis, Anthony and I had regular interactions and the board and various committees, particularly the investment committee, were instrumental in making critical decisions, as discussed below, to ensure the group's financial viability and sustainability.

Being a cash generative business, we had to balance cost containment with our commitments to paying employees and suppliers during the hard lockdown. The group reflected on options to reduce costs and improve efficiencies while at the same time improving customer service. Regrettably, this resulted in 2 195 employees being impacted through a S189A retrenchment process across certain South African properties, as well as the closure of loss-making properties, The Carousel and Naledi Sun. Positively, we identified synergies across our asset portfolio (casinos and hotels and resorts), improved margins and gained casino market share in key provinces. The group's alternate gaming business, through our sports betting platform (SunBet) and our limited payout machine (LPM) offering (Sun Slots) are well positioned for growth. We will trial rolling out an LPM offering in certain African markets and will look to capitalise on the strong growth SunBet is achieving.

The successful R1.2 billion rights offer strengthened the group's liquidity and strengthened its balance sheet, which was pivotal for cash flow purposes and positioned us for when our properties reopened, from 1 July 2020. As a collective, and following extensive deliberation, the board concluded it would be in the group's best interest strategically to exit its Sun Dreams investment. The proceeds were used to further reduce debt levels in Latam and South Africa and have helped to significantly strengthen the group's balance sheet. This transaction was concluded effective 31 October 2020. Please refer to the chief financial officer's overview for details on the group's financial performance.

As part of our proactive stakeholder engagement strategy, Sun International played an essential leadership role in actively engaging with the Minister of Tourism, the Minister of Arts and Culture and relevant government departments to open up the tourism and casino industry at South Africa's alert Level 3 from 1 July 2020, as opposed to waiting until the proposed alert Level 1. The group's casinos fared better

than the hotels and resorts when operations resumed, as the Covid-19 protocols regarding capacity and social distancing are a greater challenge in our hotels and resorts. In addition, the tourism industry and certain of our properties (The Table Bay and Sun City) rely on international tourism, which has been decimated. The risk of a third Covid-19 wave and variants also remains a concern, as this could result in more stringent lockdown levels.

To ensure a safe environment for employees, concessionaires and our guests when our properties reopened, Sun International developed industry-leading Covid-19 health and safety protocols in compliance with relevant legislation. These protocols assisted in curbing virus transmission within our operating environment. Regrettably, five Sun International employees passed away from Covid-19. On behalf of the board, I extend my sincere condolences to their family and loved ones.

From a strategic perspective, the group's current strategy remains relevant and withstood the Covid-19 challenges. Progress was of course hampered by the Covid-19 pandemic. But the lockdown also had some positive impacts, with the group achieving significant operational efficiencies and costs savings while at the same time working on several projects to improve the guest experience. The group's digital journey was also amplified to provide exciting product offerings and enhanced customer interactions. Looking ahead, as cost containment will continue to be an important part of sustaining our business, the group will be focusing on being more innovative in our product offerings and customer service. Becoming more energy and water efficient is also critical, as both these costs continue to escalate and intermittent load shedding places additional pressure on our ability to operate and provide memorable guest experiences. I urge stakeholders to read the group's environmental, social and governance report, which details Sun International's sustainability progress and outlook. In addition, the chief executive's overview and strategic overview in the integrated report includes more detail on the group's strategic performance.

Looking ahead, South Africa's macro-economic climate remains tough and while the vaccine rollout has raised hopes of a turnaround, the operating environment remains precarious. While the International Monetary Fund (IMF) is forecasting a growth rate of 2.8% in 2021, South Africa's unemployment rate is forecasted at 36% by 31 December 2021. It is therefore vital that we look for opportunities in our new operating environment, within the Covid-19 protocols, so that employees, concessionaires and customers feel safe. Some opportunities include a deeper involvement in the online market through our sports betting platform, SunBet, and assertively marketing our iconic casino and hotel offerings. Given the work that the management team has done in 2020, I am confident that the group is in a strong position to not only recover from the Covid-19 pandemic but to grow strongly into the future.

During 2020, the board had several changes. Mr Leon Campher, lead independent non-executive director, and Dr Lulu Gwagwa both retired as non-executive directors on 12 May 2020. Mr Vusi Khanyile resigned as a non-executive director effective 29 October 2020.

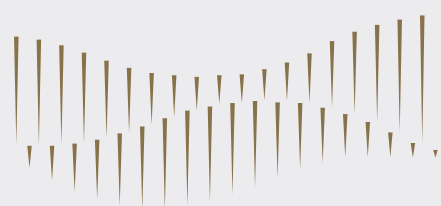
Ms Sindi Mabaso-Koyana was appointed as a non-executive director effective 20 March 2020 and Mr Tapiwa Ngara was appointed as a full non-executive director effective 20 November 2020. Mr Graham Dempster was appointed as the lead independent director on 8 June 2020. I wish to thank all directors who have stepped down for their invaluable support and contribution during their tenure and I welcome Ms Sindi Mabaso-Koyana and Mr Tapiwa Ngara and look forward to working with them.

The board remains engaged and active in promoting an ethical and diverse leadership stance. In 2020, a board skills matrix was developed to assess what the future board composition should look like from a skills, diversity, field of knowledge and experience perspective. This matrix aligns with the group's strategy and complies with best international corporate governance practices. Encouragingly, the board has exceeded its black and female diversity targets and the group continues to focus on the principle of equal pay for work of equal value, and will be implementing a diversity and inclusion strategy. Management is also researching how best to create a work environment where gender disparities can be addressed and more opportunities exist for women in leadership positions. The group also maintained its Level 1 B-BBEE status as part of its transformation journey.

In closing, I once again thank all employees, who are one of our greatest assets, and showed their determination in protecting the group's assets, even with salary sacrifices. Management's stewardship during the crisis was exemplary and did not go unnoticed. Thanks to our guests for returning to our properties and enjoying Sun International's hospitality and entertainment, and to our suppliers who were very understanding of the financial constraints we were up against. Thanks also to government, which was instrumental in engaging with us to ensure our industry could reopen earlier and in a safe environment that followed the relevant Covid-19 protocols. And to my fellow board members, thank you for your wise counsel and unwavering support.

"It always seems impossible until it's done."

Nelson Mandela



Stay safe.

JABU MABUZA
Chairman

31 March 2021

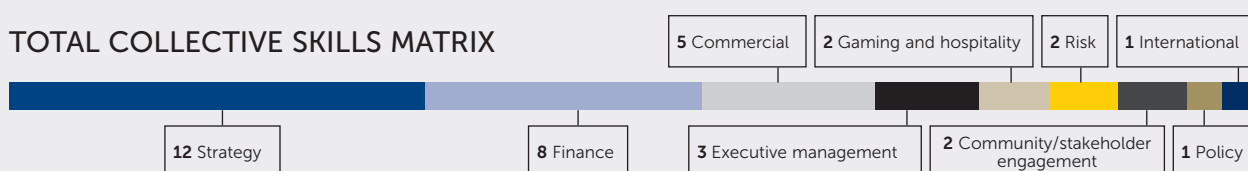
BOARD OF DIRECTORS

Board member	Age	Title	Qualifications	Appointed	Committee memberships	Experience
JA (JABU) MABUZA	63	Independent chairman	DCom (University of Witwatersrand (h.c.))	2018	Chairman: ● Member: ✱ +	<ul style="list-style-type: none"> Gaming and hospitality Sound business and entrepreneurship experience Public and private sector leadership Extensive knowledge of investment and small business development
AM (ANTHONY) LEEMING	51	Chief executive	BCom, BAcc, CA(SA)	2013	Chairperson: ○ □ Member: ◆ ■	<ul style="list-style-type: none"> Gaming and hospitality Financial and corporate finance Governance and IT
GW (GRAHAM) DEMPSTER	65	Lead independent non-executive	BCom, CTA, CA(SA), AMP (Harvard)	2017	Chairman: ✱ Member: ◆ ● Lead independent director	<ul style="list-style-type: none"> Banking and finance (local and international) Sound business experience
N (NORMAN) BASTHDAW	53	Chief financial officer	BCompt (Hons), CTA, CA(SA), MCom, HDip (Company Law)	2017	Member: ○ □ ◆	<ul style="list-style-type: none"> External and internal audit Financial management expertise Corporate finance advisory and private equity
PDS (PETER) BACON	74	Independent non-executive	FIH	2013	Chairman: ◆ Member: ▲	<ul style="list-style-type: none"> Hospitality and gaming Sound business experience
E (ENRIQUE) CIBIE	67	Independent non-executive	BA, CA (Pontificia Universidad Católica de Chile), MBA (Stanford)	2014	Member: ▲ + ◆	<ul style="list-style-type: none"> International gaming Sound business experience
CM (CAROLINE) HENRY	54	Independent non-executive	BCom, BCompt (Hons), CA(SA)	2016	Chairperson: ▲ Member: ◆ ■	<ul style="list-style-type: none"> Finance, treasury, debt capital markets, and pension and provident funds Sound business experience
SN (SINDISIWE) MABASO-KOYANA	51	Independent non-executive	BCom (Hons), CA(SA)	2020	Member: + ✱	<ul style="list-style-type: none"> Finance and investing expertise Sound business and leadership experience Auditing expertise
BLM (BOITUMELO) MAKGABO-FISKERSTRAND	46	Independent non-executive	BA (International Relations)	2010	Chairperson: ■ Member: ●	<ul style="list-style-type: none"> Extensive experience in investment opportunities throughout the African continent Sound business and leadership experience Expertise in communications
TR (TAPIWA) NGARA	39	Non-executive	BBusSc, PGDA (UCT), CA(SA), MBA (London Business School)	2019	No committee memberships	<ul style="list-style-type: none"> Finance and investing expertise Auditing expertise Sound business, investor relations and leadership experience
S (SAM) SITHOLE	48	Non-executive	BAcc (Hons), CA(SA), ACA, CA(Z)	2018	Chairman: + Member: ✱	<ul style="list-style-type: none"> Finance and investment industries expertise Sound business and leadership experience Auditing expertise
Z (ZIMKHITHA) ZATU	37	Independent non-executive	BCom, HDipAcc, MSc Corporate Finance, CA(SA)	2018	Member: ▲ ■	<ul style="list-style-type: none"> Expert in entrepreneurship and strategic insights Strong financial and operational expertise Consulting in commercial and business practices Sound governance, business and leadership experience Driving innovation in financial services

COMMITTEE MEMBERSHIP KEY:

■ Social and ethics committee ● Nomination committee ▲ Audit committee ◆ Risk committee
 + Remuneration committee ✱ Investment committee ○ IT governance committee □ Executive committee

TOTAL COLLECTIVE SKILLS MATRIX





ANTHONY LEEMING
Chief executive

CHIEF EXECUTIVE'S OVERVIEW

Improving operations and our guest experience remain our focus. Despite difficult trading conditions for the year under review, we continued generating strong cash flows, maintaining a strong balance sheet, reducing debt levels and concluding value-add transactions.

KEY HIGHLIGHTS

FINANCIAL

- Concluded a R1.2 billion rights offer
- Completed our central office restructure and achieved significant cost savings, margin improvements and efficiencies
- The South African debt (excluding IFRS 16 lease liabilities and IFRS 9 debt modification adjustments) reduced 21% to R7 billion as at 1 December 2020

OPERATIONAL

- Significant operational efficiencies and savings achieved
- Decision made to change gaming systems
- Robust management team in place to weather the Covid-19 pandemic
- Alternative gaming market growing strongly

KEY CHALLENGES

COVID-19

- Five employees lost their lives due to Covid-19
- Tourism and hospitality industry under severe strain, exacerbated by international travel restrictions and corporates cutting costs on conferencing and travel
- Covid-19 risks remain, with the possibility of a third wave
- Revenues under pressure due to subdued economy, lockdowns and restrictions on trade of alcohol

REGULATORY

- Possible smoking ban

OPERATIONAL

- Ageing infrastructure

2020 REFLECTION

The year 2020 will stand among the toughest years in Sun International's history. Although this feels true of every business it is especially true for businesses in the hospitality and tourism industry. As I reflect on 2020, I will outline how the group endured three different sequences of events during 2020 – before lockdown (January 2020 to mid-March 2020), during hard lockdown (end March 2020 to end June 2020) and after hard lockdown from 1 July 2020.

Being challenged in life is inevitable. Being defeated is optional. I am proud that we, as the Sun Family, responded to the global pandemic crisis with resilience and agility; we weathered the Covid-19 crisis that has impacted many lives and livelihoods. For this I thank each and every member of the Sun Family for your courage and dedication. I also pay tribute to our five employees who tragically lost their lives to the coronavirus and our hearts go out to those loved ones left behind. I appreciate the fluid relationship with my crisis management team members and the entire management team, who showed outstanding leadership in the face of uncertainty. The board has been readily available to provide its support throughout this difficult period.

Before the hard lockdown, we were realising the benefits of becoming more operationally efficient and effective, and improving our guests' memorable experiences. We finalised the central office restructure in February 2020, which realised savings in excess of R50 million. Management was also in the process of reviewing certain marginal operations as well as the cost base of our South African operations just as the hard lockdown was implemented on 27 March 2020, while Latam's authorities ordered a national lockdown in March 2020 with no fixed reopening date. All our South African and Latam operations were closed and we operated on a limited staff basis to ensure general property maintenance and security. As a leadership team, we reacted swiftly in forming a crisis management committee that met frequently to ensure we reacted swiftly and proactively to the constantly changing environment. Our priority was the health, safety and wellbeing of our employees, concessionaires, suppliers and other key stakeholders. Frequent stakeholder communication took place through various communication channels to keep stakeholders informed, particularly employees.

To manage cash flows, management proactively engaged with financiers to ensure our funding facilities remained in place to keep paying service providers and employees. During lockdown employee salaries were reduced to 40% from April 2020. Due to anticipated challenges and uncertainty in the short to medium term, as well as a sharp decline in economic activity and prolonged operations closures, we raised R1.2 billion through a rights offer in August 2020 to preserve liquidity and strengthen the group's balance sheet.

While Sun Dreams had an attractive asset portfolio and growth opportunities, it faced several challenges over and above the Covid-19 pandemic. These included the SCJ licences renewal, political and social reforms in Chile and the need to secure funding for its Iquique project. In August 2020, the board decided to realise and exit its investment in Sun Dreams at an attractive historical multiple, given the circumstances and with the potential for further earnout payments. The US\$160 million proceeds from this transaction were used to settle Sun International's debt offshore (of US\$41 million), while retaining funds in Chile for withholding taxes and other tax contingencies (US\$17 million), settling the minority shareholder and placing funds in escrow being retained in Chile (US\$15 million) relating to a retention of a portion of the purchase price, with US\$87 million being repatriated to South Africa to further reduce debt, thereby strengthening its balance sheet. An additional US\$5 million is expected to be repatriated to South Africa shortly. The transaction became effective on 31 October 2020.

As the lockdown continued, we implemented a S189A retrenchment process in June 2020 that impacted, 2 195 employees. While all properties were impacted the most significant reductions were at Sun City, The Maslow Sandton, The Table Bay and the food and beverage operations in the smaller casino properties. We also closed The Carousel and Naledi Sun. Throughout this process, we engaged transparently with employees and our union.

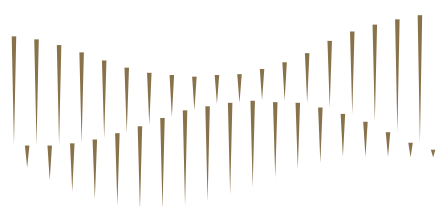
Following extensive engagement with government our South African casino operations were able to resume trading from 1 July 2020. Sun City resumed trading in September 2020, once the restrictions on inter-provincial travel were lifted. The Maslow Sandton and Table Bay hotels resumed operating in October 2020 and November 2020, respectively. We worked closely with regulators to ensure our health and safety protocols complied with all relevant legislation and to ensure a safe environment for our employees and guests. The screens used at our casinos between slots and table seats set the benchmark within our industry. Sun Slots did exceptionally well to get its network up and running shortly after the restrictions were lifted. Our Sun Talk digital communication platform was successfully adapted to track and trace all employees' health status, thereby limiting virus transmission in our operations. As testament to our proactive Covid-19 response, Sun International received two awards from the Institute of Risk Management South Africa – the Hospitality and Tourism Industry Award and the Risk Specialist of the Year (runner-up) Award.

As a group we used the lockdown period to critically assess our operational practices, systems, marketing and guest experience. In this regard several initiatives were commenced

which are, and will have a positive impact on the group's future results. These included:

- Addressing and improving our marketing and public relations communication strategy
- Relaunching our Most Valued Guest (MVG) programme with a clearer and more meaningful offering
- Changing our booking engine to drive an increase in direct bookings and improve the customer experience when making bookings
- Developing a Sun International mobile app for both our leisure and casino customers
- Focusing stringently on the control environment and cost management
- Reviewing and upgrading our VIP programme and strategy
- Achieving significant and sustainable costs savings.

"We aim to remind our customers that Sun International is bringing back the magic and looking forward to providing memorable experiences."



It is clear from our recent trading results that these efforts are paying off.

In October 2020, the Black Pearl Roulette Tournament was held across all casinos and far exceeded our expectations with almost 2 000 registrations. This tournament positioned Sun International as the home of gaming tournaments and has restored our prestige to deliver world-class gaming events.

Subsequent to a detailed strategic review of our gaming system, we have taken the decision to move to Playtech's Neon casino management system. Our current system has served our business needs adequately, however, as our business and customers' needs evolve so too have our systems requirements changed. Key considerations in making the decision to transition to the Neon system included functionality, technical requirements, support and cost. The Neon system that we have chosen has a strong presence in the online casino market and provides an omni-channel solution that combines online and land-based casinos into one platform with a shared wallet, rewards system, marketing and reporting. The regulatory process to obtain approval for the system has commenced, with the implementation of the project earmarked for rollout on a phased basis, with full implementation targeted for early 2023.

Globally, everyone was in the same pandemic storm; however, people's perspectives varied depending on their circumstances. Our employees were particularly hard hit after we took the difficult decision to reduce salaries to 40% during the lockdown. We did what we could, including applying for government's Covid-19 Temporary Employer Relief Scheme (TERS) through the Unemployment Insurance Fund for employee financial support, suspended provident fund contributions, and paid medical aid contributions and insured benefits on behalf of employees. Sun International's employee wellness programme was also instrumental in providing emotional support for employees and their families. To assist the communities we operate in, the group's socio-economic development policy was expanded to support specific community needs as opposed to our usual education, sports and arts and culture projects. Additionally, just over R2 million in customer MVG leisure points were donated by our MVGs to South Africa's national Solidarity Fund, which was established to mobilise South Africans in the fight against Covid-19.

OPERATIONAL SYNOPSIS

Our core operational strategy remained the same and despite the lockdown restrictions we made encouraging progress against most strategic objectives during 2020. The narrative that follows includes material operational activities from our gaming, hotels and resorts and central services. More detail on our specific strategic objective progress is included under the following sections: improve our existing operations and guest experience; protect and leverage our existing asset portfolio; grow our business into new areas and products; our people; and governance and sustainability.

Gaming

Despite the extensive lockdown restrictions on trading, our casino income was resilient and continued to recover after the hard lockdown was lifted. This was, however, set back by the return to a stricter Level 3 lockdown in December 2020 along with the alcohol ban, which was eased on 1 March 2021. While disposable consumer income remains under severe pressure due to the stagnant economic climate and the pandemic, we remain cautiously optimistic that a more positive operating environment will prevail. Our extensive business review resulted in greater synergies, innovations, cost savings and margin improvements, as well as market share gains in the competitive Gauteng and KwaZulu-Natal casino markets.

Our alternate gaming strategy continues to gain traction in this growing market. Our online sports betting platform, SunBet's, gross gambling revenues (GGR) decreased to R137 million compared to R140 million in the previous period, despite the absence of most popular sports during the lockdown. There was also a 32% growth in SunBet signups, and going forward we are looking at launching more exciting product offerings. SunSlots, our limited payout machine (LPM) gaming offering, achieved GGR of R885.8 million, down 32%, largely due to lockdown. We secured additional LPM licences in the Western Cape, but these will only be fully rolled out in 2021 when the province is expected to issue Type B licences, which allow for up to 40 machines per site. Going forward we are investigating the feasibility of expanding our Sun Slots offering into the rest of Africa.

Our proposed acquisition of Grand Casino Investments Property Limited's 30% interest in Sun Slots was terminated due to non-fulfilment of a condition.

While online gambling is still prohibited in South Africa, certain casino and other products are being licensed by the provincial gaming boards. In this regard we launched Lucky Numbers and Bet Games and will shortly be launching live casino-styled table games. There is a strong support from regulators for the licencing of online casinos, with the group well positioned to take advantage of the opportunity should it arise.

Hotels and resorts

Our hospitality business was significantly impacted by lockdown restrictions, with hotels and resorts closing at the end of March 2020. International travel bans had a significant impact on The Table Bay Hotel and the Palace at Sun City. Sun City was additionally impacted by capacity restrictions and currently no day visitors are allowed. We have commenced with a full operational turnaround plan for Sun City, including the S189A retrenchment process, which impacted approximately 1 200 employees. In addition to outsourcing certain underperforming restaurants we have outsourced our maintenance, which is starting to have a significant positive impact. While local travel has resumed international travel is almost non-existing, and business, conference and meeting business remains at very low levels. As a result, the group's hospitality marketing is now heavily focused on local leisure. We also launched Sun Studios, a hybrid conferencing and event streamlining solution that can accommodate over 500 delegates and offers unique customer packages. Sun City's Vacation Club enjoyed high average occupancy of 79% upon reopening in September 2020. We are currently exploring several opportunities for expansion of the Vacation Club.

The average age of our properties is between 20 and 30 years, and while capital expenditure was monitored during the year, we prioritised the maintenance and upgrade of properties. In 2021, we will be increasing focus on our property maintenance including the utilisation of our IFS maintenance module.

We concluded an agreement with Global Hotel Alliance (GHA), the world's largest alliance of independent hotel brands, in 2020. This will allow our guests to benefit from GHA's loyalty programme and allow us to access GHA's guest database of over 17 million GHA Discovery loyalty members. We will also be implementing a new online customer booking platform to streamline bookings at all our properties.

Central services

The South African central office restructure, which commenced in 2019, was concluded in February 2020 resulting in a head count reduction of 63. This realised a total cost of employment saving of approximately R50 million per annum. With the onset of Covid-19 we have had to look at further opportunities for rationalisation and have achieved significant further savings.

FINANCIAL SYNOPSIS

As can be expected our financial performance was severely impacted by the lockdown and consequent closure of all our operations. Consolidated income declined 49% to

R6.1 billion and adjusted EBITDA reduced by 72% to R897 million. Debt was significantly reduced following the receipt of the R1.2 billion rights issue and the proceeds from the disposal of our interest in Sun Dreams. The chief financial officer's overview details the group's financial performance.

REGULATORY AND RISK OVERVIEW

Over and above the already weak South African economic environment, 2020 was dominated by the Covid-19 risk as the group steered its way through the pandemic. The group had to get acquainted with several new regulations mainly driven by the Disaster Management Act. There were also additional compliance requirements, as all operations were inspected by relevant government authorities to ensure compliance with all Covid-19 health and safety protocols. Other regulations that we continue to monitor include the proposed smoking legislation, the Protection of Personal Information Act (POPIA), additional gaming taxes and GrandWest's licence exclusivity. The increase in cybersecurity continues to gain momentum and is being closely monitored group-wide through our revised cyber strategy. These regulations and risks are unpacked in our risk and operating environment sections.

Our current Wild Coast Sun casino licence expired in August 2019 and has been extended to 31 March 2021. If our licence bid is successful, the new licence period will be 20 years.

The group remains active in monitoring and lobbying to shape our regulatory environment.

PEOPLE OVERVIEW

Our people have gone above and beyond their duties over this time. All customer training was halted during more stringent lockdown levels, and Covid-19 training became a necessity to prepare for our properties reopening. Most training during 2020 was conducted online through our Sun Talk digital communication platform until properties were reopened. Communication became even more critical during 2020 as employees were fearful of the unknown. We enhanced employee engagement throughout the year by using the Sun Talk communication platform, email, WhatsApp and video messages. The content that resonated most with our employees included Covid-19 self-assessments, leadership messages, employee questions and vacancies. The Sun Talk platform also created awareness around the group's various campaigns and initiatives and was used to spread messages of goodwill.

Sun International's One Sun Wellness programme was upscaled to support employees during the pandemic. This support has contributed to helping employees grasp the impact of the Covid-19 pandemic on their lives and livelihoods, and to guide them as they adjust to Sun International's restructuring processes and a new working environment.

We appreciate that employees have faced severe hardships during 2020 and going forward we will be reinforcing our employee culture to embrace the group's vision, purpose and values in these uncertain times as we recover from this crisis.

SUSTAINABILITY AND GOVERNANCE OVERVIEW

Sustainability continues to be central to our group's strategy and certain sustainability elements were amplified during the Covid-19 pandemic. Our health, safety and wellness practices became a focal point for employees, concessionaires, suppliers and customers. Covid-19 health and safety protocols were drafted, implemented and included on our corporate website. Through our robust governance structures, Covid-19 compliance officers were appointed at each property to implement and monitor Covid-19 protocols and a Covid-19 committee was established at each unit. All Covid-19 property committees reported to the central crisis management committee, which kept the board and relevant board committees apprised and updated on the group's Covid-19 progress and its challenges.

Sun International remains committed to improved reporting practices and transparency around activities and performance in combating corruption. Following our participation in a survey by Transparency in Corporate Reporting 2020, the group was ranked number 24 out of 100 South African companies in various industries including retail and tourism, finance, insurance and real estate, and heavy industry and machinery. Encouragingly, the retail and tourism sector scored highest overall and on anti-corruption programmes – 70.7% and 69.1% respectively.

Lockdown and operation closures resulted in significant resource (water and electricity) savings during 2020, however, most of our environmental initiatives could not be implemented. Going forward, we will be implementing a 2025 strategy that will focus on reducing our environmental footprint group-wide and investing in green energy solutions to be a more energy-efficient and sustainable organisation. This environmental focus has also been elevated as a material matter.

While our socio-economic development (SED) spend was impacted by Covid-19, we invested R18.8 million (2019: R25.4 million) in SED projects and R7.1 million in corporate social investment.

Please refer to the chairman's overview that elaborates on the group's governance and board changes.

OUTLOOK

The Covid-19 pandemic coupled with the ongoing restrictions imposed on business and its activities in terms of the Disaster Management Act will continue to have a significant impact on the South African economy, which will take some time to recover and which will impact our trading results. Our gaming side of the business has proven its resilience and we anticipate that we will continue to see improvement in revenues and EBITDA as the restrictions are eased and ultimately lifted. The hotel and resort side while benefiting from growth in local leisure will continue to be impacted by the lack of demand in the business, conference, meetings and international market segments.

The capital raise as a result of the rights offer and the proceeds from the disposal of Sun Dreams has improved our liquidity position and significantly strengthened the group's balance sheet. These actions and the various operational initiatives which we have undertaken and implemented in the last twelve months have ensured that the group remains well placed

to be able to deal with the current and future Covid-19 challenges and has strongly positioned the group to recover and grow into the future.

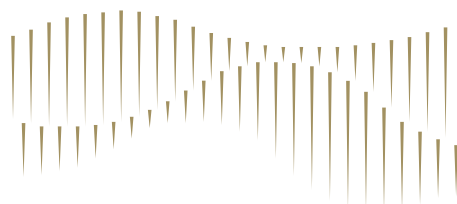
Despite these extraordinary and uncertain times, Sun International's board and management remain fully committed to continue ensuring the future viability and sustainability of the group and are taking every reasonable step to minimise the impact on our employees, suppliers and business partners.

Thank you to the board for their steadfast leadership and guidance during this financial year. I appreciate the inspiration, passion, commitment and discipline that my management team and employees continue to demonstrate during these difficult times. While many challenges lie ahead, the group is in a strong position to deal with them, and we will emerge stronger.

ANTHONY LEEMING

Chief executive

31 March 2021



EXECUTIVE MANAGEMENT

GROUP

	Age	Title	Qualifications	Experience
ANTHONY LEEMING	51	Chief executive	BCom, BAcc, CA(SA)	<ul style="list-style-type: none"> Gaming and hospitality Financial and corporate finance Governance and IT
NORMAN BASTHDAW	53	Chief financial officer	BCompt (Hons), CTA, CA(SA), MCom, HDip (Company Law)	<ul style="list-style-type: none"> External and internal audit Financial management expertise Corporate finance advisory and private equity
GRAHAM WOOD	51	Chief operations officer	BCom, BCompt (Hons), CA(SA)	<ul style="list-style-type: none"> Strategic leadership Commercial and operational expertise in the gaming, hospitality and tourism industry
ANDREW JOHNSTON	55	Director: Corporate services and group company secretary	BA, LLB, FCIS, PGDip (Environmental Law), Certificate in Advanced Corporate Law and Securities Law	<ul style="list-style-type: none"> Legal, secretarial, compliance, sustainability and corporate and remuneration governance Corporate finance and investor relations Admitted attorney and certified ethics officer
VERNA ROBSON	49	Director: Group human resources	BProc, Certificate (Advanced Human Resources Management), MBA Core	<ul style="list-style-type: none"> Labour relations Human resources
MIKE WILSON	50	Director: Business support management	BCom, BCom (Hons), PGDA, CA(SA)	<ul style="list-style-type: none"> Business finance Business process optimisation Project management Shared service centre
MUXE MAMBANA	35	Director: Internal audit	BAcc, CA(SA), CIA, MBA	<ul style="list-style-type: none"> External and internal audit Financial management Forensics Corporate governance, risk and compliance Diverse industry experience
KHATI MOKHOBLO	55	Director: Strategic projects	BCom, BAcc, ACMA, CA(SA)	<ul style="list-style-type: none"> Financial management Forensic investigations New business development Commercial project execution Gaming and hospitality Stakeholder management
MELVILLE VOGEL	60	Group manager: Efficiency		<ul style="list-style-type: none"> Business finance Developing, opening and managing new casinos and hotels Organisational restructuring Gaming and hospitality

OPERATIONS

RUBEN GOORANAH	54	General manager: Sun Time Square	BCom (UNISA), EMDP	<ul style="list-style-type: none"> General management in gaming and hospitality Management of operations and gaming systems Casino design and gaming operations
BRETT HOPPE	52	General manager: Sun City Resort	NDip (Hotel Management), EMDP	<ul style="list-style-type: none"> Gaming and hospitality operations International sales and marketing Events and entertainment
NITESH MATAI	55	General manager: Sports betting	BSocSC	<ul style="list-style-type: none"> Global e-commerce, e-sports and gaming International online casino operations and strategy
MYAN MOODLEY	49	General manager: Sibaya	Certificate (Advanced Management programme)	<ul style="list-style-type: none"> General management of casinos and hotels Opening and closing of hotels and casinos Business finance
FELIX MTHEMBU	49	Chief operations officer: Sun Slots	NDP: Operations Management	<ul style="list-style-type: none"> Manufacturing – textiles, food and petrochemicals Fuel retail and convenience store operations Organisational restructuring Gaming and hospitality
MERVYN NAIDOO	54	Regional general manager: Western Cape	NDip (Hotel Management), Diploma (HR Management), Certificate (Strategic Management)	<ul style="list-style-type: none"> Gaming, technical and hospitality Business finance Developing and opening new casinos as well as property upgrades and refresh
TATI TSUNKE	42	General manager: Boardwalk	BA (Ind Soc), PGDip (Human Resources)	<ul style="list-style-type: none"> Business management Change management and people management Stakeholder relations and strategy management Gaming and hospitality
ANNEMIE TURK	50	General manager: Carnival City	NDip (Business Management)	<ul style="list-style-type: none"> Gaming, technical and hospitality Business finance Developing and opening new casinos as well as property upgrades and refresh



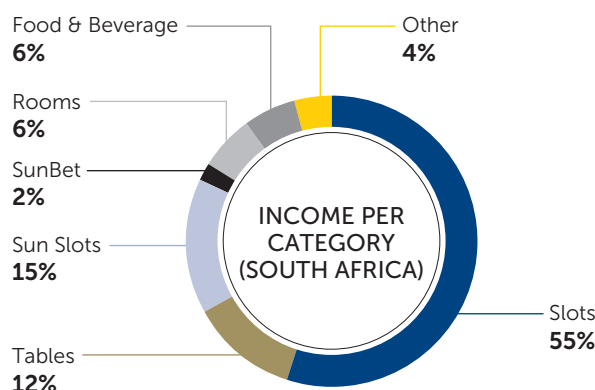
NORMAN BASTHDAW
Chief financial officer

CHIEF FINANCIAL OFFICER'S OVERVIEW

The Covid-19 pandemic had a significant impact on the group's financial results for the year ended 31 December 2020. Group income, adjusted EBITDA and adjusted headline earnings all declined; however, we reduced our South African debt by 21%, following the group's decisive action to protect liquidity and minimise cash outflow.

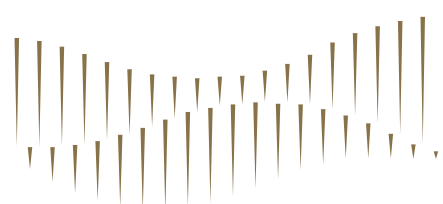
FINANCIAL PERFORMANCE REVIEW

The Covid-19 pandemic had a significant impact on the group, with all operations being closed for three months or longer and the March 2020 trading being significantly disrupted.



South Africa

For the first six months of the year, income declined by 55% to R2.5 billion compared to the prior corresponding period, with adjusted EBITDA down by 95% to R80 million. With the resumption of trading of most operations from 1 July 2020, income and adjusted EBITDA improved steadily throughout the remaining six months until the move to an adjusted level 3 lockdown, the imposition of the 8pm curfew and alcohol sales ban in mid-December 2020. This led to a significant drop-in activity and cancellation of bookings for the second half of December 2020 and into January 2021. Overall income from the South African operations declined by 48% from the prior year to R6 billion with adjusted EBITDA down by 70% to R984 million.



INCOME FROM CONTINUING OPERATIONS

- Declined **49%** from R11.8 billion to **R6.1 billion**

CONTINUING ADJUSTED EBITDA

- Reduced **72%** from R3.2 billion to **R897 million**

TOTAL GROUP ADJUSTED HEADLINE EARNINGS

- Declined from R763 million to **a loss of R1.1 billion**

GROUP ADJUSTED DILUTED HEPS

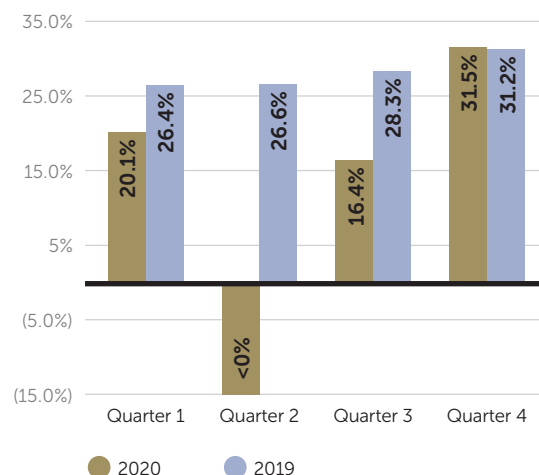
- Declined from 605 cents per share to **a loss of 633 cents per share**

SOUTH AFRICAN DEBT (EXCLUDING IFRS 16 LIABILITIES AND IFRS 9 ADJUSTMENTS)

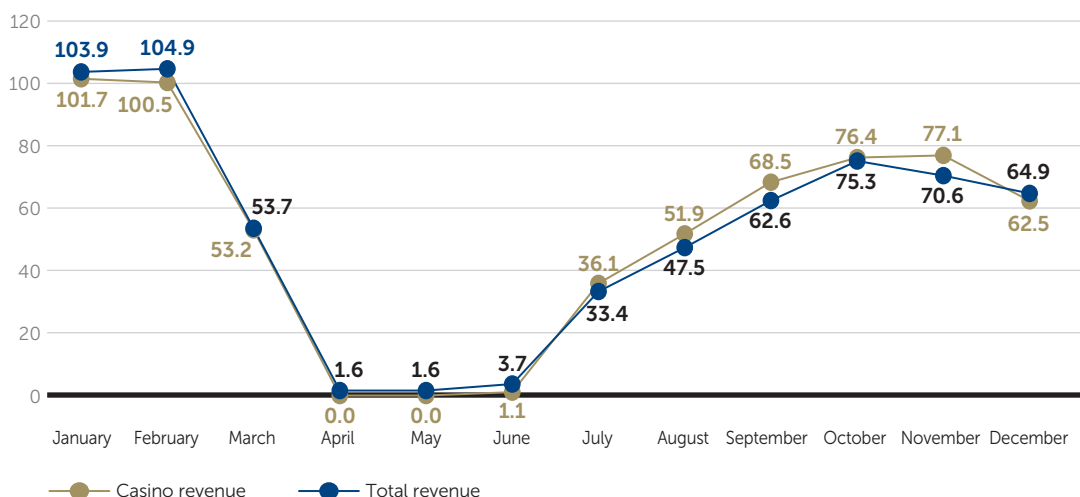
- Reduced **21%** to **R7 billion** (2019: R8.8 billion)

The net interest expense at R908 million included a hedge loss of R135 million following the reduction in the prime lending rate from 10% at 31 December 2019 to 7% in July 2020 in response to the Covid-19 pandemic. As a result of the extended lockdown and anticipated slow recovery, we incurred impairment charges of R1.3 billion being Sun City (R900 million), Boardwalk (R180 million), The Maslow Sandton (R96 million), intangible assets of R72 million and other individual assets of R9 million. The Tsogo put option liability reduced by R1 billion due to the decrease of the underlying operation's adjusted EBITDA, which forms the base of the put option liability's valuation.

EBITDA MARGIN



REVENUE AS A % OF 2019



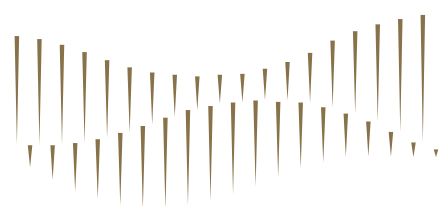
Latin America

As a result of the group's exit from its investment in Sun Dreams, the results of Sun Dreams have been accounted for until the effective date of the transaction being 31 October 2020 and disclosed as discontinued operations and assets held for sale since 30 June 2020. Income of R1.2 billion and an adjusted EBITDA loss of R160 million have been accounted for. Impairments of individual assets in terms of IAS 36, totalling R118 million were accounted for during the period up to 31 October 2020.

In accordance with IFRS 5, the carrying value of Sun Dreams had to be remeasured to fair value to cost to sell at 1 July 2020. Accordingly, a remeasurement impairment of R612 million was recognised. On disposal, due to the final purchase consideration agreed to and exchange rate fluctuations, a profit on disposal of Sun Dreams of R25 million was accounted for at the effective date being 31 October 2020.

Nigeria and eSwatini

The Federal Palace in Nigeria went into lockdown in April 2020 as a result of the Covid-19 pandemic. Although it has resumed trading, occupancy remains muted due to the ongoing nature of the pandemic. It remains unclear as to when our operations in eSwatini will be re-opened. We continue to actively consider expressions of interest and pursue the disposal of our equity interest in both of these businesses.



2020 South African quarterly trading results

	QUARTER 1, 2020		QUARTER 2, 2020		QUARTER 3, 2020		QUARTER 4, 2020		12 MONTHS 2020	
R million	Actual	% of 2019	Actual	% of 2019	Actual	% of 2019	Actual	% of 2019	Actual	% of 2019
CASINO, HOTELS AND RESORTS INCOME	2 074	84%	45	2%	1 100	44%	1 761	65%	4 980	50%
Casino income	1 583	84%	7	0%	1 001	52%	1 430	71%	4 021	52%
Rooms revenue	214	82%	2	1%	23	11%	129	45%	368	38%
Food and Beverage revenue	176	87%	1	0%	36	16%	122	43%	335	37%
Other income*	101	92%	35	33%	40	31%	80	54%	256	52%
Casino, hotels and resorts adjusted EBITDA	403	61%	(395)	(62%)	157	22%	571	67%	736	26%
Casino, hotels and resorts adjusted EBITDA margin %	19%		>(100%)		14%		32%		15%	
ALTERNATE GAMING INCOME	337	97%	17	5%	278	74%	391	109%	1 023	71%
Sun Slots income	301	96%	2	1%	240	70%	343	104%	886	68%
SunBet income	36	113%	15	41%	38	119%	48	160%	137	102%
Alternate Gaming adjusted EBITDA	81	94%	(9)	(10%)	70	71%	106	105%	248	66%
Alternate Gaming adjusted EBITDA margin %	24%		(53%)		25%		27%		24%	
TOTAL SA INCOME	2 411	86%	62	2%	1 378	48%	2 152	70%	6 003	52%
TOTAL SA ADJUSTED EBITDA	484	64%	(404)	(55%)	227	28%	678	71%	984	30%
TOTAL SA ADJUSTED EBITDA MARGIN %	20%		>(100%)		16%		32%		16%	

* Other income is inclusive of all other products and services the group offers and the net income from management companies

Casino, hotel and resorts

CASINO INCOME

Casino income declined by 48% compared to the prior year. Trading was impacted by, *inter alia*, the imposition of curfew hours and the restrictions on the serving of alcohol. The limited capacity resulting from every second machine being switched off, caused challenges during our busy periods. Despite the extensive restrictions on trading, South African casino income showed a positive trend in the second half of the year and increased as a percentage of 2019 from 52% in the third quarter to 71% in the last quarter of 2020.

Our casino market share since the lifting of the lockdown in the competitive Gauteng and KwaZulu-Natal (KZN) markets increased to 28.4% and 39.6% respectively which was 2.5% and 2.0% higher compared to the prior corresponding period in 2019.

ROOMS AND FOOD AND BEVERAGE INCOME

The South African hotel industry continues to be significantly impacted by the effects of the Covid-19 pandemic and the associated lockdown. While the hotel industry has reopened for domestic leisure and business travel, trading levels remain severely muted. International travel for business and leisure

purposes resumed on 1 October 2020 albeit with strict restrictions in place.

Sun City re-opened on 2 September 2020, The Maslow Sandton on 1 October 2020 and The Table Bay Hotel at the beginning of November 2020. The easing of lockdown restrictions to level 1 increased domestic leisure travel demand into our resort destinations such as Sun City and the Wild Coast Sun. The Sun Vacation Club at Sun City performed well under these trading conditions achieving occupancies of 79%.

Midweek demand from the corporate transient and Meetings, Incentives, Conventions and Exhibitions (MICE) segments remains weak. This is due to the restrictions on numbers allowed for gatherings and meetings. In addition, there is still limited corporate travel into Sandton and Menlyn, which is affecting midweek occupancies at these two properties. We expect a slow recovery from our international business segment which will impact trading at The Table Bay in Cape Town and at The Palace at Sun City.

Food and beverage income remains well below the prior year due to the closure of certain outlets, lower occupancies and the various Covid-19 restrictions. We have however been able to manage costs with employees either being laid off or working reduced hours.

SUN SLOTS

Sun Slots has proved to be remarkably resilient despite the effects of the pandemic, with a strong recovery in trading following the suspension of the hard lockdown. Post the lockdown, its operations have primarily been impacted by the ban on alcohol sales where several of its operations had to close. Despite not operating at full capacity during the second half of the year, income was only down 13% on 2019, while for the last quarter of 2020 income was up 4% compared to 2019. Overall income declined by 32% with adjusted EBITDA down 40% for the year.

SUNBET

SunBet was severely impacted by the suspension of most sporting activities during the lockdown with income being only 41% of 2019 levels in the second quarter of 2020. For the first, third and fourth quarters, income was up 13%, 19% and 60% respectively. Overall income was up 2% for the year with adjusted EBITDA up 7%. To complement our sports betting offering, we have introduced our Lucky Numbers and Bet Games products which is growing in popularity amongst our current customers as well as attracting new customers. We expect online to continue to be a key source of growth going forward.

Adjusted EBITDA

Overall, our casino, hotel and resort properties generated adjusted EBITDA of R736 million for the year under review, with R8 million achieved in the first half and R728 million in the second half. The effects of the various cost saving initiatives, reduced salaries and efficiencies that were achieved, are clearly evident in the last quarter of the year, where despite the total South African income being 30% below the prior year, we managed to achieve 71% of the 2019 adjusted EBITDA at a margin of 32%.

Headline and adjusted headline earnings adjustments

The group has incurred a number of once-off or unusual items that have been adjusted for in headline and adjusted headline earnings, the most significant of which are described below.

HEADLINE EARNINGS ADJUSTMENTS INCLUDED THE FOLLOWING:

- net profit on disposal of property, plant and equipment of R8 million
- profit on disposal of interest in Sun Dreams of R25 million
- re-measurement to fair value less cost to sell (Sun Dreams IFRS 5 impairment) of R612 million
- impairment of the Sun City, The Maslow Sandton, Boardwalk, Sun International Africa Trade name and other assets of R1.3 billion

ADJUSTED HEADLINE EARNINGS ADJUSTMENTS INCLUDED THE FOLLOWING:

- restructuring and related costs of R134 million relating to the Section 189A restructure at various properties within South Africa as well as within its central office
- restructuring and related costs of R70 million relating to Sun Dreams
- impairment of other Sun Dreams financial assets of R65 million
- IFRS 16 lease liability impairment of R24 million relating to Sun Dreams
- foreign exchange and net monetary losses of R211 million
- IFRS 9 debt modification adjustment of R43 million
- rights offer expenses of R21 million
- amortisation of R51 million of the Sun Dreams intangible assets raised as part of a purchase price allocation adjustment
- a decrease in the value of the Tsogo Sun put option of R1 billion

Section 189A and other cost savings

Prior to the Covid-19 pandemic, management was in the process of reviewing employee structures as well as the cost base across the local South African operations. The South African central office restructure was concluded in February 2020, resulting in a head count reduction of 63 and realising a total cost of employment (TCOE) saving of approximately R50 million per annum.

On 10 June 2020, Sun International informed its trade union, SACCAWU that it was embarking on a Section 189A retrenchment exercise. The retrenchment impacted 2 195 employees across the group, with an estimated TCOE reduction of R291 million. This retrenchment exercise particularly impacted Sun City, The Maslow Sandton, Boardwalk, The Table Bay and the Wild Coast Sun, which would likely have occurred irrespective of the Covid-19 pandemic.

The 60-day consultation process which would have initially ended on 18 August 2020, was extended to allow for voluntary retrenchments and early retirements. This was factored into the total impacted number of employees noted above, in order to reduce the impact on the number of employees that would have potentially been retrenched under the Section 189A exercise. The entire process was finally completed at the end of 2020.

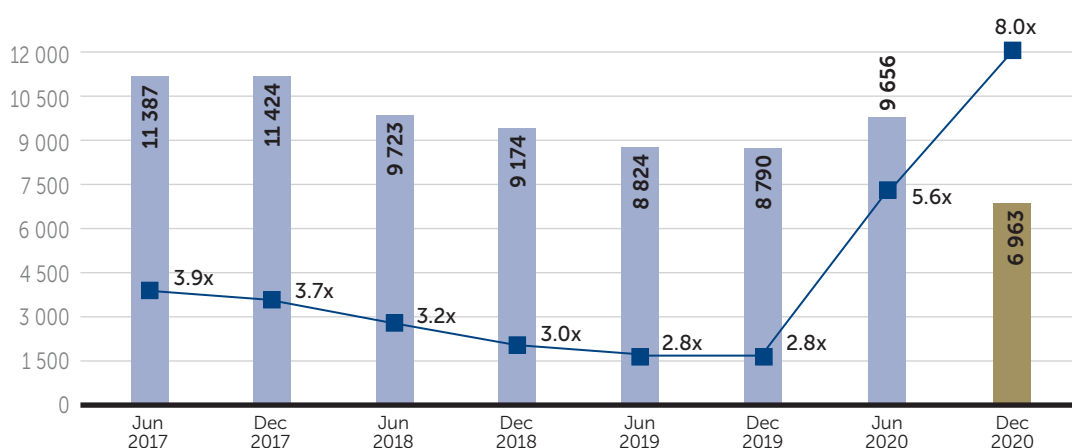
The closure of our operations gave us the chance to undertake an in-depth review of our processes, operating structures, systems and guest offering and experience. This review resulted in the identification of costs savings in outsource and service provider contracts, IT systems and other general costs of over R250 million in South Africa.

Balance sheet and liquidity

BORROWINGS

R million	Debt	IFRS 16 Lease Liability	Total Debt*	Minority share	Sun Share
SOUTH AFRICA	6 963	751	7 714	1 143	6 571
NIGERIA	643	–	643	366	357
Shareholder loans	991	–	991	564	550
Sun International intercompany debt	(348)	–	(348)	(198)	(193)
ESWATINI	24	–	24	11	13
TOTAL DEBT AS AT 31 DECEMBER 2020	7 630	751	8 381	1 520	6 941
TOTAL CONTINUING DEBT AS AT 31 DECEMBER 2019	9 988	779	10 767	1 540	9 227

DEBT BALANCES EXCLUDING IFRS 16 LEASE LIABILITIES AND IFRS 9 ADJUSTMENTS



To mitigate against the impact of the pandemic on the group's liquidity, we proactively engaged with the South African lending group, which agreed to suspend Sun International's debt repayments, waived covenant measures and rescheduled debt.

Certain of the key terms agreed on included:

- capital payments deferred until 30 June 2021
- interest and preference dividend payments deferred until:
 - 31 March 2021 or 31 December 2020 provided the group had sufficient levels of liquidity. In this regard, the group serviced the 2020 4th quarter interest payment
 - Deferred interest would be capitalised to the respective facility and repaid over the repayment profile of that facility
- converted the on-demand general banking facilities to a committed facility up to 30 June 2021
- waived the measurement of covenants until 30 June 2021
- an increase in pricing.

Our lender group has been extremely supportive of the group during this period, and we are currently engaging with them on the optimal restructuring of our debt and covenant measures for the longer term, which we anticipate will be finalised by 30 June 2021.

The South African debt (excluding IFRS 16 lease liabilities and IFRS 9 debt modification adjustments) decreased by 21% to R7 billion as at 31 December 2020.

Rights offer

On 11 August 2020, the group announced the outcome of its R1.2 billion partially underwritten, renounceable rights offer of 127 174 696 rights offer shares at a subscription price of R9.44 per share, as detailed in the shareholder circular dated Monday 20 July 2020. The rights offer was successfully concluded on Friday 7 August 2020, with the results below reflecting overwhelming shareholder support for the transaction:

Applications/ allocations	Number of shares	Percentage of Rights offer shares	Value R million
Subscription for rights offer shares	119 098 570	93.65%	1 124.3
Applications for excess rights offer shares	1 106 234	0.87%	10.4
TOTAL APPLICATIONS FOR RIGHTS OFFER SHARES	120 204 804	94.52%	1 134.7

As a result of the rights offer, the number of Sun International shares in issue has increased from 136.7 million to 263.9 million (126.4 million to 249.4 million excluding treasury shares).

The costs of the rights offer were limited to R21 million, with a significant portion of the costs being for fees payable to shareholders which provided irrevocable undertakings or partial underwrite commitments.

Overall, the decision to raise R1.2 billion to strengthen the group's balance sheet and liquidity was a proactive step, providing the business with an estimated additional 12 months liquidity, under total lockdown conditions. The resumption of trading for the casinos has further improved the liquidity outlook for the group.

Disposal of interest in subsidiaries

LATIN AMERICA

Disposal of the group's interest in Sun Dreams

Reference is made to the SENS announcement released on 21 August 2020 when shareholders were advised that Sun Latam had entered into an agreement with Nueva Inversiones Pacifico Sur Limitada ("Pacifico") whereby:

- Sun Latam and Pacifico had agreed to settle their dispute in respect of the disposal by Sun Latam of its 14.94% equity interest in Sun Dreams to Pacifico on 30 April 2019
- Pacifico, subject to obtaining Sun International shareholder and certain other approvals, would acquire Sun Latam's remaining 50% equity interest in Sun Dreams ('the Proposed Transaction'), on terms and conditions more fully set out below and in the Share Purchase Agreement ('SPA') concluded between the parties on 20 August 2020.

The net effect of the above was that upon fulfilment of the suspensive conditions set out in the SPA, Pacifico acquired Sun Latam's 64.94% equity interest in Sun Dreams for US\$160 million and possible certain future earnouts. The transaction was concluded at an effective 2019 adjusted EBITDA multiple of 5.5x which may increase to a 6.5x multiple if the earnouts are achieved. The earnouts relate to the renewal of four of Sun Dreams SCJ licences by 31 December 2024 (Clp10.5 billion earnout (US\$14 million)) and these licences achieving at least their 2019 adjusted EBITDAR for the 2025 calendar year (Clp31.8 billion earnout (US\$42 million)). Accordingly, and on closing of the proposed transaction, Pacifico became the sole shareholder of Sun Dreams.

The US\$160 million proceeds from the Sun Dreams disposal were used to settle Sun International's offshore debt in Latam of US\$41 million, US\$17 million of funds remained in Sun Latam to settle Chilean withholding and other taxes, while US\$15 million remained in Chile in Escrow as security for the settlement of a potential tax claim. The remaining US\$87 million (R1.34 billion) was repatriated to South Africa.

Rationale for the disposal

Given the uncertainty that existed in Chile, including the impact there of the Covid-19 pandemic, the renewal of the SCJ licences and the need for further capital, the transaction gave Sun International the opportunity to realise its investment in Latam at an attractive valuation, given the circumstances and the environment in which it was operating. It also brought significant liquidity to the South African operations which will allow for a further reduction in the group's borrowings and a resultant saving on interest charges.

The transaction became effective on 31 October 2020 following the fulfilment of the suspensive conditions including, among others, Sun International shareholder approval and the approval of the casino regulator in Chile.

Insurance claim relating to Covid-19

Sun International has for many years had in place an Assets All Risks insurance policy covering its South African operations, which contains an extension providing cover for Business Interruption (BI) following a Contagious and Infectious Diseases incident. As a result of the impact of the Covid-19 pandemic, the company took legal advice to ascertain whether it would have a BI claim, with the advice focused around the contagious and infectious disease policy wording and the causative trigger of the policy. Based on legal advice obtained, a comprehensive claim for all properties was prepared and submitted during July 2020. The parties have subsequently entered discussions regarding the matter.

OUTLOOK

The challenging economic climate coupled with the Covid-19 pandemic and the ongoing business restrictions will continue to have a significant impact on our trading results, which will take time to recover. Our gaming business has proven its resilience and we anticipate continued improvement in revenues and adjusted EBITDA as the restrictions are eased and ultimately lifted. The hotel and resort business, while benefiting from growth in local leisure, will continue to be impacted by the lack of demand in the business, conference, meetings and international market segments.

Our liquidity position has improved and the group's balance sheet was significantly strengthened with the capital raise due to the rights offer and the proceeds from the disposal of Sun Dreams. In addition, the various operational initiatives undertaken and implemented in the last twelve months have ensured that the group remains strongly positioned to recover and grow into the future.

NORMAN BASTHDAW
Chief financial officer

31 March 2021

USTAINABLE VALUE CREATION

VALUE CREATION

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OUR PRESENCE AND
GROUP STRUCTURE

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BUSINESS MODEL

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MATERIAL MATTERS

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RISK MANAGEMENT

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VALUE CREATION

Sun International's vision, purpose and sustainable business strategy aims to create value for all our stakeholders. This is achieved through our business model, which is supported by our strategy, core value propositions and our robust governance and risk management processes.

4 OUR CAPITAL RESOURCES



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



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



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



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



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



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

5

DIFFERENTIATORS

Social and economic contributions

Pioneers in gaming

International footprint

Industry leaders in memorable events

Strong brand, proud legacy and iconic properties

1

OUR PURPOSE

To create great memories for our guests, people and stakeholders

2

OUR VISION

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

3

OUR VALUES

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

TEAMWORK

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

CUSTOMER FIRST

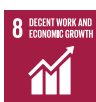
Our customer is at the heart of all we do and we exceed their expectations every time

PASSION

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

PROFESSIONALISM

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



Sun International supports the United Nations Sustainable Development Goals (SDGs) and continue to report on the contributions we make to the achieve these goals

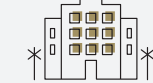
[Read more](#)

6

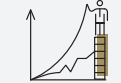
STRATEGIC OBJECTIVES



Improve our existing operations and our guest experience



Protect and leverage our existing asset portfolio



Grow our business into new areas and products



Our people



Governance and sustainability

[Read more](#)

7

MATERIAL MATTERS AND RELATED RISKS

MATERIAL MATTERS	RELATED RISKS	MATERIAL MATTERS	RELATED RISKS
Managing conditions through tough economic conditions	1 2 5 6	Digital transformation	1 2 5 6 9
Customer attraction and retention	1 2 3 5 10	Socio-economic challenges (inequality, unemployment, procurement, communities, pandemics)	1 2 5
Health and safety of group stakeholders	1 2 5 10	Climate change	1 2 5 10
Service delivery and customer satisfaction	1 2 5 9 10	Key staff retention	1 2 5 8
Transformation at senior management level	5 8		

[Read more](#)

8

RISKS

1 Coronavirus (Covid-19)	6 Erosion of market share due to other forms of gaming
2 Weak economic conditions	7 Ongoing changes in licence conditions
3 Smoking legislation	8 Succession plans for critical roles
4 Increase in gaming taxes and levies	9 Cyber threats and information security
5 Increased demands from stakeholders (minority shareholders, communities and local suppliers)	10 Infrastructure management and maintenance

[Read more](#)

9

KEY STAKE-HOLDERS



Communities



Customers and guests



Employees



Equity partners and debt funders



Gambling boards



Partners and suppliers



Regulators and industry bodies

[Read more](#)

OUR PRESENCE AND GROUP STRUCTURE

Sun International is an international hotel, casino and entertainment company that has a presence in South Africa, Nigeria and Swaziland. During 2020, we disposed of our Sun Dreams operations in Latin America and closed The Carousel and Naledi Sun in South Africa.

Going forward we will focus on protecting, leveraging and growing our existing asset portfolio in the areas where we operate to ensure we continue to provide memorable guest experiences. Casino operations, including alternate gaming, contributes the largest share of group revenue at R5.1 billion (83%) with hospitality contributing R391 million (6%).

 GROUP CASINO
GAMING LICENCES
15
(2019*: 15)

 GROUP ROOMS
3 636
(2019**: 3 679)

 GROUP SLOTS
10 541
(2019**: 11 077)

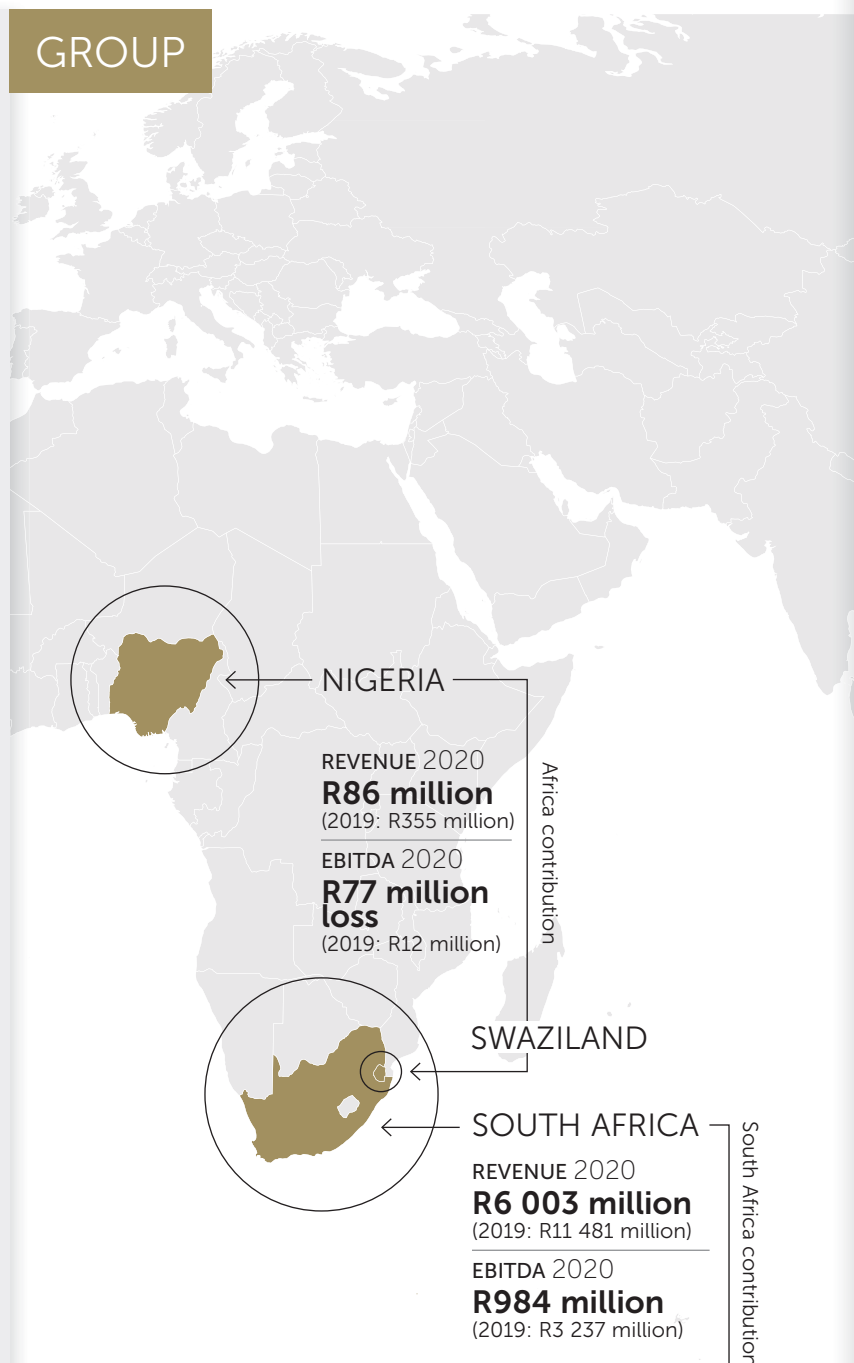
 GROUP LPMS
4 481
(2019**: 4 328)

 GROUP TABLES
392
(2019**: 397)

 GROUP
EMPLOYEES
7 548
(2019**: 9 890)

* Restated numbers excluding Latam
** Restated numbers excluding Latam,
The Carousel and Naledi Sun

GROUP



SOUTH AFRICA

SA GAMING
LICENCES

13

(2019: 13)



SA SLOTS

10 332

(2019*: 10 819)



LPMS

4 481

(2019*: 4 328)



SA TABLES

373

(2019*: 379)



SA ROOMS

3 139

(2019*: 3 182)

VACATION
CLUB UNITS

384

(2019*: 384)



SA EMPLOYEES

7 045

(2019*: 9 340)

FINANCIAL	Economic interest (%) ¹	Slots*	LPMS*	Tables*	Rooms	Employees
Property						
GAUTENG						
Carnival	91	1 399	–	48	105	634
The Maslow Sandton	100	–	–	–	281	109
Maslow Time Square	82	1 722	–	60	238	824
WESTERN CAPE						
GrandWest	62	2 563	–	72	39	1 001
The Table Bay	62	–	–	–	329	167
Golden Valley	61	227	–	6	98	172
KWAZULU-NATAL						
Sibaya	87	1 272	–	49	154	649
LIMPOPO						
Meropa	68	400	–	17	60	147
NORTH WEST						
Sun City	100	700	–	51	1 299	1 593
Carousel	–	–	–	–	–	4
NORTHERN CAPE						
Flamingo	71	300	–	10	–	129
EASTERN CAPE						
Boardwalk	82	798	–	27	140	391
Wild Coast Sun	50	550	–	18	396	410
FREE STATE						
Windmill	70	401	–	15	–	143
ALTERNATIVE GAMING						
SunSlots	70	4 481	4 481	–	–	237
SunBet	100	–	–	–	–	39
MANAGEMENT						
Sun International Management	100	–	–	–	–	396
TOTAL		14 813	4 481	373	3 139	7 045

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

* Due to Covid-19 requirements and social distancing not all licensed slots, LPMS and tables are operational. The numbers indicated in the table above are operational slots, tables and LPMS in 2020. Sun International has licences to operate a total of 10 336 slots, 6 267 LPMS and 381 tables.

* 2019 numbers exclude
The Carousel and Naledi Sun

Sustainability

WATER
CONSUMPTION (kl)

3 110 231

(2019: 4 510 042)

ENERGY
CONSUMPTION (kWh)

162 283 056

(2019: 231 403 213)



WASTE (kg)

4 296 011

(2019: 7 495 585)

LOST TIME INJURY
FREQUENCY RATE

0.58

(2019: 0.96)

SED SPEND
(RAND)

18 834 174

(2019: 25 449 873)



B-BBEE LEVEL

1

(2019: 1)

Sun



VALUE
CREATION

OUR PRESENCE
AND GROUP
STRUCTURE

OPERATING
ENVIRONMENT

BUSINESS
MODEL

STAKEHOLDER
ENGAGEMENT

MATERIAL
MATTERS

RISK
MANAGEMENT




OTHER AFRICA



NIGERIA

 GAMING
LICENCES
1
(2019: 1)

 ROOMS
146
(2019: 146)

 SLOTS
52
(2019: 100)

 TABLES
5
(2019: 5)

 EMPLOYEES
323
(2019: 376)




SWAZILAND



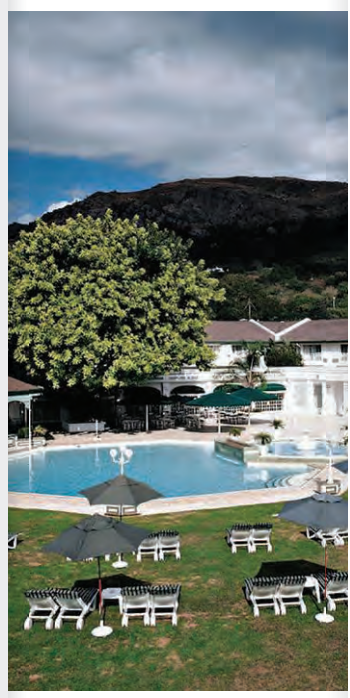
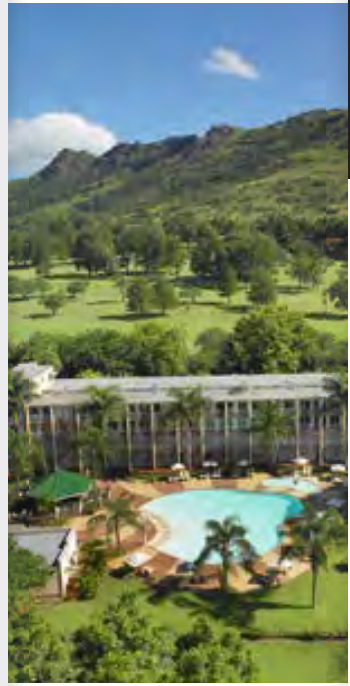
 GAMING
LICENCES
1
(2019: 1)

 ROOMS
351
(2019: 351)

 SLOTS
157
(2019: 158)

 TABLES
14
(2019: 13)

 EMPLOYEES
180
(2019: 193)



OPERATING ENVIRONMENT

We operate in a dynamic macro-operating environment, influenced by external and internal factors that are not always under our control. We focus on areas we can impact in the gaming and hospitality environment, which is largely affected by economic, regulatory and industry trends in South Africa. We ensure our strategy can adapt to these trends as we navigate our way forward.

Operating in the gaming and hospitality industry, the black swan event (Covid-19) was a major external factor that has significantly impacted our business in 2020. Our operations closed due to lockdown directives and opened on a staggered basis from July 2020 to September 2020. While Covid-19 remains a global pandemic, additional lockdowns have created further downward pressure on trading activity. In addition, Covid-19 continues to create uncertainty within the global economy as well as in the tourism, gaming and hospitality industries regarding recovery timelines.



● **99% South Africa** (2019: 97%)
● **1% Other Africa** (2019: 3%)

ECONOMIC ENVIRONMENT

Sun International operates in South Africa, Nigeria and Swaziland, with its major revenue contributor being South Africa. Effective 31 October 2020, the group divested from Latam (Argentina, Chile, Colombia, Panama and Peru). The operating environment discussed below therefore relates to South Africa only.

Global growth is projected at -3.5%¹ in 2020, with a more positive projection of 5.5%¹ in 2021, provided the virus surge is contained and vaccine coverage expands globally. The South African economy continues to underperform, with GDP at -7.5%¹ for 2020, which was exacerbated by the Covid-19 pandemic early in 2020. Positively, the IMF is forecasting a GDP growth of 2.8%¹ in 2021 for South Africa. The economy contracted in 2020 and levels of unemployment reached 32.5%², the highest rate since quarterly data became available in 2008. Investor confidence remains low on the back of these factors as well as further sovereign ratings downgrades, continued power outages, increasing debt levels and ongoing social and political tensions. Disposable consumer income is under severe pressure, resulting in less disposable income allocated to leisure and entertainment spend.

The rand remains vulnerable to movements in the US dollar and closed at R14.18 (2019: R13.99) and remained volatile during 2020, with some recovery towards the end of 2020. The table below depicts the GDP and inflation trends of South Africa over the past three years, with projected growth for 2021.

	2018	2019	2020	2021
GDP	0.8	0.2	(7.8)	2.8
INFLATION	4.6	4.1	3.3	3.9

¹ Source: International Monetary Fund's World Economic Outlook October 2020 and January 2021

² Source: Stats SA

CERTAIN FACTORS IMPACTING ECONOMIC GROWTH IN SOUTH AFRICA

MOODY'S INVESTORS SERVICE RATING:

Government of South Africa –
Ba2 negative

OUTLOOK: Negative

- ▶ Shrinking economy exacerbated by Covid-19, high and rising debt and high unemployment ■
- ▶ Structural constraints on growth and socio-political divisions hampering reform progress ■
- ▶ Exceptionally high inequality could lead to long-term social stability challenges ■
- ▶ Deteriorating public finances ■
- ▶ Strong monetary and exchange rate flexibility and credible monetary policy ■
- ▶ Well capitalised and regulated financial sector and deep capital markets ■
- ▶ Easing in monetary policy supports the government's funding cost ■



SUN INTERNATIONAL'S RESPONSE TO THE ECONOMIC ENVIRONMENT

- ▶ Continual focus on cost efficiencies and structural reviews
- ▶ Reduced debt levels
- ▶ Raised equity through a rights issue
- ▶ Disposed of equity interest in Sun Dreams to realise investment and reduce debt
- ▶ Completed a headcount reduction primarily at hotels and resorts
- ▶ Revised and enhanced our Most Valued Guest (MVG) loyalty programme
- ▶ Voluntary retrenchment and early retirement opportunities group-wide
- ▶ Consolidated certain gaming functions such as count and cashiering, slots, technical and MVG
- ▶ Critical property refurbishments and infrastructure maintenance to enhance the guest experience
- ▶ Revitalised our group and unit gaming promotion plans
- ▶ Commenced with redefining our VIP player development programme



REGULATORY ENVIRONMENT

The group operates in a complex regulatory environment that is regularly monitored through its compliance department. The National Gambling Board (NGB) is the body that oversees the regulation of South Africa's gaming industry. There are provincial licensing authorities within each province that regulate gambling within individual provinces. An update on key developments is discussed below.

KEY REGULATORY AND INDUSTRY BODIES IN SOUTH AFRICA

The Department of Trade and Industry (dti) authorises the issuing of casino licences. In 2015 the dti increased the number of South African casino licences from 40 to 41, which is under appeal.

The NGB oversees the regulation of South Africa's gaming industry. There are **41 authorised casino licences** in South Africa, and **39 have been issued**. Each province has its own gaming legislation and provincial licensing authority.

KEY LEGISLATION IMPACTING OUR BUSINESS

SMOKING LEGISLATION

The Draft Control of Tobacco Products and Electronic Delivery Systems Bill 2018 (the draft bill)

CONTEXT AND IMPACT

In 2018, the Department of Health published the draft bill for public comment. The draft bill, among others, proposes prohibiting any person from smoking in an enclosed public place or an enclosed workplace. The operation of casinos falls within the scope of this provision. The effect of the draft bill is that casinos may no longer be permitted to designate separate, indoor smoking areas/rooms. We have engaged with the gaming regulators on the matter and the Casino Association of South Africa (CASA) has made submissions on the draft bill. The proposed legislation to ban smoking in public areas will significantly impact the group's casino revenues.

2020 UPDATE

There continues to be no further developments regarding the draft bill since 2018.

GAMING TAXES AND LEVIES

Amendments to Gauteng, KwaZulu-Natal (KZN), Western Cape and North West gaming levies

The Gauteng, KZN and Western Cape gambling boards are proposing increased gaming levies, which will impact Sun International's profitability. In addition, the North West Gambling Board imposed increases that became effective on 1 February 2020.

2020 UPDATE

Through CASA, Sun International challenged the proposed changes to the gaming taxes/levies.

SOUTH AFRICAN NATIONAL GAMING TAX

Amendments to the National Gambling Amendment Bill

The 2019 budget speech announced that draft legislation introducing a gambling tax in the form of a 1% gaming income levy would be published for public comment.

2020 UPDATE

Since the previous budget speech, there have been no further developments on national gaming taxes.

NATIONAL GAMBLING AMENDMENT BILL (NGB)

Responding to the NGB to become a national gambling regulator

The National Gambling Amendment Bill was tabled in Parliament in 2018. If the amendments are enacted in their current form there will be an imbalance in the legislative framework, because a single individual can make material decisions that may affect the gambling industry negatively, without any input from other key persons of the NGR.

CASA, on behalf of its members, submitted substantial comments against the amendment bill in 2018 and the dti introduced the redrafted bill to the Select Committee on Trade and International Relations. There has been no further update on this bill.

2020 UPDATE

The National Gambling Amendment Bill was introduced to the National Council of Provinces for a vote in 2020, but the bill did not receive the required votes to proceed further. Subsequently the bill was referred to the Select Committee for a decision. Sun International continues to monitor developments.

KEY LEGISLATION IMPACTING OUR BUSINESS

CONTEXT AND IMPACT	CARBON TAX	<p>Effective 1 June 2019, the Carbon Tax Act No. 15 of 2019, imposes a tax on a company's CO₂ greenhouse gas emissions, based on a scientific formula.</p> <p>2020 UPDATE Sun International paid its first carbon tax in 2020 and aims to further reduce our carbon emissions. In the latest budget speech, the carbon tax rate increased by 5.2%.</p>
	FINANCIAL INTELLIGENCE CENTRE ACT (FICA)	<p>FICA incorporates a risk-based approach to compliance elements, such as customer due diligence, into the regulatory framework. A risk-based approach requires accountable institutions to understand their exposure to money laundering and terrorist financing risks.</p> <p>2020 UPDATE Sun International has aligned its gaming operations with the risk-based approach as provided for in the Financial Intelligence Centre (FIC) Amendment Act. Sun International represented the casino industry in South Africa's mutual evaluation that was conducted by independent international assessors on behalf of the Financial Action Task Force.</p> <p>The FIC has proposed amendments to the cash threshold reporting limit from R24 999 to R49 999. Sun International has made the necessary adjustments to its systems and awaits promulgation of the amendments to implement the changes.</p>
	BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT (B-BBEE)	<p>The dti released the new draft codes on 31 May 2019 and the Tourism Sector Charter unveiled its sector codes changes in November 2019 for commentary. Sun International is monitoring changes to the Tourism Sector Code.</p> <p>2020 UPDATE Despite the changes in the B-BBEE Act, Sun International maintained a level 1 B-BBEE rating.</p>
	PROTECTION OF PERSONAL INFORMATION ACT (POPIA) AND GENERAL DATA PROTECTION REGULATION (GDPR)	<p>POPIA was enacted on 1 July 2020 and has provided for a year period to comply. Due to the national Covid-19 lockdown, the regulator may extend the compliance deadline. The GDPR is a legal framework for the collection and processing of personal information from natural persons who live in the European Union.</p> <p>2020 UPDATE In preparation for POPIA, Sun International has performed a gap analysis through its firm of attorneys. This analysis indicated that the group was largely aligned with the requirements, with certain areas that required improvements. An action plan is under way and a steering committee has been mandated to monitor completion of the project.</p> <p>The alignment of relevant parts of the group to the GDPR is encapsulated in the POPIA implementation plan.</p>
	THE DISASTER MANAGEMENT ACT (DMA)	<p>The DMA provides for an integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery.</p> <p>2020 UPDATE On 15 March 2020 President Cyril Ramaphosa declared a National State of Disaster due to the global pandemic. Under the DMA alert level framework, gaming and leisure hospitality nationally remained under full lockdown until 1 July 2020. Sun International staggered the opening of its operations from July 2020 and continues to adhere to all requirements under this DMA.</p>

GAMING AND HOSPITALITY ENVIRONMENT

Gaming

South Africa's casino industry was significantly impacted by lockdown regulations imposed due to Covid-19. All casinos were closed end of March 2020. Through a coordinated industry lobbying effort, casinos were permitted to open on 1 July 2020. Not only were consumers restricted from gambling during certain lockdown levels at all our operations, but disposable income was also constrained due to financial uncertainty and other socio-economic factors. This was over and above pressures from the stagnant economy. Significant issues other than Covid-19 and legislative impacts (smoking, gaming taxes and levies) that are impacting the group are discussed below and in further detail in the risk section.

SOUTH AFRICA

CONTEXT AND IMPACT	ONGOING ROLLOUT OF ELECTRONIC BINGO TERMINALS (EBTs)	<p>The proliferation of EBTs continues to impact the casino market in South Africa. While the NGB is against the rollout of EBTs, certain provinces continue to issue licences or are looking to do so. Sun International is opposed to an EBT rollout in the current regulatory environment.</p> <p>2020 UPDATE</p> <p>The Eastern Cape continues to be a specific concern and the current litigation between Emfuleni Resorts (Pty) Ltd (Boardwalk Casino) and the Eastern Cape Gaming Board (ECGB) remains unresolved. In addition, the ECGB issued a report proposing a possible allocation of an additional EBT licence in the Eastern Cape, which would impact Wild Coast Sun's catchment area. Sun International objected to the proposed consideration of additional EBT licences in the Eastern Cape. Units will critically review marketing and promotions to combat EBTs/LPMs.</p>
	ILLEGAL GAMBLING	<p>The proliferation of illegal gambling operators leads to the erosion of revenue.</p> <p>2020 UPDATE</p> <p>Through CASA, the group is represented at the Stakeholder Priority Committee for Illegal Gambling (SPCIG). The committee comprises the NGB, industry stakeholders and various departments of the South African Police Services (SAPS) and it is mandated to identify illegal gambling activities and bring about the prosecution of offenders.</p> <p>In addition, Sun International is assisting the North West Gambling Board to curb illegal gambling in North West by funding the project with R1 million.</p>
	RELOCATION OF A CASINO LICENCE	<p>This proposed legislation could lead to declines in gambling revenue and a loss of jobs. Sun International's GrandWest and Golden Valley casinos will be directly impacted should this bill be passed into law.</p> <p>2020 UPDATE</p> <p>The Western Cape's Twentieth and Twenty-First Gambling and Racing Amendment bills were published on 8 May 2020. These two bills seek to introduce a new exclusivity fee and casino operator fees. Sun International submitted comments on the bill in August 2020.</p>



VALUE
CREATION

OUR PRESENCE
AND GROUP
STRUCTURE

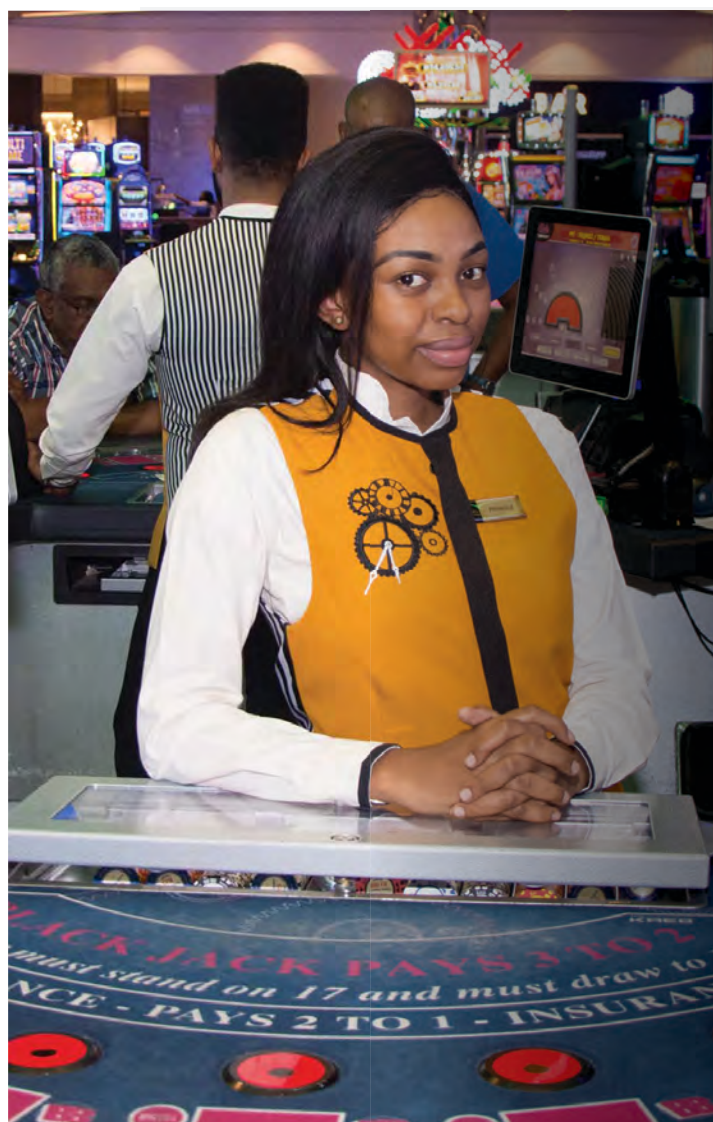
OPERATING
ENVIRONMENT

BUSINESS
MODEL

STAKEHOLDER
ENGAGEMENT

MATERIAL
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RISK
MANAGEMENT



HOSPITALITY

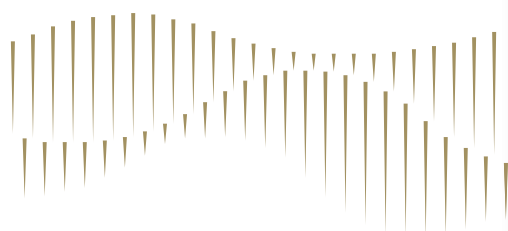
The tourism sector is an important driver of economic growth and a significant provider of employment in the South African economy. The hospitality industry is particularly vulnerable to the ebbs and flows of socio-economic conditions. A prime example was the coronavirus outbreak that brought tourism to a standstill for a large part of 2020 and continues to impact businesses in South Africa and globally. While South Africa's visa waiver agreements with several African and Middle Eastern countries was finalised in 2019, the lag effect was severely impacted by Covid-19 as international consumers were banned from travelling to South Africa for most of 2020. While international and local travel resumed towards the end of 2020, strict travel conditions are in place in all South Africa's key international source markets.

The second Covid-19 wave has resulted in further restrictions being placed on international travel, however, the rollout of vaccines will boost the global travel and tourism industry. There is pent-up demand in the international leisure travel sector and Africa should be a beneficiary as global leisure travellers seek the open spaces that Africa has to offer. International corporate and business travel will remain significantly constrained as the global economy takes time to recover. Sun International continues to implement all the necessary precautions to ensure a safe and healthy environment for all our stakeholders.

Rooms make up 6% (2019: 9%) of Sun International's revenue. Most of the group's hotels focus on serving our gaming customers. In South Africa, Sun City, The Table Bay, The Maslow Sandton and Maslow Time Square are focused on local and international business and leisure travellers. However, due to lockdown restrictions, Sun International turned its focus to the local South Africa tourism industry as travel restrictions were lifted.

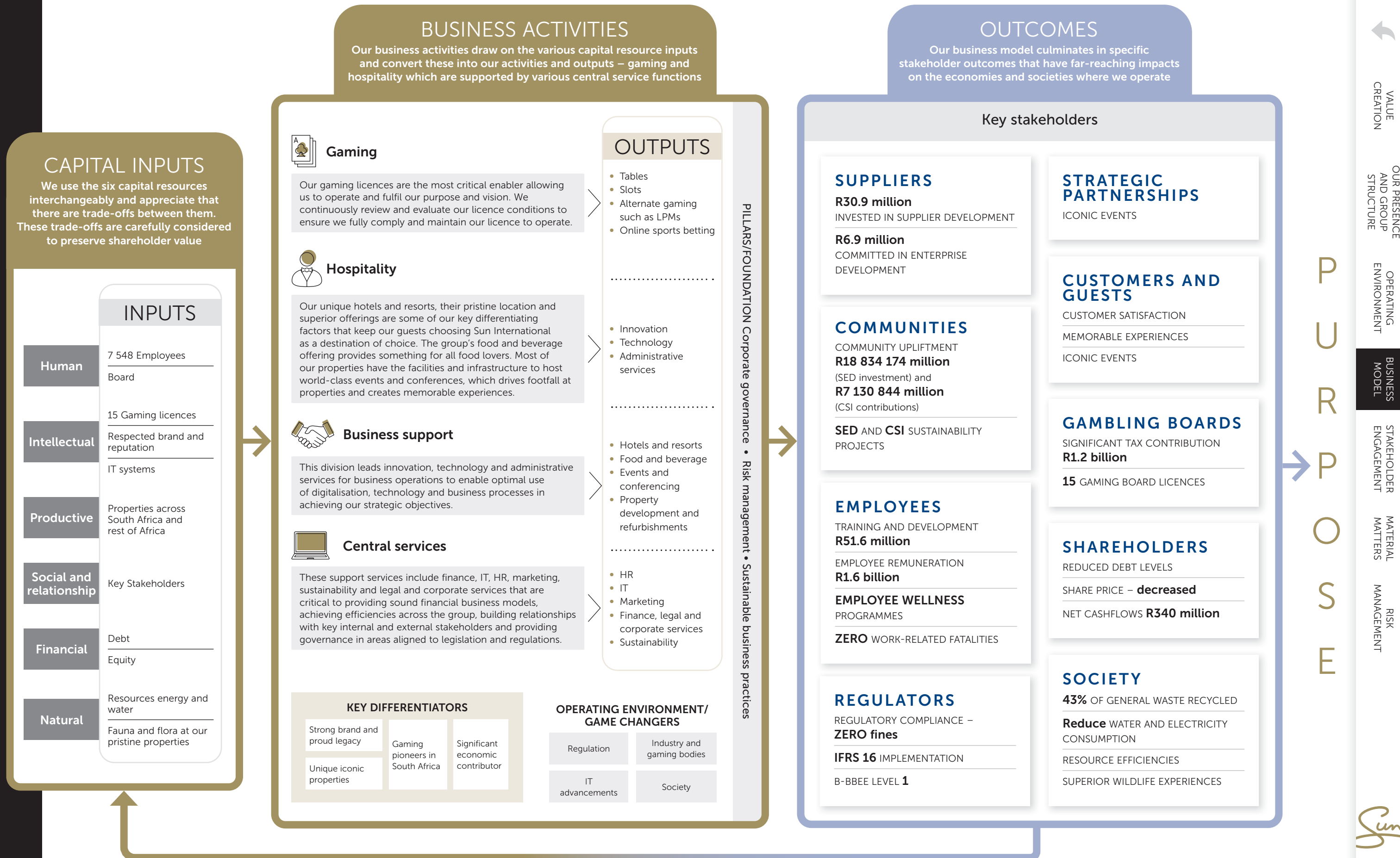
OTHER OPERATING ENVIRONMENT FACTORS

While not specifically covered in this operating environment section, the group acknowledges that there are various other factors impacting our operations. These include climate change, IT and society in general, which are incorporated other sections of our integrated annual report – environmental, governance and sustainability, improve our existing operations and guest experience, and socio-economic development.



BUSINESS MODEL

Value creation, preservation or erosion over time



STAKEHOLDER ENGAGEMENT

Sun International's robust stakeholder engagement was enhanced during the global pandemic to ensure all stakeholders were kept informed of our Covid-19 protocols and operating procedures. Extensive lobbying of government resulted in trading activities opening earlier, in Level 3 lockdown, as opposed to Level 1. All shareholders are encouraged to provide constructive feedback and to voice legitimate concerns, comments and suggestions through our various communication channels. This engagement process ensures we continue to add stakeholder value.

STAKEHOLDER ENGAGEMENT APPROACH

Relationships with our stakeholders, or social and relationship capital, impact directly and indirectly on our business and reputation. These relationships influence whether consumers decide to become our customers and guests whether suppliers want to be vendors whether employees want to work for us whether communities feel we address their needs and whether government believes that we comply with regulations and drive economic growth. Therefore, it is important to continually engage with all key stakeholders in an open and transparent manner group-wide. During 2020, stakeholder engagement with employees, concessionaires, suppliers and government was more frequent as the group

faced an uncertain operating environment and we steered our way through the Covid-19 crisis.

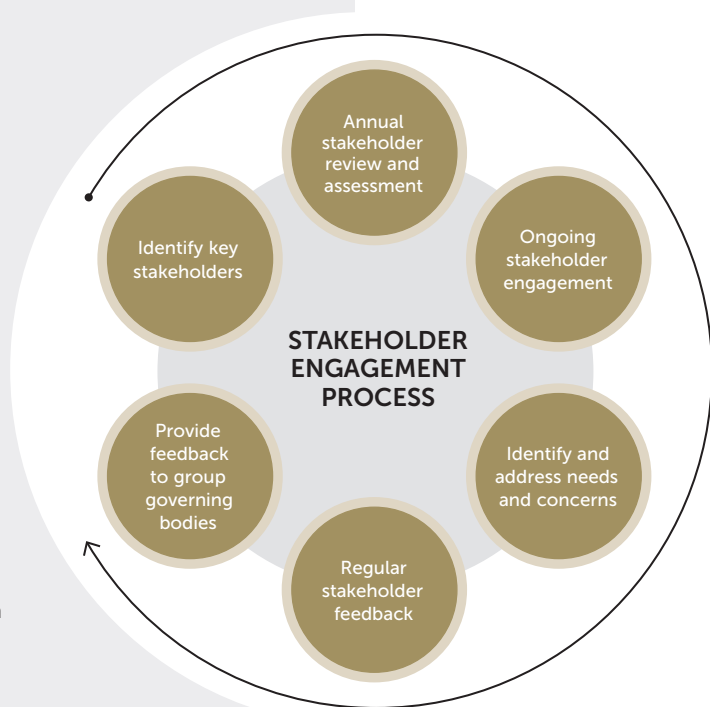
Achieving our five strategic objectives depends on our ability to proactively engage with and respond to our stakeholders. Our various engagement methods include face-to-face interactions, formal and informal communication platforms, results presentations, reports and our annual general meetings (AGMs). We also engage through our marketing campaigns, digital platforms, advertising, electronic media, newsletters, events and roadshows. Our regular surveys among our guests and employees, with the aim of continually improving service delivery, guest experience and employee satisfaction, were hampered during the year due to Covid-19.

ENGAGEMENT PROCESS

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

Focused engagement within the communities in which we operate is particularly important as most of our properties are situated within or close to surrounding communities. Stakeholder concerns and demands, particularly from communities and local suppliers, continue to increase as the socio-economic environment weakens. Cultivating positive relationships with these stakeholders ensures that Sun International offers shared value and sustainable socio-economic development (SED) opportunities.

The group's community engagement methodology ensures that all engagements and interventions are aligned with the group's sustainable business strategy and, more broadly, with provincial and national growth and development plans. This engagement methodology involves identifying communities and implementing a dialogue process to identify and assess various social aspects related to their wellbeing, as well as identifying the collective needs of these communities. Based on these assessments, possible interventions are identified and discussed with the affected stakeholders.





EMPLOYEES

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

INTERNAL GOVERNANCE STRUCTURES

- ▶ Social and ethics committee
- ▶ Executive committee
- ▶ Unit operational committees

2020 engagement opportunities

- Virtual engagement sessions on Microsoft 365
- Various leadership podcasts
- Quarterly meetings between executive leadership and senior management

Methods of engagement

- Sun Talk
- Social media
- Email notifications
- Face-to-face meetings
- Podcasts

Sun International and stakeholder value add

- Building on the SunWay culture and employee value proposition
- Proactively engaging and supporting employees
- Ongoing training and development
- Retaining and attracting key skills
- Ongoing talent management

KEY STAKEHOLDER CONCERNS

Reduced remuneration during lockdown

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Adjusting salaries to maintain costs and ensuring business sustainability
- Ongoing employee communication through various communication channels
- Regular leadership podcast messages

Retrenchments at certain units

- Proactively negotiate with unions on retrenchments
- Ongoing employee engagement and free financial council
- Enhancing wellness programmes to provide employee counselling and support

TERS payments not being paid on time

- Applying to Temporary Employer/Employee Relief Scheme (TERS) fund on behalf of employees
- Paying employees TERS contributions despite late TERS payments received from government

Uncertainty around the group's viability and sustainability

- Regular dialogue on the Sun Talk platform between leadership and employees
- Lobbying gaming boards and government for early opening of properties
- Successfully concluded a R1.2 billion rights offer
- Disposal of the group's interest in Sun Dreams
- Announcing the closure of The Carousel and Naledi Sun

Impact on employees' wellbeing

- Enhancing wellness programmes to provide employee counselling and support
- Ongoing support to Covid-19-positive employees and their families
- Supporting remote working opportunities
- Ongoing leadership podcast messages
- R1.6 million invested in employees' family educational needs

Slow transformation

- Continuing to implement the diversity strategy and supporting the diversity policy
- Focusing on implementing an equal pay for work of equal value strategy
- Tracking the group's progress on transformation related to the employment equity plan

Lack of retaining and replacing critical skill

- Continuing to implement succession plans across the group with a specific focus on critical skills



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CUSTOMERS AND GUESTS

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

INTERNAL GOVERNANCE STRUCTURES

- Executive committee

2020 engagement opportunities

- Key events e.g. Black Pearl Tournament and the South African Open Golf Tournament
- MVG loyalty programmes

Methods of engagement

- Customer surveys
- Digital communication platforms
- In-room TVs
- Media releases
- Website
- Social media
- Face-to-face engagements

Sun International and stakeholder value add

- Growth in revenue with the early opening of operations in a safe and controlled environment
- Increasing our MVG customer base
- Enhancing customer service through new product offerings
- Creating lasting memories

KEY STAKEHOLDER CONCERNS

Ongoing customer concerns on Covid-19 and safety protocols at our operations

Customer service complaints and perception of value

Inconsistent customer communication around our facilities and service offerings

Decrease in discretionary spend in a tough economic climate

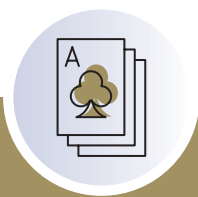
ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Implementing industry-leading Covid-19 protocols
- Updating Covid-19 protocols and training employees on an ongoing basis
- Ongoing communication on our health and safety protocols to customers via social media, digital platforms and marketing campaigns

- Ongoing learning and development programmes for employees to enhance customer service
- Innovative product offerings
- Focused refurbishments and upgrades

- Ongoing customer surveys and proactive customer feedback
- Ongoing updates on our website, social media and digital marketing platforms
- Improving branding and marketing campaigns
- Enhancing direct MVG communication

- Special offers as part of the reopening of operations



GAMBLING BOARDS

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

INTERNAL GOVERNANCE STRUCTURES

- ▶ Risk and social and ethics committees
- ▶ Sustainability committee

2020 engagement opportunities

- Regular provincial gaming board meetings

Methods of engagement

- Virtual and face-to-face meetings
- Written correspondence

Sun International and stakeholder value add

- Supporting South Africa's economy by creating jobs and supporting empowerment opportunities through sustainable gaming operations investment in SED and corporate social investment (CSI)
- Creating co-operative interactions with regulators
- Increasing Covid-19 measures to safeguard gambling communities while gambling
- Making contributions towards Broad-Based Black Economic Empowerment (B-BBEE), SED and CSI which are linked to gaming revenue generation

KEY STAKEHOLDER CONCERNS

Electronic Bingo Terminal (EBT) licencing

Increase in gaming taxes and proposal to impose new operator fees for casinos and route operators in South Africa

Outstanding legal disputes between gaming regulators and the group

Illegal gambling

Securing the new Wild Coast Sun Casino licence

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

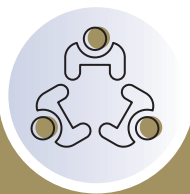
- Continue to build relationships with all provincial gambling boards through regular interaction to better regulate the EBT sector

- Challenging the proposed increase in gaming taxes

- Engaging with the respective gaming regulators to resolve all outstanding legal disputes

- Engaging with various stakeholders, including SAPS and the Specialised Investigations Unit, to identify illegal gambling activities and institute criminal action against offenders

- Ongoing negotiations and interactions with the Eastern Cape Gaming and Betting Board to finalise the conditions of the new licence



COMMUNITIES

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

INTERNAL GOVERNANCE STRUCTURES

- ▶ Sun International Social Community Development Trust (SISCDT)
- ▶ Risk and social and ethics board committees
- ▶ Sustainability committee

2020 engagement opportunities

- Supporting programmes and forming partnerships within local government
- Ongoing engagements with schools where learners are benefiting from opportunities like bursaries and improved school infrastructure
- Communicating positive and uplifting initiatives relating to SED and CSI
- Enhancing education facilities in tourism, hospitality and consumer studies classrooms
- Supporting preferential local procurement
- Contributing to enterprise and supplier development, SED/CSI and skills development

Methods of engagement

- Site visits
- Virtual meetings
- Stakeholder face-to-face meetings
- Written correspondence

Sun International and stakeholder value add

- Building strong relationships and positively impacting on local communities
- Supporting local initiatives and creating employment opportunities
- Creating sustainable project opportunities
- Supporting community upliftment

KEY STAKEHOLDER CONCERNS

Increased needs of communities as a direct result of Covid-19

Lack of tendering and procurement opportunities, particularly for black women owned (BWO) businesses

Reduced local procurement and job opportunities

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Enhancing community stakeholder engagement opportunities
- Ongoing SED and CSI contributions
- Approving special SED projects to support the immediate needs of the communities

- Sun International suppliers bulletin board available to suppliers
- Participating in community business forums
- Reviewing procurement processes and inviting black women owned (BWO) businesses to stakeholder engagement sessions

- Group and unit-specific engagement and request for proposal (RFP) opportunities
- Providing ad hoc local job opportunities and training

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PARTNERS AND SUPPLIERS

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

INTERNAL GOVERNANCE STRUCTURES

- ▶ Risk and social and ethics board committees
- ▶ Enterprise and supplier development committee
- ▶ Sustainability committee
- ▶ Social and ethics committee

2020 engagement opportunities

- Unit RFP notifications
- Supplier workshops
- Regular forums with local business

Methods of engagement

- Emails
- Procurement notice board
- Workshops
- Virtual meetings

Sun International and stakeholder value add

- Creating a pipeline of suitable business in the group's supply chain
- Developing local suppliers for employment and growth opportunities
- Empowering smaller businesses and service providers
- Partnering with local business to leverage synergies
- Maintaining our level 1 B-BBEE rating

KEY STAKEHOLDER CONCERNS

Lack of work and tender opportunities

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Work and service delivery opportunities are advertised on unit-specific portals
- RFP and tender opportunities are displayed on the group and unit tender bulletin boards
- Ongoing unit-specific engagements with relevant local suppliers
- Preferential procurement for small and medium-sized enterprises (SMEs), black owned companies and level 1 – 3 B-BBEE suppliers



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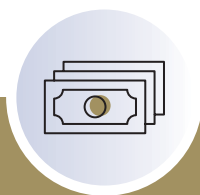
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EQUITY PARTNERS, SHAREHOLDERS AND DEBT FUNDERS

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

INTERNAL GOVERNANCE STRUCTURES

- ▶ Nomination and remuneration committees
- ▶ SIL Board committee
- ▶ Audit and investment committees

2020 engagement opportunities

- Communication to shareholders on capital structure, capital requirements and the group's remuneration policy
- Structured and continual engagement with equity partners and debt funders

Methods of engagement

- Board and committee meetings
- Virtual and face-to-face meetings
- Written correspondence
- Interim and year-end financial results presentations
- Circulars and integrated annual report
- Regular business updates on SENS
- Monthly and quarterly financial submissions to lenders
- AGM

Sun International and stakeholder value add

- Participating in the growth of the business at a local operating level
- Ensuring acceptable shareholder returns on investments
- Leveraging local equity partners' experience and insights in to local communities
- Ensuring short-term liquidity and optimal capital structures
- Optimising cost of debt and transactional banking
- Ensuring sound corporate governance
- Improving lender insights into the group's financial performance, risks and strategy

KEY STAKEHOLDER CONCERNS

Concern around the long-term business sustainability and return on investment of the group as well as ensuring an acceptable dividend flow

Current debt and liquidity levels and the ability to ensure financial recovery post Covid-19

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Ensuring all operational and growth strategies are well communicated and implemented
- Improving the liquidity position and strengthening the balance sheet
- Complying with all the requirements of good governance

- Securing the group's liquidity position
- Strengthening the balance sheet through a capital raise by way of a rights issue
- Disposing of Sun International's interest in Sun Dreams, realising net cash proceeds of the transaction



REGULATORS AND INDUSTRY BODIES

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

INTERNAL GOVERNANCE STRUCTURES

- ▶ SIL Board committee
- ▶ Risk and audit committees
- ▶ Executive committee

2020 engagement opportunities

- Lobbying government to open operations at Level 3

Methods of engagement

- Written submissions
- Virtual meetings
- Face-to-face and virtual meetings

Sun International and stakeholder value add

- Early opening of operations from 1 July 2020
- Maintaining our reputation of being a responsible corporate citizen
- TERS contributions to employees
- Remaining abreast of any legislation change and/or new legislation

KEY STAKEHOLDER CONCERNS

Non-compliance with relevant legislation

Maintaining Covid-19 safety protocols

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Ongoing monitoring of legislative changes directly impacting the group
- Ongoing lobbying and actively engaging through the Casino Association of South Africa (CASA), the Tourism Business Council of South Africa, and the Federated Hospitality Association of South Africa for the early opening of casinos and hotels during lockdown
- Internal and external compliance audits on relevant legislative aspects
- Industry-leading, best-practice Covid-19 protocols in place
- Updating Covid-19 protocols and training employees on changes in requirements



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MATERIAL MATTERS

Our material matters inform our business model, strategy, capital resource allocation and our stakeholder engagement process. They are influenced by our internal and external operating environment, our key stakeholder concerns, and the risks impacting our business.

In 2020, our material matters were reviewed and reassessed by the board, executive and senior management to align with our changing operating environment.

The material matters highlighted here are discussed in more detail in this section.

MATERIAL MATTERS

Managing through tough economic conditions

Health and safety of group stakeholders

Key staff retention

Digital transformation

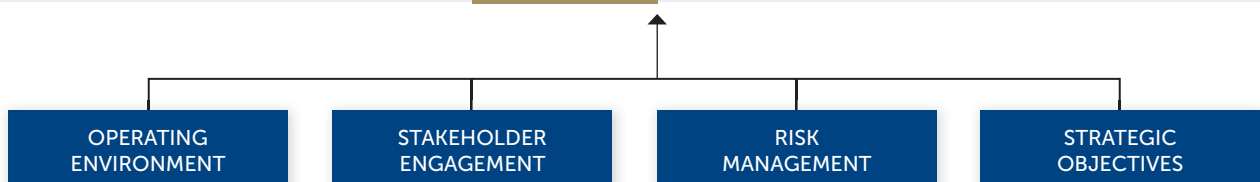
Climate change

Customer attraction and retention

Service delivery and customer satisfaction

Transformation at senior management level

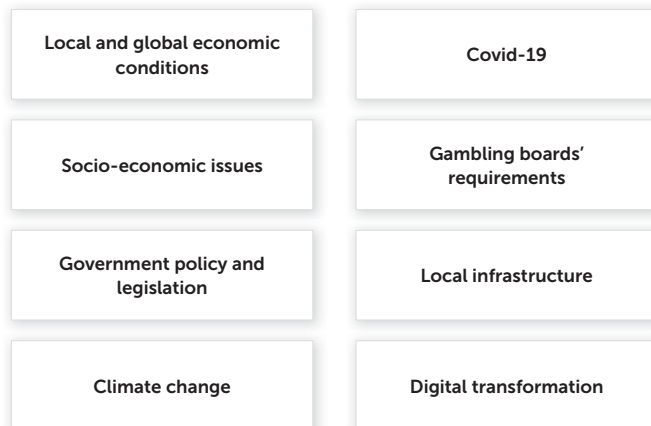
Socio-economic challenges (inequality, unemployment, procurement, communities, pandemics)



OPERATING ENVIRONMENT

The group operates in South Africa, Swaziland and Nigeria. Prior to the sale of Sun Dreams (Latam) effective 31 October 2020, we operated across the African and Latin American continents. Following the global pandemic our operating environment has changed and has become more challenging as the world grapples with the coronavirus' impact on lives and livelihoods. In South Africa, the stagnant economy and lacklustre growth, high unemployment, crippling debt and social challenges have added to the group's financial and operational pressures, with no quick turnaround anticipated. Some of the material external factors we continue to monitor are shown alongside. We also identify risks and opportunities so that we are positioned to rapidly respond to our changing operating environment through our business model and strategy.

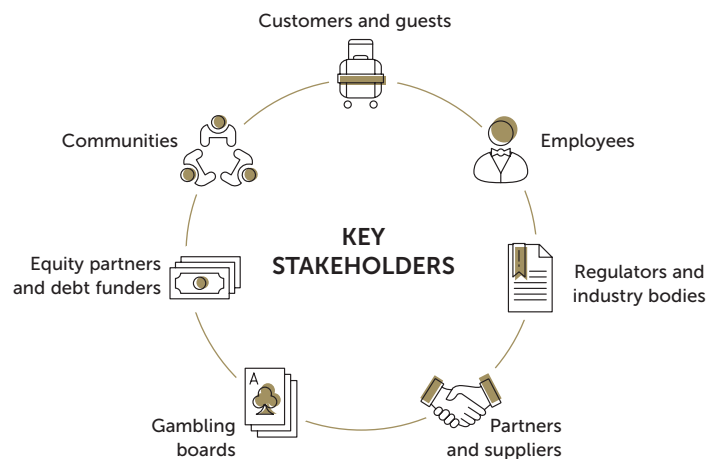
Key external factors



STAKEHOLDER ENVIRONMENT

Proactive and transparent stakeholder engagement is important to keeping stakeholders informed and achieving our strategy and vision. It also enables us to determine and address stakeholders' material concerns and manage their expectations. Our reputation directly impacts whether consumers become our guests, whether suppliers become vendors, whether government is confident that we comply with regulations, and whether people want to become employees of the group. Being a responsible corporate citizen, it is important that we give back to the community by driving economic and social development. With the global pandemic disrupting business as usual, stakeholder engagement became more important as we intensified communication regarding the group's response to Covid-19, from an operational and stakeholder perspective. Sun International has numerous stakeholders with whom we engage on various platforms. Our key stakeholders for the year under review are shown alongside.

Key stakeholders



RISK MANAGEMENT

Sun International's formal risk management process and governance structure identify, review, monitor and respond to the most material risks and opportunities across our business units. Risk identification is key to safeguarding our assets, recognising opportunities, and implementing strategies to ensure we continue to address our material matters and deliver on our strategy.

Top 10 risks

- 1 Coronavirus (Covid-19)
- 2 Weak economic conditions
- 3 Smoking legislation
- 4 Increase in gaming taxes and levies
- 5 Erosion of market share due to other forms of gaming (online, illegal, EBTs and LPMs in catchment areas)
- 6 Increased demands from stakeholders
- 7 Ongoing changes in licence conditions
- 8 Cyber threats and information security
- 9 Succession plans for critical roles
- 10 Infrastructure management and maintenance

STRATEGY

Our group strategy consists of five objectives that guide our growth and operational aspirations. These strategic objectives are informed by and address the material matters, risks and opportunities the group faces as well as key stakeholder concerns.

Strategic objectives



MATERIALITY DETERMINATION PROCESS

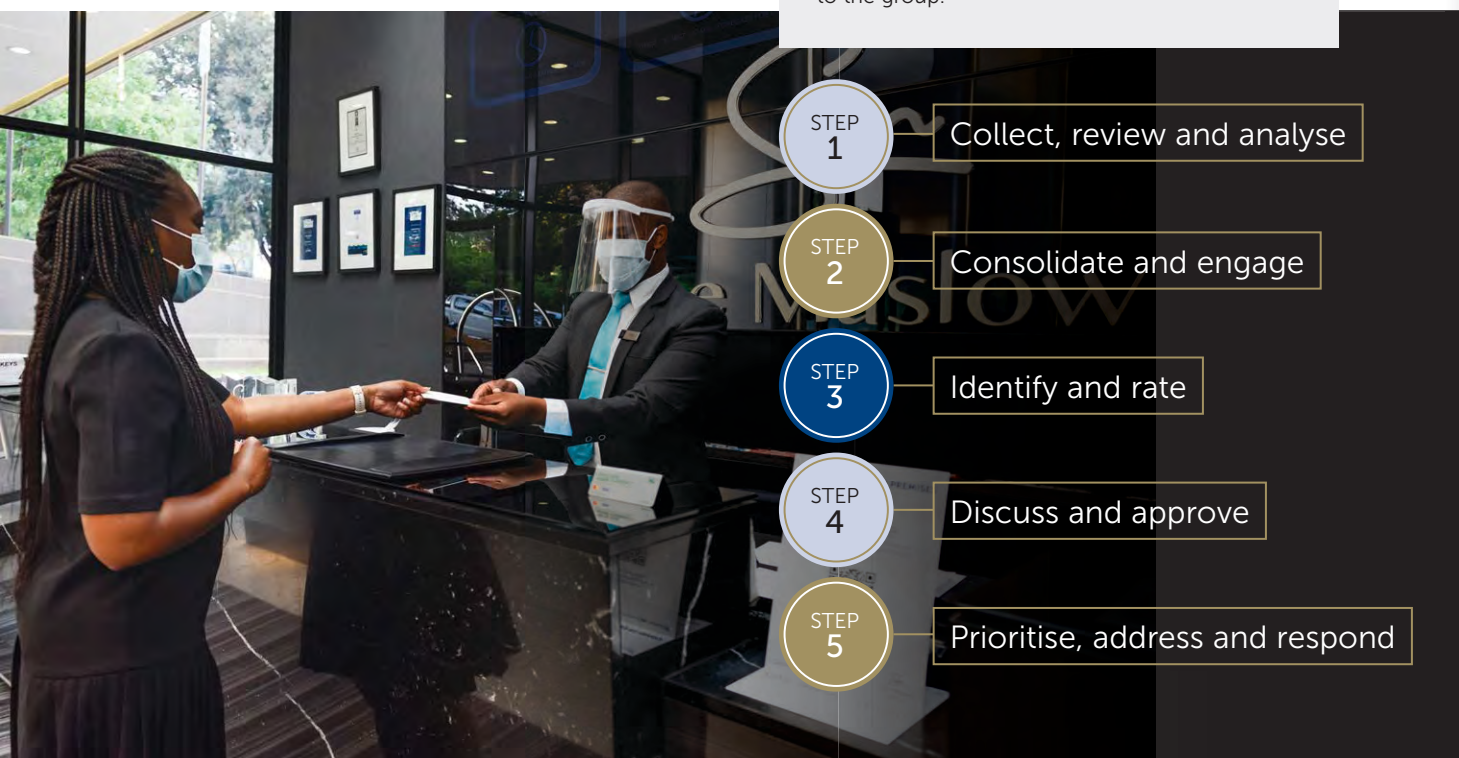
Our materiality determination process, outlined below, remains dynamic and is reviewed by relevant governance bodies and updated annually. The material matters methodology incorporates various elements, namely our operating environment, stakeholder engagement, risk management and strategy.

Sun International conducted a detailed review and reassessment of its material matters in 2020. This detailed process is conducted every three years and involved more than 180 executives, general and senior managers and heads of departments.

The reassessment methodology incorporated the standard review of elements such as our operating environment, stakeholder engagement, risk management and strategy. In addition, we reviewed the material matters of our peers, industry leaders and other listed companies on the JSE to ensure there were no outlying material matters the group should consider.

These material matters were consolidated and grouped into categories relevant to the group's strategic objectives. This consolidated materiality checklist was sent to the participants mentioned above, who were requested to identify and rate the top three relevant material matters in each category. A weighting was then applied to the feedback received from the various participants.

The weighted material matters were presented to the executive committee whereafter a final list of the most material matters were identified, presented and approved by the board. These material matters will be reviewed and monitored going forward to ensure they remain applicable to the group.



	MANAGING THROUGH TOUGH ECONOMIC CONDITIONS	CUSTOMER ATTRACTION AND RETENTION	HEALTH AND SAFETY OF GROUP STAKEHOLDERS
Why this matter is considered material	Our business depends on consumer spending and guests staying at our properties. The prevailing tough economic environment in South Africa continues to strain consumers' disposable income, particularly discretionary spending on gaming and hospitality. This also negatively impacts our profitability and our ability to continuously reduce debt levels, make additional capital investments and manage certain properties that have performed below expectations. The ongoing political and social challenges in South Africa remain a concern for the group.	Our customers and guests are one of our most important stakeholders and are critical to our sustainability. It is important that we provide products and services that continue to attract and retain their patronage by providing excellent customer service, diversified entertainment opportunities and world-class facilities as part of creating memorable experiences.	The current pandemic has proven that without the necessary safety measures in place, we will not attract customers and guests. The health, safety and wellbeing of all our stakeholders has always been a priority for the group, but with the pandemic, a new emphasis has been placed on the importance of creating a safe environment for our stakeholders to ensure the safety, health and wellbeing of our customers, guests and employees.
Level of control	LOW	HIGH	HIGH
Mitigating actions	<ul style="list-style-type: none"> Prudently managing debt levels Improving efficiencies and margins Alternate gaming diversification Cash flow generative 	<ul style="list-style-type: none"> Attractive loyalty programmes – MVG and Global Hotel Alliance Focusing on customer service Ongoing property upgrades, refurbishments and maintenance Offering new products and events 	<ul style="list-style-type: none"> Best practice OHS and Covid-19 health and safety protocols Scheduled maintenance and upgrades Dedicated SHE teams Cyber strategy in place Compliance with POPIA
Related risks	<ul style="list-style-type: none"> 1 Coronavirus (Covid-19) 2 Weak economic conditions 4 Increase in gaming taxes and levies 5 Erosion of market share due to other forms of gaming 	<ul style="list-style-type: none"> 1 Coronavirus (Covid-19) 2 Weak economic conditions 3 Smoking legislation 6 Increased demands from stakeholders 10 Infrastructure management and maintenance 	<ul style="list-style-type: none"> 1 Coronavirus (Covid-19) 2 Weak economic conditions 6 Increased demands from stakeholders 8 Cyber threats and information security 10 Infrastructure management and maintenance
Strategic objectives			

	SERVICE DELIVERY AND CUSTOMER SATISFACTION	KEY EMPLOYEE RETENTION	TRANSFORMATION AT SENIOR MANAGEMENT LEVEL
Why this matter is considered material	Ongoing excellent service delivery will lead to customer satisfaction and an enhanced reputation, which will encourage our customers to return to our properties and continue enjoying memorable experiences. Constant customer service training offerings and customer feedback ensures that we continue to enhance our customers' experience in line with our vision and purpose.	The group's unique casino and hotel business requires critical skills to grow the business in an ever-changing operating environment, from a digital, technology and service perspective. Globalisation and virtual operating environments make it attractive for people to constantly seek new job opportunities globally. While competitive remuneration is an important retention tool, employees' focus is shifting to a healthy work-life balance that incorporates challenging and empowering working environments.	Transformation enables a path to inclusive economic growth and development. Growth without transformation reinforces the inequity inherited from South Africa's past. Sun International's employment equity transformation continues to make good progress at most levels however, the senior management levels require more focus going forward.
Level of control	HIGH	HIGH	HIGH
Mitigating actions	<ul style="list-style-type: none"> Customer satisfaction surveys Employee incentive programme to encourage excellent service delivery Continuing to improve our customer value proposition through our loyalty programmes 	<ul style="list-style-type: none"> Talent management initiatives in place Succession planning Empowering employees Competitive remuneration and incentives Focus on equal pay for work of equal value Transformation 	<ul style="list-style-type: none"> KPIs in place for improving senior management transformation Implementing a diversity and inclusion strategy to improve equal opportunities at senior management levels in terms of gender and race
Related risks	<ul style="list-style-type: none"> 1 Coronavirus (Covid-19) 2 Weak economic conditions 6 Increased demands from stakeholders 8 Cyber threats and information security 	<ul style="list-style-type: none"> 1 Coronavirus (Covid-19) 2 Weak economic conditions 6 Increased demands from stakeholders 9 Succession plans for critical roles 	<ul style="list-style-type: none"> 6 Increased demands from stakeholders 9 Succession plans for critical roles
Strategic objectives			



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	DIGITAL TRANSFORMATION	SOCIO-ECONOMIC CHALLENGES (INEQUALITY, UNEMPLOYMENT, PROCUREMENT, COMMUNITIES, PANDEMICS)	CLIMATE CHANGE
Why this matter is considered material	Consumer needs are constantly shifting and evolving in this digital era we operate in. It is important that Sun International embraces the integration of digital technology in all areas of business. This will ensure that we continue to innovate, transform and challenge the status quo, resulting in more value to our current customers as well as creating opportunities for new customers.	Socio-economic challenges are increasing as the world grapples with the current Covid-19 pandemic, which has destroyed lives and livelihoods and highlighted inequalities prevalent in society. At Sun International we continue to experience increased stakeholder demands, specifically from our communities and supply chains in respect of job creation, local procurement opportunities and community upliftment.	Climate affects nearly every aspect of our lives, from our natural and food sources to our transport infrastructure, from what clothes we wear to where we go on holiday. It has a huge effect on our livelihoods, our health, and our future. In South Africa our water resources are limited, and our electricity costs continue to increase significantly, and the reliability of our energy supplier remains fragile. Sun International is dependent on all these resources to operate and provide world-class facilities to our customers and guests.
Level of control	MEDIUM	MEDIUM	HIGH
Mitigating actions	<p>Recruited a digital marketing specialist to enhance our customer engagement and offerings</p> <p>Developed a Sun International app to improve customised, personalised and direct communication with our customers and employees</p> <p>Developing innovative product offerings</p> <p>Remote working opportunities for employees</p>	<p>Proactive engagement with communities and suppliers</p> <p>Uplifting communities through our supply chain</p> <p>Focus on equal pay for work of equal value</p> <p>Best practice Covid-19 protocols in place</p> <p>1% NPAT SED contribution and CSI spend</p>	<p>Exploring the feasibility of alternative energy solutions</p> <p>Implementing water efficient solutions</p> <p>Investing and optimising IT systems</p> <p>Ongoing maintenance and infrastructure upgrades</p> <p>Dedicated SHE team</p>
Related risks	<ol style="list-style-type: none"> 1 Coronavirus (Covid-19) 2 Weak economic conditions 5 Erosion of market share due to other forms of gaming 6 Increased demands from stakeholders 8 Cyber threats and information security 	<ol style="list-style-type: none"> 1 Coronavirus (Covid-19) 2 Weak economic conditions 6 Increased demands from stakeholders 	<ol style="list-style-type: none"> 1 Coronavirus (Covid-19) 2 Weak economic conditions 6 Increased demands from stakeholders 10 Infrastructure management and maintenance
Strategic objectives			

RISK MANAGEMENT

The board is ultimately responsible for governing the group's risk management process, which includes formulating the group's risk appetite, and setting and monitoring risk tolerance. The board discharges its duties by mandating specific risk management duties and responsibilities to the group risk committee.

Sun International's risk management process provides an appropriate balance between identifying and minimising key risks and value depreciation activities, while realising value creation opportunities. Risks identified arise from various internal and external factors, including the group's material matters, stakeholder engagement and operating environment. Our risks inform as well as shape our group strategy.

RISK APPROACH

Sun International's formal risk management process and governance structure, with various management and board committees, are responsible for identifying, reviewing and monitoring the group's risks and recognising opportunities. Our executive team remains collectively responsible for managing and evaluating the risk register prior to each risk committee meeting.

Each risk is linked to the achievement of the group's five strategic objectives. The group considers its risks in terms of the potential impact and likelihood of a risk occurring, resulting in an inherent risk rating. The potential impact is determined by considering the operational, regulatory and financial impact a risk could have on the group, while the likelihood is rated on a scale ranging from a remote possibility to a definite possibility.

Each inherent risk is considered along with the effectiveness of mitigating controls which results in a residual risk exposure. A residual risk rating is allocated to each risk, with a detailed risk mitigation action plan with quarterly status updates, and contingency plans and possible opportunities to minimise or prevent the risk. Each risk is assigned to a specific executive who is responsible for implementing the mitigation measures and is also accountable for continually monitoring and reporting on progress. During 2020, the group's risk register was further enhanced to include a high-level risk dashboard that specifies the total number of group risks, along with the risk category and risk status (extreme, serious, moderate, within appetite and acceptable). The dashboard also introduced relevant risk categories as well as a summary of the number of new risks, deleted risks and combined/changed risks.

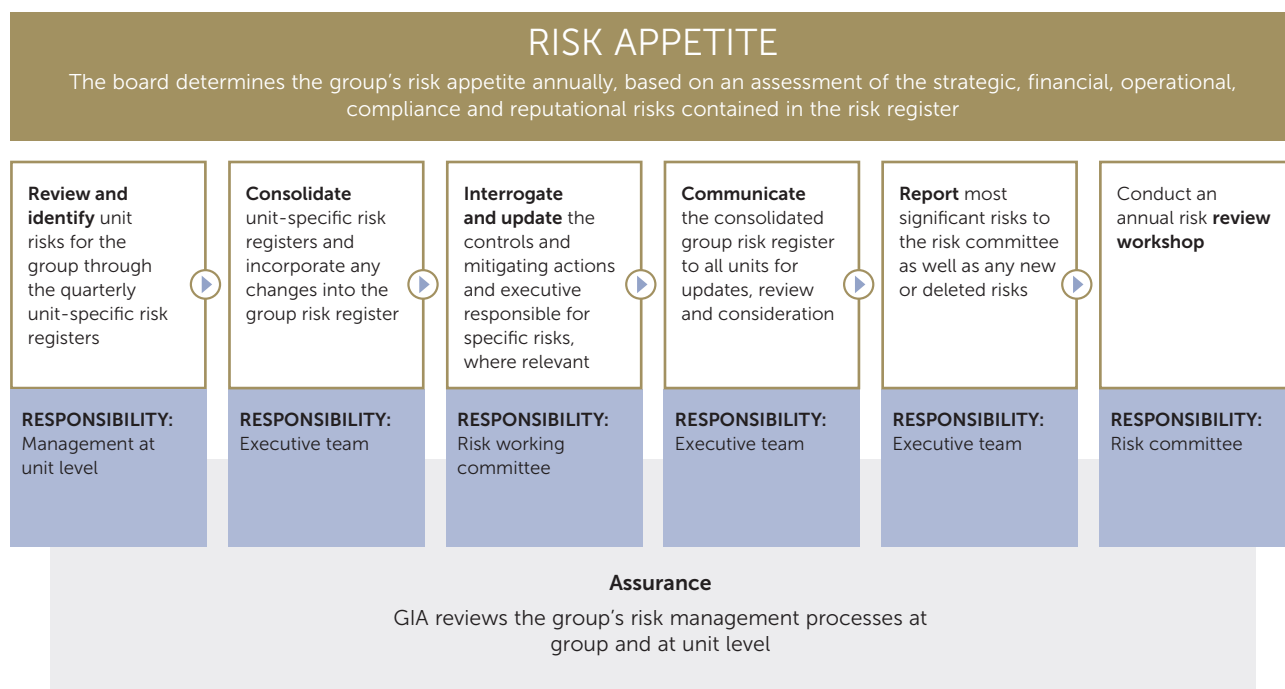
Prior to the final risk committee meeting for the year, our risk working committee, comprising the executive team and relevant management, conduct a full review of the year's risk ratings and updated mitigation measures. The risk committee ensures that our risk methodology and approach are still relevant and that the risks represent the group's risk universe. The risk committee is satisfied that the group's 2020 risk approach was consistently applied group-wide and remains relevant and robust. The group also obtains an independent opinion from a third-party consultant from time to time on the appropriateness of its risk management process and its alignment to best practice. Group Internal Audit (GIA) also reviews and audits the group's risk management processes at group and at unit level.

GLOBAL PANDEMIC

The global pandemic resulted in major business interruption to the group's operations and has been identified as the group's top risk. Uncertainty prevails around Covid-19's continued impact on revenue generation and the second virus wave led to certain lockdown measures being reinstated early in 2021. This risk continues to be closely monitored from a group risk perspective.

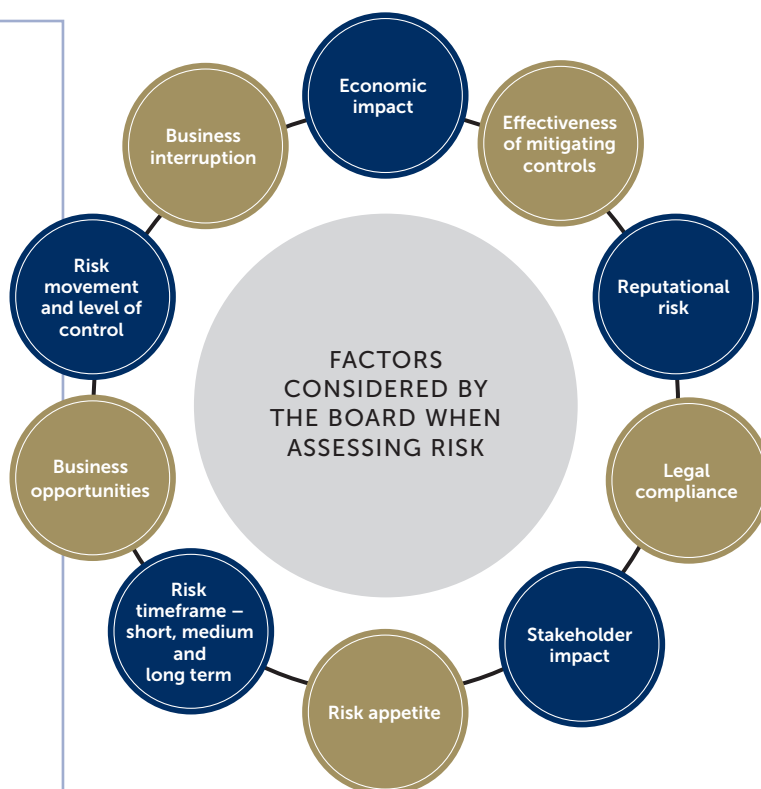
The group continues to enforce and monitor strict and disciplined Covid-19 protocols to mitigate against the risk of employees, customers and other key stakeholders contracting the virus. These protocols were benchmarked.

RISK IDENTIFICATION PROCESS



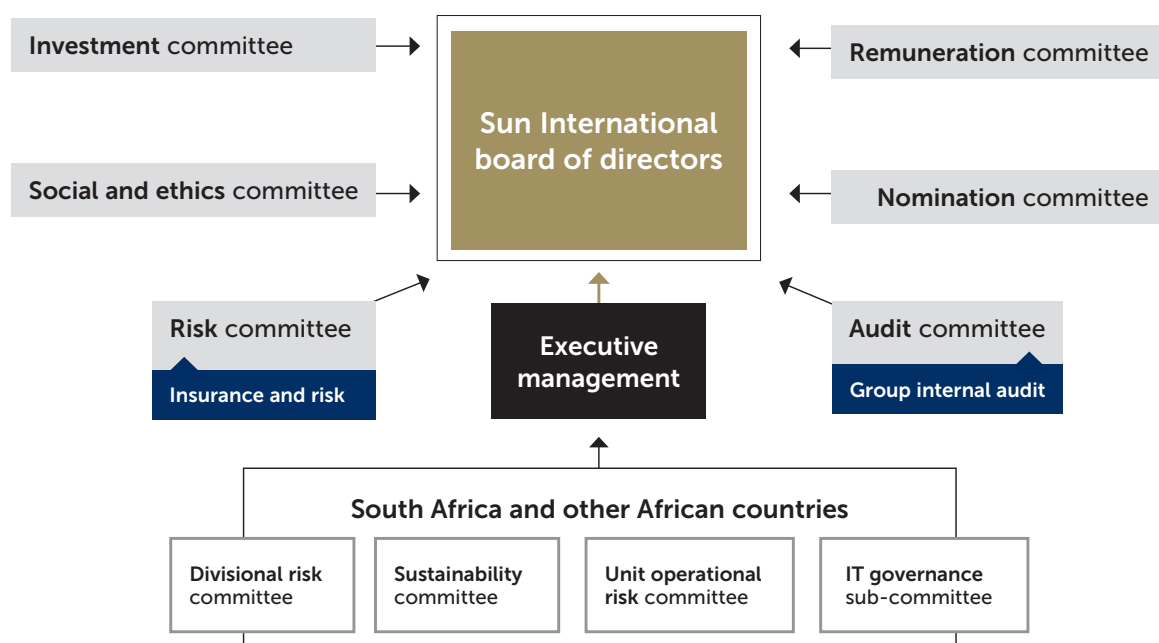
RISK GOVERNANCE

The chairman of the risk committee reports to the board following each meeting, in accordance with the committee's terms of reference. The committee's mandate provides that material matters are reported to the group's audit committee to ensure the committee has appropriate insight into the group's material risks and opportunities, and to avoid duplication of matters within the remit of both committees. The board, through the audit and risk committees, considers the risks and opportunities the group may face. It also seeks the assurance of the risk committee chairman that the risks have been assessed and mitigated by management. The chairman of the audit committee is a member of the risk committee. The interaction between these two committees is such that the audit committee has an oversight role, specifically in relation to financial reporting risks.



Risk governance structure

The risk governance structure below depicts the various management and board committees responsible for the risk management process group-wide. GIA's annual internal audit plan includes a review of the risk methodology application consistency, the effectiveness of risk controls and the risk governance structure.



Combined assurance model

The group's combined assurance model is presented below and consists of internal assurance (management and internal audit) and external assurance (external audit).

EXTERNAL
AUDIT

INTERNAL
AUDIT

MANAGEMENT

External audit evaluates:

- Accuracy, transparency and integrity of information
- Reliable and accurate reporting of information and risks
- Effectiveness of operating processes and governance structures

GIA evaluates:

- Reliability and integrity of information
- Effectiveness of operating processes and governance structures
- Reliable and accurate reporting and communication of risks
- Safeguarding of assets
- Compliance with laws, regulations and controls

Management:

- Collects, reviews and reports on specific risks
- Identifies mitigation measures and identifies responsible and accountable risk managers
- Minimises and controls risk

TOP 10 RISKS

The risk table below identifies the group's top 10 risks as at 31 December 2020. These risks are discussed in detail and include Sun International's level of control, key stakeholders impacted and primary board committee; responsible for oversight. For the year under review risk 1 (coronavirus (Covid-19)) is a new risk and risk 8 (succession for critical positions) and risk 10 (cyber threats and information security) moved into the top 10 risks.

The following risks moved out of the top 10 or are no longer relevant compared to 2019

- **Illegal gambling** (2019: Risk 10) was combined with erosion of market share due to Electronic Bingo Terminal (EBTs) and Limited Pay-out Machines (LPMs) in catchment areas (2019: Risk 3) to form a new risk called Erosion of market share due to other forms of gaming
- **Non-renewal or significant cost of renewal of SCJ licences** (2019: Risk 5) – not applicable as we disposed of Sun Dreams in Latam
- **Loss of Grandwest casino licence exclusivity** (2019: Risk 7) – in November 2020, it was rated as risk 17
- **Civil protests and riots** (South Africa and Latam) (2019: Risk 9) – not applicable as we disposed of Sun Dreams in Latam and riots no longer an issue in South Africa.

RISK RANKING	RISK DESCRIPTION	RESIDUAL RISK	CHANGE IN SEVERITY	2019 RISK RATING	STRATEGIC OBJECTIVE
1	Coronavirus (Covid-19)	Extreme	●	(2019: n/a)	
2	Weak economic conditions	Extreme	▲	(2019: 2)	
3	Smoking legislation	Moderate	◆	(2019: 1)	
4	Increase in gaming taxes and levies	Moderate	◆	(2019: 4)	
5	Increased demands from stakeholders (minority shareholders, communities and local suppliers)	Moderate	◆	(2019: 6)	
6	Erosion of market share due to other forms of gaming	Moderate	▲	(2019: 3 and 10)	
7	Ongoing changes in licence conditions	Within appetite	◆	(2019: 8)	
8	Succession plans for critical roles	Within appetite	▲	(2019: 14)	
9	Cyber threats and information security	Within appetite	▲	(2019: 12)	
10	Infrastructure management and maintenance	Within appetite	◆	(2019: 18)	

Improve our existing operations and our guest experience

Protect and leverage our existing asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

CHANGE IN RISK SEVERITY: ◆ UNCHANGED ▲ INCREASED ▼ DECREASED ● NEW RISK

VALUE
CREATION

OUR PRESENCE
AND GROUP
STRUCTURE

OPERATING
ENVIRONMENT

BUSINESS
MODEL

STAKEHOLDER
ENGAGEMENT

MATERIAL
MATTERS

RISK
MANAGEMENT



VALUE
CREATION

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BUSINESS
MODEL

STAKEHOLDER
ENGAGEMENT

MATERIAL
MATTERS

RISK
MANAGEMENT



1 CORONAVIRUS (COVID-19) (2019: n/a)

RISK DESCRIPTION

The coronavirus (Covid-19) is an infectious disease that has brought about global pandemic. This pandemic severely impacted our business operations and revenue across our gaming, hospitality and supply chain areas

Risk category:

Business interruption

Residual risk	Sun International's level of control
Extreme	Limited
Primary board committee	Risk, audit, social and ethics and remuneration committees
Key stakeholders	Employees, customers, shareholders, suppliers, communities

RISK MITIGATION

- Implemented Covid-19 protocols, training of staff and general awareness among customers and guests
- Reduced employee salaries and hours to contain costs
- Implemented retrenchment processes (voluntary and early retirement)
- Applied to gaming boards to turn on all slot machines given the high-quality shields installed, social distancing (only every second machine operational) and cleaning protocols at casinos
- Concluded a rights issue (R1.2 billion) to strengthen the group's liquidity position
- Continued to update requirements as the Covid-19 levels changed

OUTLOOK

- The second wave of Covid-19 impacted South Africa at the end of December 2020 and prompted the reinstatement of certain lockdown conditions, which continue to amplify pressure on South Africa's economy, consumer spend and travel
- Government aims to roll out its vaccine strategy, including a three-phase distribution process, during 2021 to contain the virus
- Sun International will continue with reduced work hours and employee salary adjustments

CHANGE IN RISK SEVERITY:

- UNCHANGED
- INCREASED
- DECREASED
- NEW RISK

2 WEAK ECONOMIC CONDITIONS (2019: 2)

RISK DESCRIPTION

South Africa's economy has deteriorated due to ongoing corruption and crime, which was exacerbated by the global Covid-19 pandemic

Risk category:

Financial sustainability

Residual risk	Sun International's level of control
Extreme	Limited
Primary board committee	Risk and audit committees
Key stakeholders	Shareholders and potential investors and employees

RISK MITIGATION

- Focus on improving our customer experience and engagement by:
 - Relaunching our Most Valued Guest (MVG) programme with a clearer and more meaningful offering
 - Developing a Sun International mobile app for both our leisure and casino customers
 - Changing our booking engine to drive an increase in direct bookings and improve the customer experience when making bookings
 - Implementing a new gaming system (Playtech) in a phased approach beginning in 2021, that will enhance our customer experience
- Ongoing focus on improving operational and resource efficiencies as well as cost containment across the group
- Strengthened our balance sheet and improved our liquidity position by concluding a R1.2 billion rights issue and utilising the proceeds from the disposal of our 65% investment in Sun Dreams to reduce debt

OUTLOOK

- The weak economic climate is set to continue and Covid-19 will add additional economic pressures for corporates and consumers. South Africa's energy supplier remains fragile and high energy costs persist, which impact growth opportunities. Crime and corruption are still a concern and continue to impact our economy

3

SMOKING LEGISLATION

(2019: 1)

RISK DESCRIPTION

South Africa's draft Control of Tobacco Products and Electronic Delivery System Bill, 2018 was published in May 2018 and includes a ban on smoking (including e-cigarettes) in public areas (both indoor and outdoor areas). This proposed legislation will have a significant impact on the group's casino revenues

Risk category:

Regulated operating environment

Residual risk	Sun International's level of control
Extreme	Limited
Primary board committee	Risk committee
Key stakeholders	Employees, customers, health authorities and shareholders

RISK MITIGATION

- Submitted comments on the proposed Tobacco Bill against the May 2018 draft and we await government's view on the collective submissions made
- Continue to lobby and engage with the Casino Association of South Africa (CASA), the gaming boards, trade unions and other affected corporates

OUTLOOK

- The South African legislation is not expected to be enacted in the 2021 financial year
- The group continues to lobby and coordinate efforts with other affected industries
- The group's legal department continues to monitor changes and/or movement on the proposed bill

CHANGE IN RISK SEVERITY:

- UNCHANGED
- INCREASED
- DECREASED
- NEW RISK

4

INCREASE IN GAMING TAXES AND LEVIES (2019: 4)

RISK DESCRIPTION

Various provincial gaming boards have implemented and/or proposed increases to gaming taxes and levies in 2020. Where the increases have become effective the group is obligated to comply with the increases, however the group continues to engage with the various gaming boards directly and through CASA on these increases

Risk category:

Regulated operating environment

Residual risk	Sun International's level of control
Extreme	Limited
Primary board committee	Risk committee
Key stakeholders	Gaming boards, CASA, provincial government and shareholders

RISK MITIGATION

- Monitoring CASA's progress in challenging the increase on grounds of a procedural and fairness basis
- Lobbying and challenging proposed gaming tax legislation is ongoing for the group
- In certain circumstances Sun International is obliged to pay increases in gaming taxes and levies pending the outcome of the various challenges we have raised

OUTLOOK

- Currently the group is not aware of any additional increases in gaming taxes or levies
- We anticipate engaging more constructively with gaming boards in the future regarding compliance costs associated with a gambling business

VALUE
CREATION

OUR PRESENCE
AND GROUP
STRUCTURE

OPERATING
ENVIRONMENT

BUSINESS
MODEL

STAKEHOLDER
ENGAGEMENT

MATERIAL
MATTERS

RISK
MANAGEMENT

5 INCREASED DEMANDS FROM STAKEHOLDERS (minority shareholders, communities and local suppliers) (2019: 6)

RISK DESCRIPTION

There have been ongoing demands from local communities and local suppliers surrounding our operations, ranging from procurement, employment and shareholding to land opportunities. Political parties are increasing their involvement and local B-BBEE shareholders' requests are increasing

Risk category:

Regulated operating environment

Residual risk	Sun International's level of control
Moderate	Medium
Primary board committee	Social and ethics committee
Key stakeholders	Shareholders, communities and suppliers

RISK MITIGATION

- A formal community engagement management plan is in place to improve community dialogue and to identify community needs
- Continued to support local B-BBEE procurement and enterprise development within communities surrounding group operations, through our supplier registration database and our online tender notice board
- Additional CSI and SED spend has been allocated to address some of the community needs identified as part of our ongoing community engagement strategy
- Developed and improved guest platforms to report and address guest questions, concerns, complaints and suggestions
- Building on our existing Sun Talk platform to improve communication with employees
- Regular focused communication with interested stakeholder groupings such as our debt funders, shareholders and equity partners

OUTLOOK

- It is expected that increased stakeholder demands will continue, given the weak economic environment and the additional impact of Covid-19
- Sun International will continue to proactively engage with stakeholders on their concerns

CHANGE IN RISK SEVERITY:

- ◆ UNCHANGED
- ▲ INCREASED
- ▼ DECREASED
- NEW RISK

6 EROSION OF MARKET SHARE DUE TO OTHER FORMS OF GAMING AND LEVIES (2019: 3 and 10)

RISK DESCRIPTION

The proliferation of Illegal gambling operations, the availability of casino-style games offered by non-casino licensees and the operation of EBTs continue to erode gaming revenues

Risk category:

Increased competition

Residual risk	Sun International's level of control
Moderate	Limited
Primary board committee	Risk committee
Key stakeholders	Gaming boards, CASA, South African Police Service (SAPS) and provincial and national government

RISK MITIGATION

- Engaged with a financial institution to ascertain the viability of blocking bank accounts of persons who are participating in illegal gambling activities
- Continuing to participate in the National Illegal Gambling Enforcement Forum consisting of the SAPS and National Gambling Board (NGB)
- Lobbying gaming boards for support from law enforcement agencies
- The company leverages developments in the online sports betting business to offset the erosion of revenue

OUTLOOK

- It is anticipated that alternative casino-style games will continue to grow
- The group's strategy is to keep abreast of the changing landscape in the online gaming environment. CASA is considering its options to challenge unlawful gambling through the Advertising Regulatory Board and provides regular updates to Sun International

7

ONGOING CHANGES IN LICENCE CONDITIONS (2019: 8)

RISK DESCRIPTION

Regulators continue to propose more onerous licence conditions that will impact the group's licence compliance and profitability

Risk category:

Gaming and other operating licences

Residual risk	Sun International's level of control
Within appetite	Medium
Primary board committee	Risk committee
Key stakeholders	Gaming boards, provincial government, shareholders and potential investors

RISK MITIGATION

- Finalising the Gaming Board approvals for the proposed changes to gaming operations
- Finalising licence conditions with various gambling boards
- Proactively improving relationships with gambling boards
- Maintaining or improving the group's current B-BBEE levels in South Africa
- Continuing to adhere to current licence conditions and regularly providing feedback to gaming boards on our compliance status

OUTLOOK

- The group continues to proactively engage with the relevant gaming boards
- Covid-19 restrictions may impact our B-BBEE levels, that could impact our compliance licence conditions which have already been entrenched in the business

CHANGE IN RISK SEVERITY:

- ◆ UNCHANGED
- ▲ INCREASED
- ▼ DECREASED
- NEW RISK

8

SUCCESSION PLANS FOR CRITICAL ROLES (2019: 14)

RISK DESCRIPTION

Lockdown and business closures deviated attention from comprehensive employee talent reviews. This has led to the loss of critical skills and/or infrastructure to drive the business forward

Risk category:

Human resources, labour and transformation

Residual risk	Sun International's level of control
Within appetite	High
Primary board committee	Risk and social and ethics committees
Key stakeholders	Employees, shareholders

RISK MITIGATION

- Succession plans are in place and aligned to best practice. New employees are identified annually, based on our operating requirements and natural attrition
- Our talent management approach was enhanced with additional assessment processes to refine the approach and create greater momentum in building succession talent pools for critical roles
- Ongoing focus on equal pay for work of equal value in the group
- Transformation and general equality are incorporated in all new employee appointments

OUTLOOK

- The economic crises continue to impact on critical roles in South Africa as employees are seeking alternative opportunities abroad



9 CYBER THREATS AND INFORMATION SECURITY (2019: 12)

RISK DESCRIPTION

Increasing interconnectivity, globalisation and commercialisation of cybercrime are driving greater frequency and severity of cyber incidents, including data breaches. These data breaches could lead to system unavailability, business disruption and reputational damage. Remote working due to lockdown has increased the risk of cyber threats

Risk category:

Business interruption

Residual risk	Sun International's level of control
Within appetite	High
Primary board committee	Risk committee
Key stakeholders	Employees, shareholders and potential investors

RISK MITIGATION

- A cyber insurance policy was put in place to mitigate risk exposure.
- Assessing the regulatory environment and impact to the group
- Enhancing our security protocols to combat new data breach threats
- Establishing a vulnerability management practice to provide reporting, monitoring and execution of identified threats across the application and infrastructure landscape
- Conducting independent internal and external penetration testing to understand current threats and vulnerabilities

OUTLOOK

- It is key to protect our critical data and digital assets, which are managed through an effective and robust information security management system. While there has been an increase in targeted attacks, there has been no breach of our data or systems
- Phishing attempts are the primary attack type and our focus area for 2021 is to enhance our awareness and communication to employees
- As we look at more cloud-based technology solutions, we have initiated a project to manage our cloud security controls

CHANGE IN RISK SEVERITY:

- ◆ UNCHANGED
- ▲ INCREASED
- ▼ DECREASED
- NEW RISK

10 INFRASTRUCTURE MANAGEMENT AND MAINTENANCE (2019: 18)

RISK DESCRIPTION

Ageing property infrastructure needs to be assessed and preventative maintenance defined and implemented. An increase in proactive maintenance processes will result in an improved unit and guest experience resulting in less reactive maintenance

Risk category:

Protect and leverage our existing asset portfolio

Residual risk	Sun International's level of control
Within appetite	High
Primary board committee	Risk committee
Key stakeholders	Shareholders, guests and employees

RISK MITIGATION

- Due to Covid-19, major focus was placed on the correct procedures and processes for the closing down of infrastructure and recommissioning at reopening
- During lockdown work was carried out on infrastructure maintenance to capitalise on the downtime
- A new facilities management service provider took over the engineering management at Sun City and reintroduced a comprehensive preventative maintenance programme
- Various new standard operating procedures (SOPs) were issued to all units to allow businesses to embed the new preventative maintenance processes
- Ongoing audits and monitoring of utility bills assist in identifying water leakages and energy inefficiencies at units

OUTLOOK

- Most units are reaching their 20-year age profile, with some units including Wild Coast Sun, Sun City, Boardwalk and Carnival City already older than 20 years. Therefore, unit-specific long-term (five-to 10-year) master plans will be prepared by all units
- All engineering service level agreements and/or contracts are being reviewed and motivated as part of the proactive maintenance programme
- Alternative energy sources will be considered to reduce the risk around inconsistent electricity supply and ever-increasing electricity costs

STRONG BUSINESS RESPONSE

COVID-19 RESPONSE

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STRATEGIC OBJECTIVES

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

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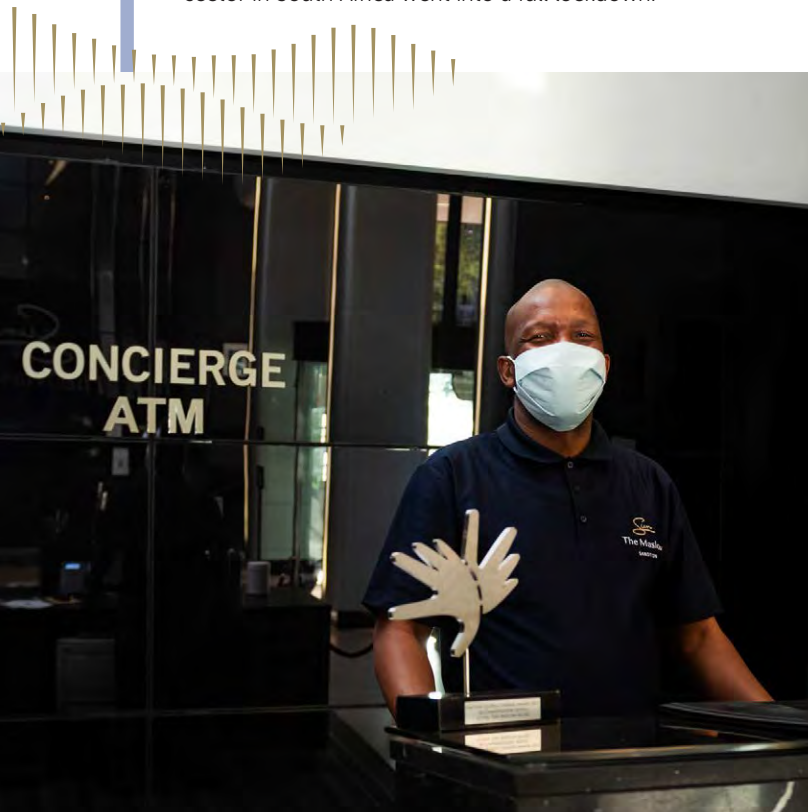


COVID-19 RESPONSE

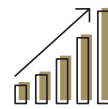
The Covid-19 pandemic had a significant impact on the group, its people and the results for the year ended 31 December 2020. Sun International responded to the crisis quickly, taking decisive action to protect liquidity and minimise cash outflow. Key to our response was our active engagement and communication strategy with government, regulators, lenders, customers, suppliers, partners and employees.

COVID-19 A GLOBAL PANDEMIC

The World Health Organisation (WHO) declared the Covid-19 outbreak a global pandemic on 11 March 2020. On 15 March 2020, President Cyril Ramaphosa declared a National State of Disaster under the Disaster Management Act Regulations Alert Level Framework, following which the gaming, leisure and hospitality sector in South Africa went into a full lockdown.



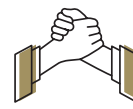
CAPITAL DEPLOYED



Financial



Intellectual

Social and
relationship

Human

Material matters targeted

- Health and safety of group stakeholders
- Socio-economic challenges
- Managing through tough economic conditions
- Customer attraction and retention

Risk impacted

- Coronavirus (Covid-19)
- Weak economic conditions
- Increased demands from stakeholders
- Succession plans for critical roles

SDGs IMPACTED



SUN INTERNATIONAL IMPACT ON OPERATIONS

From the beginning of the National State of Disaster and lockdown in March 2020, Sun International supported government's initiatives to flatten the curve. In response to South Africa's lockdown restrictions, which commenced on 27 March 2020, all our group's operations were closed from late March 2020 to 30 June 2020. With the easing of the lockdown restrictions, our South African casino operations were able to resume trading with effect from 1 July 2020, Sun City recommenced trading in September 2020, once the restrictions on interprovincial travel were lifted, and The Maslow Sandton and The Table Bay hotels resumed operating in October 2020 and November 2020, respectively. Our operations in eSwatini remain closed while our operations in Nigeria resumed trading in September 2020. Casino operations were able to resume operating, subject to strict operational protocols being put in place, and limitations on the number of guests permitted in the casinos of up to 50% of normal guest capacity.

The South African lockdown regulations, which were amended several times materially, impacted our operations. Sun International developed industry-leading interventions in response to Covid-19 and continued updating its Covid-19 protocols accordingly, to ensure ongoing compliance. Regulations included the imposition of curfews, the prohibition of the sale and distribution of alcohol, venue capacity limitations linked to strict sanitation protocols and social distancing measures. As at the date of this report, our casinos continue to be impacted by the curfew and are trading at reduced capacity.



Preventing stakeholder harm remains a priority, as well as protecting our reputation as a memorable destination of choice.

From a governance perspective, Sun International acted swiftly to ensure a proactive Covid-19 response by forming a management crisis committee comprising five key executives, who steered the group through the crises. Covid-19 compliance officers were appointed at each unit to implement and monitor Covid-19 protocols developed. A Covid-19 committee was established at each unit that reported to the management crisis committee, which kept the board updated on the group's progress.

We also implemented best practice Covid-19 protocols at all operations prior to their reopening. These protocols helped us to significantly minimise the risk of Covid-19 exposure at all properties. The group's actions not only ensured that Sun International was in a strong position to deal with the lockdown and the restrictions imposed on its operations, but more importantly, they have placed the group in a strong position for a post-Covid-19 sustainable recovery.

SPECIFIC KEY STAKEHOLDER ACTION TAKEN IS DISCUSSED BELOW.

EMPLOYEES

Our employees showed tremendous resilience and commitment during this unprecedented time as they faced both personal and financial hardships. Specific actions impacting employees included:

- Ongoing engagement and communication (Sun Talk, WhatsApp, email, videos and podcasts)
- Extensive Covid-19 protocol training
- Remote working opportunities
- Formulating start-up post-lockdown operational plans, including detailed safety protocols
- Wellness programme – One Sun Wellness for employees and their families
- Salary adjustments from April 2020 and reduced work hours
- R1.6 million education funding contribution to employees and their families through the group's Changing Lives campaign
- Prescribed personal protective equipment (PPE) – masks, shields, sanitiser

COMMUNITIES

Most of our properties are located within communities. We implemented the following to cater for our communities' needs through the pandemic:

- Expanded our SED policy to cater for special projects to align with the needs of communities
- Increased community engagement and communication
- Implemented CSI projects to address specific needs identified in communities

CUSTOMERS AND GUESTS

It was imperative to ensure that we provided a safe environment when our customers and guests returned to our casinos, hotels and resorts. Specific actions taken to achieve this included:

- Ongoing engagement and communication on property closures and reopening, and Covid-19 protocols
- Social distancing initiatives and limited capacity at resorts
- Staff training to provide Covid-19-compliant customer and guest service
- Formulating start-up post-lockdown operational plans, including detailed safety protocols
- PPE – sanitiser and industry best practice screens installed at our casinos between slots and table seats
- Providing innovative product offerings like the Black Pearl Tournament
- Transitioning to a new gaming system, which includes an omni-channel solution that combines online and land-based casinos into one platform with a shared wallet, rewards system, marketing and reporting



SUPPLIERS

Due to Covid-19 and with operational closures, procurement spend declined significantly. Suppliers were understanding of the group's financial constraints when operations were closed. Specific actions impacting suppliers included:

- Ongoing engagement and communication
- Payment holidays and waivers were granted during lockdown to certain suppliers who had enterprise and supplier development loans from Sun International
- Continued to provide business development support
- Renegotiated supplier contracts where relevant

GOVERNMENT AND INDUSTRY BODIES

These stakeholders were vital to ensuring that our industry opened at alert Level 3 as opposed to alert Level 1. Specific actions taken to achieve this included:

- Proactively collaborating with industry bodies and lobbying government to open our industry at alert Level 3
- Assuring government that Sun International's Covid-19 health and safety protocols were best practice, and that employees, customers and guests would be safe once operations opened
- Continuing to monitor, review and update our Covid-19 protocols in line with required lockdown specifications

LOOKING AHEAD

It is clear from our recent trading results that the above-mentioned actions are paying off with growth in market share in key markets since the lockdown and, despite lower revenues, satisfactory adjusted EBITDA and margins achieved in the last quarter of 2020. During the fourth quarter the South African operations generated EBITDA of R678 million at an EBITDA margin of 32% with income at only 70% of 2019 levels.

The South African government vaccine rollout strategy follows a three-phased approach, and it is envisaged that Sun International will follow a similar process.

EQUITY PARTNERS, SHAREHOLDERS AND DEBT FUNDERS

Due to a sharp decline in economic activity and the prolonged operations' closure, it was critical to maintain cash flows and safeguard our funding facilities, in order to keep paying service providers and salaries and position the group when operations reopened.

Critical actions taken included:

- Proactively engaging with lenders in respect of debt service and covenant waivers
- Addressing the short-term liquidity risks, including up to a 60% reduction in payroll costs, deferring all capital investment other than critical spend, reducing operating costs and negotiating with service providers and suppliers for either a waiver, reduction or deferment of payments
- Focusing on cost reductions, optimising working capital, prioritising capital investment, formulating plans to achieve operational efficiencies and articulating plans to restructure certain parts of the group's business
- Announcing the closure of both Naledi Sun and Carousel
- Concluding a R1.2 billion rights offer to preserve liquidity and strengthen the group's balance sheet
- Disposal of the group's interest in Sun Dreams

Phase 1 is not applicable to the group as it involves the vaccination of healthcare workers. Phase 2 will include all guest-facing staff and employees with comorbidities within Sun International. Phase 3 will include all other Sun International employees.

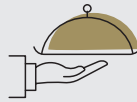
A group vaccination policy is also being developed that will outline how we will manage the workplace vaccination programme. Importantly, even when our employees are vaccinated, general Covid-19 protection measures, such as the wearing of masks and physical distancing, will continue until such time as the regulations prescribing these control measures are retracted.

STRATEGIC OBJECTIVES

Sun International's five strategic objectives are the foundation of how we operate our business, identify and manage risks and opportunities and measure value preservation, creation and/or erosion. These strategic objectives are informed and shaped by our material issues and operating environment. The information contained in this section expands on the chief executive's overview according to each of the group's five strategic objectives.

The group's strategic objectives remained unchanged for the year under review. To distinguish our progress on and priorities for guests through process and system improvements, the first strategic objective has been divided into two focus areas, namely 'Improve our guest experience' and 'Efficiency and optimisation of our processes'.

IMPROVE OUR EXISTING OPERATIONS AND OUR GUEST EXPERIENCE



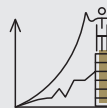
- ▶ The environment we operate in is constantly changing. We therefore frequently review how our business is structured and how we operate to maximise the value we create and improve our guest experience. This ensures that Sun International remains a destination of choice for our existing and new guests.

PROTECT AND LEVERAGE OUR EXISTING ASSET PORTFOLIO



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

GROW OUR BUSINESS INTO NEW AREAS AND PRODUCTS



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

OUR PEOPLE



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

GOVERNANCE AND SUSTAINABILITY



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



IMPROVE OUR EXISTING OPERATIONS AND OUR GUEST EXPERIENCE



03

STRONG BUSINESS RESPONSE

Efficiency and optimisation

Ongoing process and systems optimisation continued to yield positive results in a constrained economic environment that was exacerbated by prolonged lockdowns. Improved information quality ensures we can make better and more informed strategic decisions, leading to improved guest experiences.

OUTCOMES

Restructuring and retrenchments impacted 2 195 employees with an estimated annual cost saving of R291 million

Improved operating efficiencies and margins

Extensive Covid-19 health, safety and wellness training

Realised cost savings are estimated in excess of R250 million by revising service provider contracts and outsourcing certain functions (facilities management, maintenance and certain food and beverage outlets)

Central office restructure impacted 63 employees with an estimated cost saving of R50 million

FOCUS AREAS

SELF-ASSESSMENT: Achieved/Good progress In progress Limited progress/No progress

OUR FOCUS FOR 2020	WHAT WE ACHIEVED	SELF-ASSESSMENT
Continuing to extract efficiencies and relevant business intelligence to make informed strategic decisions group-wide	Lockdown provided time to further analyse our business operations, which resulted in cost savings in excess of R250 million Implemented the restructuring of our resort properties as well as the consolidation of gaming operations at all our casinos resulting in an estimated annual cost saving of R291 million	
Further leveraging systems integrations and continuing to improve standardised operating procedures	Lockdown prevented further systems integrations and a revision of standardised operating procedures	
Embedding defined labour productivity standards	Implemented a new employee category to ensure employee multi-skilling and advance scheduling module, which improved staff management, productivity and labour costs	
Continually evaluating and enhancing gaming systems to ensure we remain competitive	The group will be transitioning to the world's largest online gaming software system, Playtech	
Reviewing our gaming system to determine the best way forward from a customer service perspective and overall cost of ownership	Refer to link for detail on this implementation process	
Determining whether to outsource certain food and beverage outlets	Certain food and beverage outlets outsourced at Sun City, Golden Valley, Flamingo, Windmill and Meropa	

LOOKING AHEAD

- Continuing to extract efficiencies and relevant business intelligence to make informed strategic decisions group-wide
- Focusing on the quality and variety of food and beverage options as well as further margin improvements
- Implementing the IFS maintenance module to proactively manage maintenance and ageing infrastructure
- Using our employee scheduling system (Kronos) more effectively at properties to better manage labour demand and costs
- Focusing on guest service training
- Implementing a new group reservation solution to improve efficiencies and guest experience

CAPITALS DEPLOYED



Human



Financial



RISKS IMPACTED

- Coronavirus (Covid-19)
- Weak economic conditions
- Ageing infrastructure

SDGs ADDRESSED



MATERIAL MATTERS TARGETED

- Customer attraction and retention
- Health and safety of group stakeholders
- Service delivery and customer satisfaction



COVID-19 IMPACT

- Closure of operations allowed for a deep dive into exploring further efficiencies resulting in over R250 million cost savings
- The restructuring process at certain properties assisted with cost containment for future sustainability and margin improvement
- Identified specific functions that could be combined to be more cost-effective, provide better customer service and upskill employees

COVID-19 RESPONSE

STRATEGIC OBJECTIVES

Improve our existing operations and our guest experience

Protect and leverage our existing asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

Corporate governance report



OVERVIEW

Efficiencies and restructuring

The group's ongoing efforts to manage costs, implement efficiencies and improve the customer experience were bearing fruit prior to the onset of the Covid-19 pandemic. Management was also in the process of reviewing employee structures at certain marginal operations as well as the cost base across our local South African operations. We concluded the South African central office restructure in February 2020, resulting in a headcount reduction of 63 and realising a total cost of employment saving of approximately R50 million per annum. The closure of our operations gave us the chance to undertake an in-depth review of our processes, operating structures, systems and guest offering and experience. This review resulted in the identification of cost savings in outsourcing and service provider contracts, IT systems and other general costs in excess of R250 million. We also noted areas where related functions could be consolidated to save costs and also enhance our customer experience. We embarked on a further Section 189A retrenchment process in June 2020, which impacted Sun City, The Maslow Sandton, Boardwalk, The Table Bay, The Wild Coast Sun, Meropa, Windmill, Flamingo, Golden Valley, Naledi Sun and The Carousel with an estimated annual cost saving of R291 million. In addition, a consolidation of casino operations commenced at all our casinos.

In response to Covid-19, we increased focus on cost reductions, optimising working capital, prioritising capital investment, formulating plans to achieve operational efficiencies and ongoing better use of systems, standards and procedures. Our shared services centre has been expanded across the rest of the group's properties, allowing our properties' operational management to enhance focus on our customers, our employees and the internal control environment. Going forward, an IFS maintenance module will be implemented to focus on critical, preventative and infrastructure maintenance to address ageing infrastructure.


Training

On-the-job training, mentoring, succession planning and emphasising the SunWay culture and our CLEAR principles remain some key drivers to ensure our people deliver meaningful customer experiences and improve back-office efficiencies. Due to Covid-19, we initially suspended all face-to-face training and once units started reopening, the return to classroom interaction was carefully monitored to ensure compliance with social distancing. During lockdown, employees were encouraged to study online through tertiary institutions offering online programmes. The Sun Talk platform was used on laptops and smart phones for Covid-19 awareness training and included assessments on training modules. Return-to-work training focused on Covid-19 protocol training around health, safety, wellness and compliance. In 2021, we will focus on retraining employees on guest service delivery using a blended learning approach. This new material emphasises the CLEAR principles and will be tracked and monitored to ensure service levels and customer offerings are constantly improved and refreshed.

System efficiencies and modifications

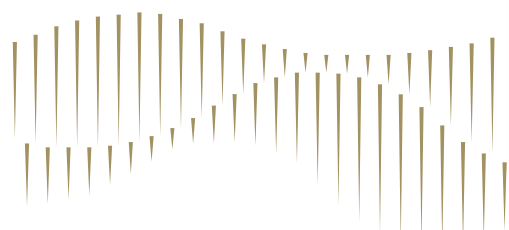
Kronos scheduling system: Kronos allows us to measure labour costs accurately, improve our scheduling according to business demands, improve payroll processing, reduce overtime costs, and manage staff better, based on property demand. During the stringent lockdown, this system facilitated a deep dive into scheduling requirements group-wide to determine what headcount was critical and where we could reduce headcount and contain costs. As lockdown eased, this system also helped with advance notice on staffing requirements to meet customer demand, as patrons returned to our properties. While the big five hotel properties (Boardwalk, GrandWest, Sun City, The Table Bay and Time Square) now have advanced predictive scheduling, we aim to roll this advanced scheduling system out at our smaller properties where feasible. This predictive scheduling will have a positive impact on operational efficiencies, staff productivities and the group's bottom line.

Gaming: We continue to look at modernising our world-class gaming systems to ensure relevance, reduce the cost of doing business and enhance customer service levels. This allows us to make better decisions around customer behaviour and experiences. In determining the most suitable gaming system, we prioritised factors such as improving customer service, enhancing cashless system abilities within regulatory constraints, and integrating marketing, rewards and promotion capabilities. Following our research, the group will be transitioning from our current Bally gaming system to Playtech, which is the world's largest gaming software supplier.

 Details on Playtech, its benefits and our transitioning process are outlined in **Improving our guest experiences**

Food and beverage

Covid-19 negatively impacted our food and beverage operations with limited trade for most of the year. Lockdown regulations including restricted trading hours, limitations on events and a ban on the sale of alcohol weighed heavily against the industry. During the closure of business operations, management took the time to focus on efficiencies and the quality of food and beverage offerings across its operations, to improve profitability and ensure high food and beverage standards are maintained or enhanced to attract and retain customers. Emphasis was placed on staffing and scheduling due to reduced business levels. A group-wide evaluation of all food and beverage outlets was performed, which resulted in specific outlets, at certain properties, being outsourced to improve profitability, namely Sun City, Golden Valley, Flamingo, Windmill and Meropa. Cost structures were also examined for efficiencies and additional cleaning and chemical costs were incurred due to compliance with Covid-19 protocols. However, overall costs were controlled during the year.



Improve our guest experience

The group's two greatest assets are our people and our properties. Lockdown severely hampered operations and our ability to create great memories for our guests during 2020. However, we are committed to remaining relevant in our new business 'unusual'.

OUTCOMES

Proactive lobbying ensured casinos and hotels opened on alert Level 3 with all Covid-19 health and safety protocols in place

Signed up with Global Hotel Alliance – the world's largest alliance of independent hotel brands

Streamlined synergies between SunBet and MVG

Relaunched SunScapes to promote our iconic property offerings to the South African leisure market

Enhanced our MVG benefits and donated a portion of MVG leisure points to the Solidarity Fund in support of people impacted by Covid-19

Launched Sun Studio – a flexible, creative and innovative hybrid conferencing and event streaming offering

In the process of transitioning to a new gaming system Playtech

Expanded our alternate gaming offering in this growing market

FOCUS AREAS

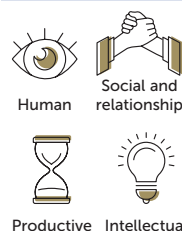
SELF-ASSESSMENT:  Achieved/Good progress  In progress  Limited progress/No progress

OUR FOCUS FOR 2020	WHAT WE ACHIEVED	SELF-ASSESSMENT
Improving customer service to achieve our targeted satisfaction rate of 85% (gaming and hospitality) and 90% (Privé gaming customers) group-wide	Suspended our customer service during hard lockdown (levels 4 and 5) and refined our customer questionnaires to further improve our guest experience	
Driving footfall through marketing, ongoing property refurbishments and new product offerings	Footfall limited due to social distancing protocols in place. Critical maintenance and refurbishments took place at certain properties	
Exploring opportunities to expand Sun International's Vacation Club in new and complementary destinations	Progress ongoing, strategic growth plan defined with opportunities currently being explored	
Considering options to sign up with new international cruise line operators	Agreement in place with Crystal Cruises, but due to Covid-19 cruise liners still not operational	
Better leverage our iconic properties' gaming and hospitality offerings to further grow the SunBet market	Excellent growth noted in our SunBet online sports betting offering. Launched and hosted the Black Pearl Roulette tournament group-wide	

LOOKING AHEAD

- Emphasising Covid-19 customer health and safety protocols
- Continuing to improve customer service levels through employee service training and employee engagement and recognition
- Focusing on VIP product and customer service standards at all casino properties, as well as focusing on our VIP guests through a VIP play development programme to enhance their personal experience
- Finalising the integration of all hotels within the Global Hotel Alliance and MVG signups
- Focusing on MVG signups, activation and retention of MVG customers
- Promoting our resorts for gaming opportunities
- Launching additional group-wide tables and slots tournaments
- Implementing an online customer booking platform to streamline bookings
- Driving direct domestic leisure bookings at resort properties

CAPITALS DEPLOYED



RISKS IMPACTED

- Coronavirus (Covid-19)
- Weak economic conditions
- Infrastructure management and maintenance

SDGs ADDRESSED



MATERIAL MATTERS TARGETED

- Customer attraction and retention
- Health and safety of group stakeholders
- Service delivery and customer satisfaction



COVID-19 IMPACT

- Customer service indicators not monitored while operations were closed, but resumed when operations reopened
- Stringent international travel restrictions have slowed down international travel to our properties
- Our strategic partnership with Resorts at Sea-Crystal Cruises was impacted by lockdown
- Online alternate gaming gained momentum
- Ongoing proactive customer engagement through various mediums (social media, direct, MVG, website, competitions)

COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

Improve our existing
operations and our
guest experience

Protect and
leverage our
existing asset
portfolio

Grow our
business into
new areas and
products

Our people

Governance and
sustainability

Corporate
governance report

Sun

OVERVIEW

Sun International's purpose of creating memorable experiences for our customers was significantly impacted by the pandemic, as our properties were closed for about three to five months and restricted travel (local and international) further hampered operations. With the gradual easing of lockdown restrictions and the staggered reopening of all our operations, our focus remained one of instilling a customer-first culture at our properties, which is reinforced through our values and the SunWay formula for success. Our new central office structure began to show positive signs of improved synergies across our gaming and hospitality divisions, which will continue to enhance memorable guest experiences and customer satisfaction levels.

Customer satisfaction

During hard lockdown (levels 4 and 5) we suspended all guest services and our customer satisfaction function. This afforded us the opportunity to realign our customer questionnaires to be more relevant and user friendly. Once our operations were reopened, we resumed this customer satisfaction function and encouraged customers to rate their experience at each unit. Customer satisfaction scores are aligned to relevant employees' key performance indicators (KPIs) to drive the correct behaviour. Their comments provide qualitative and quantitative information to help us determine areas where we can improve, and where our strengths lie. While we have not reported customer satisfaction rates in 2020, as they would be skewed by the Covid-19 impact, going forward we will measure these satisfaction levels against our satisfaction targets of 85% (gaming and hospitality) and 90% (Privé gaming customers).

Due to Covid-19, we switched our ongoing customer service training to online, where possible, to cater for remote working conditions and where relevant resumed safe face-to-face training when properties reopened. This training continues to enhance our service offering and customer experience, and to empower employees in line with the group's employee value proposition. We also introduced our SunStars service excellence recognition programme as well as several unit-specific recognition awards that recognise our employees for professional and excellent service.

Sunshare is our customer feedback platform where any questions and complaints about general service are addressed and resolved at each property. Our automatic complaint escalation process ensures that each complaint is resolved in a timely and suitable manner. Our case management system pre-emptively provides a customer's history when they contact us and continues to improve customer service and satisfaction levels. Encouragingly, during 2020 we closed out 84% of our customer queries and complaints, which also contributes to improved service delivery and improved customer satisfaction.

Footfall

Footfall at properties was severely impacted by Covid-19 when operations closed. Upon reopening, we remained active in driving footfall while being mindful of the strict social distancing protocols necessary, to ensure customers could enjoy our property offerings without compromising their health and safety. We also adapted our marketing strategy to align with Covid-19 protocols and reminded customers of our entertainment appeal.

One such successful activation that was marketed across all casinos included our Black Pearl Roulette Tournament, with over R2 million in prize money up for grabs. The registration and participation of our customers far exceeded our expectations with a total of 1 987 registrations. The electronic registration made it seamless and enhanced the customer experience, as it enabled the customer a choice of participation, freedom to register at a time of their convenience and allayed the fear of Covid-19. The grand finale at Time Square has set the benchmark for positioning Sun International as the home of group-wide gaming tournaments and has restored our prestige to delivering world-class gaming events. The excitement and activity generated by this tournament resulted in excellent returns. Due to the tournament's success, a group-wide gaming tournament calendar is being initiated to capitalise on future tournaments and exploit cross-selling opportunities, especially between our resorts and casinos.

To create more synergy between our product offerings in the online space and land-based casinos, we formulated a concept to bring SunBet on board as a sponsor for a bonus prize in the Black Pearl Roulette Tournament grand finale weekend, and provided a platform for them to engage directly with the casino VIP players. The primary objective from a SunBet perspective was brand awareness as the online gaming arm of Sun International as well as creating awareness for new and improved product offerings.

Our digital department was instrumental in using data optimally and collaborating with marketing to interpret social media data and enhance engagement with our customers. We also recruited a digital marketing resource at the end of 2020, whose speciality includes trigger-based communications, which will enhance our customer engagement and offerings.

Food and beverage

Covid-19 protocols around health and safety directly impacted our food and beverage offerings. All food and beverage standard operating procedures were updated and aligned with Covid-19 legislation to ensure compliance. All operations inspected by government were not only compliant, but exceeded minimum requirements. For example, we provided an assisted semi-buffet service at breakfast venues with our hot food displayed behind screens and our chefs provided plating assistance to guests. The cold continental selection was displayed and packaged in single use, disposable and recyclable packaging. This allowed us to maintain a sense of familiarity and a visual aspect for guests at our buffets with variety and selection, while maintaining Covid-19 protocols. Our supplier relationships during this difficult time allowed us to continue sourcing quality products and ingredients to further enhance our guest experience. Our new MVG food and beverage discount programme was launched in 2020 for MVG members at all Sun International outlets, further enhancing our MVG customer value proposition.

Maintenance and refurbishments

Most units utilised the lockdown to do maintenance and upgrades at our properties. At Sun City, we completed the Cascades bedroom soft refurbishments and replaced the guest lifts. The Valley of the Waves infrastructure was upgraded and we focused on our ageing infrastructure across the resort. We are planning to commence with The Palace bedroom refurbishment in 2021. At Carnival City Hotel we refurbished a further 42 bedrooms and going forward, the final 48 rooms will be refurbished. At GrandWest and The Boardwalk, a refurbishment of the Privé is in the planning stages and should commence in 2021. The proposed Boardwalk Mall development will commence in April 2021 and in the interim, the lake will be drained in accordance with environmental approvals. The mall's design development is also at an advanced stage. Phase 1 of this project will be completed by mid-November 2021. The mall will be completed by the end of September 2022.

Sun City Vacation Club

The Sun City Sun Vacation Club continues to enjoy high average occupancy rates of 79% since opening on 1 September 2020, compared to the prior year's occupancy rate of 84%. A children's jump park was also opened in September 2020. The Sun Vacation Club is earmarked as an opportunity to expand our timeshare offering to possibly the Western Cape and KwaZulu-Natal, which will offer guests a variety of experiences. This will also position the group to open its own timeshare exchange, thereby making all iconic vacation club properties available to owners and guests, creating an additional rental income stream and memorable guest experiences.

SunBet sports betting

SunBet remains an excellent strategic growth opportunity for the group and our premium international online sports betting platform provider (Kambi) continues to enrich our customers' online sports betting offering. SunBet achieved positive results in a year where sport was suspended for more than two months and major events like the Olympics, Euro 2020 and Wimbledon were postponed or cancelled. We achieved a 33% increase in the number of players signed up to the platform and a 2% decrease in gross gaming revenue (GGR). We continue to investigate and offer new and exciting online sports betting products and gaming platforms that include a world-class Lucky Numbers offering, as well as BetGames and Live Games, which will include Live Roulette, Live Blackjack, Live Baccarat and other captivating branded betting games. Our customer acquisition and retention strategies rely heavily on leveraging our iconic properties' gaming and hospitality offerings as part of our unique offering, to further grow the SunBet player base. Going forward we are looking at the feasibility of expanding this offering into the rest of Africa.

Playtech

Lockdown limited our ability to do any significant machine upgrades and refurbishments on our gambling floors in 2020. However, we continued to look at new ways to improve our operations, enhance our customer experience and manage costs. Following an extensive review of our gaming system, we decided to transition from our existing gaming system (Bally) to a new gaming system (Playtech). This transition will be rolled



out in a phased approach, starting in 2021 with software development and gaming certification, followed by regulatory approvals in 2022. We anticipate a pilot rollout mid-2022, with remaining units going live towards the end of 2022 and in 2023. The success of this implementation is critical to the ongoing sustainability of our business. To ensure a seamless transition, comprehensive communication and training will take place.

Sun MVG loyalty programme

Lockdown afforded the time to review our Sun MVG loyalty programme to improve the offering, leverage our portfolio of assets and provide more value to our MVG customers. Some enhancements included reviewing the MVG accommodation and food and beverage discounts. We initiated the development of a Sun International app to improve customised, personalised and direct communication with our customers. This app will be introduced in 2021. A digital marketing manager was appointed to assist with managing and growing the digital asset portfolio and implementing strategies to improve awareness and membership of the MVG loyalty programme. In support of South Africa's national Solidarity Fund, just over R2 million worth of customers' MVG leisure points were donated to this fund.

Sun Studio

Due to Covid-19, we revised our conferencing offering and launched Sun Studio – a hybrid conferencing and event streaming solution. This high-tech connectivity solution breaks down distance barriers and allows customers to create endless themes that enhance their business objectives. Remote attendees access live conferences, meetings and presentations from their phones, computers, tablets or laptops. Training or meeting platforms can accommodate small or big sessions of over 500 delegates, with different links from each presenter or organiser. Participants can select a suitable event package and arrange their unique set design, furniture and presenter backgrounds at the touch of a button.

Strategic partnerships

We continued to explore innovative opportunities to grow our business and enhance our memorable guest experience. In 2020, we concluded an agreement with Global Hotel Alliance (GHA), the world's largest alliance of independent hotel brands. Participation in this alliance enables us to leverage a customer data base of over 17 million GHA Discovery loyalty members. There are currently approximately 30 000 GHA members in South Africa.

In the prior year we launched a strategic partnership with Resorts World at Sea – Crystal Cruises – to reward our most loyal MVG members. Depending on a customer's MVG membership tier, they can qualify for a complimentary cruise of up to two weeks on Crystal Cruise's Crystal Serenity and Crystal Symphony luxury ocean liners. In addition, Crystal Cruises also promotes Sun International's gambling and hospitality offerings to attract international customers who can experience Sun International's offerings at our iconic properties. Going forward, the group is considering prospects to expand this offering through other international operators. While this offering was impacted by lockdown, we remain confident that this will be a key differentiator once cruise liners reopen.

PROTECT AND LEVERAGE OUR EXISTING ASSET PORTFOLIO



03

STRONG BUSINESS RESPONSE

Our diverse portfolio of assets includes world-class hotels, modern and well-located casinos, and premier resorts with events and sport facilities. Lockdown severely impacted on our ability to harness our portfolio and provide memorable experiences and explore land development opportunities during 2020. Property maintenance was also hampered but remains a key focus.

OUTCOMES

Received approval for the Boardwalk Mall from various authorities

GrandWest's exclusivity still not resolved

Commenced with the consolidation of operations at all casinos


Negotiated an extension of The Table Bay Hotel lease to end February 2025

Commenced with the restructure of Sun City, Table Bay, Wild Coast Sun, Boardwalk, Maslow Sandton, Meropa, Golden Valley, Windmill and Flamingo properties

Disposed of our Latam operations and closed The Carousel and Naledi operations in South Africa

FOCUS AREAS

SELF-ASSESSMENT: ▲ Achieved/Good progress ▶ In progress ▼ Limited progress/No progress

OUR FOCUS FOR 2020	WHAT WE ACHIEVED	SELF-ASSESSMENT
Continuing to protect and leverage properties through ongoing refurbishments and maintenance (operational and environmental)	Completed refurbishments at certain properties and have plans for more property refurbishments and resource solutions in 2021	▲
Protecting GrandWest's exclusivity	Two new bills were released that continue to threaten GrandWest's exclusivity  GrandWest exclusivity	▶
Pursuing land development opportunities at certain properties	No land development progress due to lockdown	▼
Managing South African and Latam operations to ensure expectations are met	Disposed of our Latam operations and actively managing South African operations amid the impact of Covid-19	▶
Monitoring and enhancing cyber risk security	Ongoing monitoring in place	▲

LOOKING AHEAD

- Securing the new Wild Coast Sun casino licence
- Finalising the Boardwalk, Meropa, Golden Valley, Flamingo and Windmill restructure
- Finalising the consolidation of casino operations at all casinos
- Ongoing preventative maintenance plans at all properties
- Refurbishing The Palace Hotel at Sun City
- Finalising the Carnival City Hotel refurbishment

CAPITALS DEPLOYED



RISKS IMPACTED

- Coronavirus (Covid-19)
- Weak economic conditions
- Smoking legislation
- Infrastructure management and maintenance
- Cyber threats and information security
- Erosion of market share due to other forms of gaming

MATERIAL MATTERS TARGETED

- Managing through tough economic conditions
- Customer attraction and retention
- Service delivery and customer satisfaction

SDGs ADDRESSED



COVID-19 RESPONSE

STRATEGIC OBJECTIVES

Improve our existing operations and our guest experience

Protect and leverage our existing asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

Corporate governance report



OVERVIEW

Operational overview

Boardwalk's income decreased by 52% (2019: 1%) with adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) and down by 101% (2019: 14%). We are awaiting approval from the Eastern Cape Gaming Board to finalise the restructuring programme implementation. The proposed Boardwalk Mall received approval and phase 1 construction is expected to commence in April 2021. The mall will be completed in September 2022. A new management team with gaming and technical expertise is in place and a new sales manager will focus on government and contracted transient corporates to improve market share. Boardwalk's Privé will undergo a soft refurbishment to attract and retain our top-end gaming customers. Plans are also under way to determine the feasibility of containing groundwater seepage in the unit's basement to use for irrigation and in the cooling towers.

Carnival City's income decreased by 44% to R532 million. The newly refurbished Privé improved the gaming experience for our high-end guests, which led to an increased market share in Gauteng. Hotel room refurbishments that commenced in 2019 will be completed in 2021. Fifteen rooms were completed in 2019, 48 rooms in 2020 with the remaining 48 rooms will be completed in 2021. The hotel's public area refurbishment is planned for 2022 and the sale of the vacant land did not materialise due to the withdrawal of one of the investors.

The Carousel was severely impacted by Time Square and during the lockdown a decision was taken to close the operation. We are in the process of selling The Carousel and a licence transfer application was submitted to the North West Gambling Board (NWGB). However, the NWGB has been suspended and the legislation does not allow for a casino to be closed for more than three months. In the interim, Sun International appointed a management company, Vegas Management Solutions (VMS) (the management company of Lakama) to reopen the casino, which will protect the livelihoods of many former staff who can now be re-employed. This arrangement will be in place until regulatory approval is received for the licence transfer. VMS reopened the casino business on 15 December 2020. Sun International has also appointed a property broker to dispose of The Carousel property. Lakama has leased the entire property from Sun International and the lease will be in place until the property is sold.

GrandWest's income and adjusted EBITDA were down 52% (2019: 3%) and 67% (2019: 5%) to R1.0 billion (2019: R2.1 billion) and R275 million (2019: R827 million). Slot handle decreased by 44.7% and the win percentage decreased, resulting in slots gross income decreasing by 49% (2019: 3%). Tables' performance was impacted by lockdown and GrandWest's exclusivity remains under threat, following the publication of two new bills in May 2020. These bills provide for the relocation of an outlying casino licence to the new Helderberg zone. If enacted, GrandWest's exclusivity zone will be reduced from 75km to 25km. These bills will also introduce a new exclusivity fee and casino operator fees. The feasibility of a second hotel is currently being explored and a new Chinese restaurant was opened in 2020.

Sibaya's income decreased by 46% (2019: 6% increase) with adjusted EBITDA down 55% (2019: 15% up) due to Covid-19's impact on trading. The lodge refurbishments were completed in 2020 and have been well received by guests. The Royal Sibaya Hotel is undergoing a soft refurbishment that will be completed in 2021. A continual focus on midweek corporate travel and the guest experience, as well as tactical gaming marketing interventions, have ensured that Sibaya has maintained its market share, even with competition from the EBTs and Suncoast. Other opportunities to attract customers include establishing a retail sports betting facility as the online sports betting market continues to grow, as well as opening new food and beverage outlets.

Sun City closed in March 2020 due to the lockdown and upon reopening in September 2020 provided limited resort capacity to hotel and Sun Vacation Club residents, existing MVG members and guests with confirmed golf bookings. To manage capacity, no day visitors are currently allowed. This capacity limitation, as well as restrictions on international travel, severely impacted revenues, with income down 56% and adjusted EBITDA down 197%. The resort reopening followed all Covid-19-related protocols and occupancy was as at 25.9%, with an average room rate of R1 992 (2019: R 1 825).

Sun City's full operational turnaround plan was delayed due to the prolonged lockdown but has resumed in 2021. During 2020, we finalised the resort's restructure, which affected approximately 1 200 employees. We continued with specific refurbishments at the Cascades during lockdown and addressed ageing infrastructure at the Valley of the Waves. The annual Nedbank Golf Challenge was replaced with the South African Open Championship, one of South Africa's flagship golf tournaments. We continued to focus on our immediate communities for preferential local procurement, aligned with provincial governments' upliftment projects. Going forward we will relaunch the convention centre and focus on meetings, incentives, conferences and exhibitions (MICE) and we will concentrate on enhancing our guest experience.

The Table Bay Hotel attracts mainly international tourists, but due to stringent international travel restrictions imposed during lockdown, the hotel was only reopened mid-October 2020, hosting the first Miss South Africa pageant in Cape Town with a focus on domestic tourists and promotions. Income decreased by 68% (2019: 4% increase) with adjusted EBITDA down 105% (2019: 3% increase). We negotiated a short-term lease extension to end February 2025 as we still await a decision on our proposed lease renewal. We opened a pop-up South African dining experience with Siba The Restaurant, where guests can enjoy a unique culinary adventure that engages all the senses while overlooking the renowned harbour and V&A Waterfront. Host Siba Mtongana is a multi-award-winning celebrity chef and founder of The Siba Co. The Table Bay will also be our first hotel to join the Global Hotel Alliance in March 2021.

As a result of Covid-19, **Maslow Time Square** closed in March 2020 and only reopened in July 2020, resulting in income decreasing by 44% (2019: 15% increase) to R808 million (2019: R1.4 billion) and adjusted EBITDA decreasing by 52% (2019: 46%) to R215 million (2019: R446 million). However, its casino market share improved for the year ended 31 December 2020 to 16.5% (2019: 15.7%) from target marketing to its MVG customers.

COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

Improve our existing
operations and our
guest experience

Protect and
leverage our
existing asset
portfolio

Grow our
business into
new areas and
products

Our people

Governance and
sustainability

Corporate
governance report



Wild Coast Sun's income decreased by 43% (2019: 5%) to R271 million (2019: R474 million), with adjusted EBITDA down from R83 million to R17 million. The current casino licence, which expired in August 2019, has been extended to 31 March 2021. If our licence bid is successful, the Wild Coast Sun will be repositioned as a beach resort gaming, conferencing and leisure destination to increase our market share.

Small urban casinos

These casinos include Meropa (Limpopo), Windmill (Free State), Flamingo (Northern Cape) and Golden Valley (Western Cape) and all showed a decrease in income of 48% (2019: 3%) and adjusted EBITDA of 66% (2019: 5%). We are creating an operating model with the correct structures to manage these businesses as effectively and efficiently as possible, which will result in margin improvement in the long term.

Sun Slots has delivered consistent double-digit EBITDA growth over the last three years and is a core contributor to the group's profitability. Our operations in the Western Cape and Mpumalanga posted pleasing results while KwaZulu-Natal and Gauteng were adversely impacted by delays in the roll out of sites. Income decreased by 32% (2019: 13%) and EBITDA by 40% (2019: 14%).

SunBet, our South African online sports betting business, continues to grow. Income decreased by 2% (2019: 82% increase) from R140 million to R137 million, while adjusted EBITDA increased to R46 million from R43 million in the prior year.

Latam

Due to the disposal of our Latam operations the group will no longer report on the performance of the Latam operations.

General overview

Sustainable water solutions

While there were delays in implementing water solutions due to the lockdown impact, management continues to explore feasible sustainable water solutions at various units. This will ensure our guests are not negatively impacted due to service delivery constraints and potential water crises.



Details of proposed solutions are discussed in the **environmental section**

Maintaining our assets

Improving the aesthetics of our casinos and hotels, through a scheduled maintenance plan that prioritises the upkeep across our operations, remains a key focus in protecting our properties. Lockdown delayed some planned maintenance, however, urgent maintenance and upkeep was prioritised at various units, including Carnival City and Sun City. The group will be appointing an internal group engineer to coordinate all property maintenance.

Cybersecurity

Cybersecurity remains our top IT risk and we continue to focus on employee behaviour as business adapts to the new ways of working. There was an increase in phishing and other threats, however, there were no material cyber breaches in 2020. The landscape has shifted to the point where we are now reassessing our cyber strategy and focus areas to ensure we consider the new risk factors of cloud-based and digital technologies. We are designing a communication and awareness programme to educate employees on new risks brought about by Covid-19 and the Protection of Personal Information Act (POPIA). Ongoing independent internal and external penetration testing is conducted to understand current threats and vulnerabilities.

Business continuity

The rollout of new business continuity plans and IT recovery plans were suspended due to unit closures and limited reopening of property operations. We are confident our continuity strategy and continuity plans are appropriate given the lessons learnt during the Covid-19 pandemic. These plans include specific response measures relating to physical security, health and safety, surveillance, political and social uncertainty and pandemics as well as IT recovery. A unit-specific risk-based approach will be adopted in implementing the capabilities required to ensure effective response measures, with increased awareness and simulations conducted by respective unit crisis management teams. No material issues were identified by internal and external audits in 2020. The group also aligns with best practice ISO 22301 and ISO 27031 standards.

GROW OUR BUSINESS INTO NEW AREAS AND PRODUCTS



03

STRONG BUSINESS RESPONSE

Amid our challenging operating environment, we continue to seek strategic growth opportunities where feasible, and implement new products group-wide to remain relevant and enrich our customer experience.

OUTCOMES

Interest in Sun Slots did not increase as not all regulatory approvals were granted – we retained our 70% interest

Disposed of our interest in Sun Dreams and proceeds used to reduce debt and strengthen the group's balance sheet

Alternate gaming continued to yield positive results

Additional Limited Payout Machine (LPM) licences secured in the Western Cape could not be fully rolled out due to hard lockdown

FOCUS AREAS

SELF-ASSESSMENT: ▲ Achieved/Good progress ▶ In progress ▼ Limited progress/No progress

OUR FOCUS FOR 2020	WHAT WE ACHIEVED	SELF-ASSESSMENT
Continuing to drive organic growth and exploring expansion opportunities	Organic growth and expansion opportunities severely impacted by the effects of Covid-19	▼
Securing alternative LPM products and improving relationships with regulators	New LPM products secured but implementation delayed due to lockdown Improved relationships with regulators resulted in better co-operation, which assisted in reopening 90% of sites following the lifting of lockdown	▲
Continuing to explore new product offerings	Proof of concept successfully completed for various value-add products, including an affiliate programme with SunBet, which will be rolled out in 2021	▲

LOOKING AHEAD

Sun Slots

- Focusing on business recovery and growth while minimising the impact brought about by Covid-19, particularly the ban of liquor sales
- Rolling out new sports betting products
- Engaging with the Western Cape regulator to roll out Type B licences and unlock further value for Grandslots and Sun Slots
- Rolling out value-add concepts which have been tested/piloted in the network, that will unlock new opportunities for site owners and Sun Slots as part of the optimisation process and digital engagement with customers

CAPITALS DEPLOYED



RISKS IMPACTED

- Coronavirus (Covid-19)
- Weak economic conditions
- Erosion of market share due to other forms of gaming

MATERIAL MATTERS TARGETED

- Managing through tough economic conditions
- Customer attraction and retention
- Digital transformation
- Service delivery and customer satisfaction

SDGs ADDRESSED



COVID-19 IMPACT

- Strategic growth opportunities hampered
- Certain LPM sites permanently closed due to financial distress

COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

Improve our existing operations and our guest experience

Protect and leverage our existing asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

Corporate governance report



OVERVIEW

We focus on strategic investments, disposals and bedding down our significant investments to ensure we deliver a return on investment and grow the business in the countries where we operate.

SUN SLOTS

ACTIVE LIMITED PAYOUT
MACHINES (LPMS) FOR
2020:

4 481

(2019: 4 328)

SITES FOR 2020:

913

(2019: 882)

Acquisition/disposal of interest in subsidiaries

South Africa

The Sun Slots transaction to acquire GPI's 30% interest failed to become unconditional and has lapsed. Accordingly, Sun International (South Africa) Limited (70%) and GPI (30%) will retain their shareholdings in Sun Slots.

Swaziland: eSwatini

The Ingwanyama, through his authorised representative, gave notice on 14 August 2020 that he may exercise his pre-emptive rights to acquire the group's interest in Swazisp Holdings Ltd for R50 million.

Latam

In 2019 we announced a transaction involving the disposal of a 14.94% equity interest in Sun Dreams to Nueva Inversiones Pacifico Sur Limitada (Pacifico) for US\$86 million, which would have resulted in each party holding a 50% equity. The remaining conditions precedent to the transaction were fulfilled and this transaction, which became unconditional in November 2020, has been implemented by the parties. The net effect of this transaction is that SPA, Pacifico will have acquired Sun Latam's 64.94% equity interest in Sun Dreams for US\$160 million and possible certain future earnouts. The transaction is at an effective 2019 EBITDA multiple of 5.5, which may increase to a 6.5x multiple if the earnouts are achieved. The earnouts relate to the renewal of four of Sun Dreams' SCJ licences by 31 December 2024 (Clp10.5 billion earnout (US\$14 million) and to these licences achieving at least their 2019 adjusted EBITDA for the 2025 calendar year (Clp31.8 billion earnout (US\$42 million)). Accordingly, and on closing of the proposed transaction, Pacifico will become the sole shareholder of Sun Dreams.

The US\$160 million proceeds from the Sun Dreams disposal were used to settle Sun International's offshore debt in Latam of US\$41 million, US\$17 million of funds remained in Sun Latam to settle Chilean withholding and other taxes, while US\$15 million remained in Chile in Escrow as security for the settlement of a potential tax claim. The remaining US\$87 million (R1.34 billion) was repatriated to South Africa.

Given the uncertainty that exists in Chile, including the impact of the Covid-19 pandemic, the renewal of the SCJ licences and the need for further capital, the transaction gives Sun International the opportunity to realise its investment in Latam at an attractive valuation, given the circumstances and the environment in which we are currently operating. It also brings significant liquidity to the South African operations, which has allowed for a further reduction in the group's borrowings and a resultant saving on interest charges.

Alternate gaming

SUN SLOTS

R886 million

GGR

(2019: R1.3 billion)

OVER

4 400 LPMs

across 913 sites

(2019: 882 sites)

AVAILABLE IN FOUR PROVINCES:

Gauteng, KwaZulu-Natal, Mpumalanga
and the Western Cape

Despite Covid-19's impact on our business, Sun Slots growth remains strong in this growing market and a key part of the group's alternate gaming strategy. Sun Slots holds six licences (type A and type B) in four provinces: Gauteng, KwaZulu-Natal, Mpumalanga and the Western Cape. It has over 4 481 LPMs across 913 sites (2019: 840 sites). In 2020, Sun Slots gross gambling revenue (GGR) totalled R885 million (2019: R1.3 billion). The average GGR per machine per day of R549 declined 37% from R873, largely due to the impact of lockdown.

SUNBET

59 970

signups

(2019: 45 131)

R137 million

GGR

(2019: R140 million)

R1.7 billion

in bets

(2019: R1.9 billion)

The online sports betting market is extremely competitive locally and internationally. It continues to gain traction due to the convenience of electronic accessibility (e.g. mobile devices) which was more evident during lockdown. In South Africa, our SunBet sports betting platform showed excellent growth despite the absence of most popular sports for almost three months at the height of the pandemic. The group continues to look at offering new products based on research and to meet growing demand. These offerings include live casino games, fixed-odds bet games and virtual games. Going forward we are looking at the feasibility of expansion into Africa as well as strategic alliances.

We are exploring opportunities to optimise all Sun Slots locations by encouraging licence holders to become acquisition partners that market our SunBet online platform offering for a commission. Other opportunities include targeting the lower-end living standards measure (LSM) market by allowing bets on sites through vouchers as opposed to credit cards, as well as extensive TV, print and out-of-home advertising targeted at lower LSM consumers.

OUR PEOPLE



Our employees enable the group to achieve its strategic objectives. We operate in a highly governed and competitive service-oriented industry. We continue to develop our employees and reward them for performing well. During Covid-19, our employees went above and beyond the call of duty to ensure that memorable guest experiences would still be created after a three-month full shutdown of operations. Even though the group could only operate partially from July 2020, our employees were ready and able, after attending health protocol training made available on our unique Sun Talk mobile application platform.

OUTCOMES

Good transformation progress:

- **92.4%** (2019: 93.2%) black employees in our South African operations
- **56.9%** (2019: 56.1%) female representation across our South African operations (95.3% of whom are black females) and 51.9% for the group
- **55.4%** of all group employees are female

Covid-19:

- Implemented salary adjustments to ensure all employees were remunerated when operations were closed (March to June 2020) and partially opened (July 2020)
- Developed a Covid-19 site on Sun Talk to monitor employees returning to work
- Five employees lost their lives to Covid-19

Training:

- Developed and rolled out a Covid-19 training site on our Sun Talk communication platform for remote employee Covid-19 training
- The trainers were trained on a digital platform to be prepared for employees returning to work in accordance with Covid-19 protocols
- We were unable to launch our Sun Academy learning platform, but various videos were launched to address Covid-19 requirements

- Restructured and downsized operations

- Upscaled our wellness programme to support employees during the pandemic

FOCUS AREAS

SELF-ASSESSMENT: Achieved/Good progress In progress Limited progress/No progress

OUR FOCUS FOR 2020	WHAT WE ACHIEVED	SELF-ASSESSMENT
Completing the roll-out of Sun International's Sun Academy learning platform	The Sun Academy platform was placed on hold due to Covid-19. Training was focused on Covid-19 protocols	
Developing and implementing additional training modules on the Sun Academy platform for other core functions	Our Sun Talk communication platform was used for remote employee training, including train the trainer and Covid-19 protocols	
Continuing to implement the CLEAR principles to improve customer satisfaction levels	Continued to reinforce the CLEAR principles via our online platform (Sun Talk). Various podcasts and videos by exco members emphasised the importance of excellent customer service	
Rolling out Sun International's mentorship and coaching programme across all South African units as part of our succession strategy	Programme rollout was limited due to Covid-19 restrictions, however, we focused on senior talent group-wide to manage and build our talent pipeline	

LOOKING AHEAD

- Improving succession planning and transformation at a senior management level and maintaining a talent pipeline and development plan for top black talent
- Building critical skills and core competencies necessary in the gaming and hospitality industry
- Instilling an employee culture that embraces the group's vision, purpose and values
- Ongoing engagement with employees through Sun Talk
- Ongoing focus on equal pay for work of equal value as well as gender pay equality
- Managing change management with organisational design revisions
- Providing ongoing employee wellness support, education and awareness around Covid-19 and government's vaccination rollout plans.

COVID-19
RESPONSESTRATEGIC
OBJECTIVESImprove our existing
operations and our
guest experienceProtect and
leverage our
existing asset
portfolioGrow our
business into
new areas and
products

Our people

Governance and
sustainabilityCorporate
governance report

KEY PERFORMANCE INDICATORS

		December 2020	December 2019
Total group employees	Number	7 548	14 706
– South Africa including Sun Slots	Number	7 045	9 340
– Other Africa	Number	503	550
– Latam ¹	Number	0	4 816
Group employee turnover	%	30.9%	20.1
Group female representation	%	55.4%	51.9
Black representation ²	%	92.4%	93.2

1 Disposal of Latam operations prior to year-end.
2 South African operations.

PERFORMANCE OVERVIEW

Our employees are key value drivers to achieving the group's strategy and providing memorable guest experiences. The year 2020 can be described as one of business unusual, as the global pandemic played havoc with employees and employers. Sun International continued to provide employees with the necessary tools to carry out their duties, whether remotely or at our units once operations reopened. The prolonged lockdown did however hamper our ability to conduct face-to-face training and employee engagement.

Workforce profile

At 31 December 2020 we had 7 548 (2019: 14 706) employees across our operations. This decrease is attributed to the Latam disposal (4 816), the closure of non-performing units and a headcount reduction at certain units due to decreased economic activity since January 2020. Our permanent employees in South Africa including Sun Slots are shown below:

3 621
permanent
full-time
employees

3 424 permanent part-time employees, who are paid the same hourly rate as full-time employees and work according to a roster that guarantees minimum monthly work hours.



For more details on our workforce by employee statistics and region and gender for 2020 refer to Annexure A.

Restructuring

For Sun International, it was critical to balance our liquidity (available funds) and the wellbeing of our employees, including safety, saving jobs and being able to pay a portion of salaries. The extended closure of our business, the uncertainty about when we would open and the lower than anticipated business levels when we did open placed increasing pressure on both. Our ability to look after the wellbeing of our employees is dependent on us securing the required liquidity, to ensure we see out the closure until we can open again and return to profitability. This led to various restructuring in 2020.

Closure of The Carousel and Naledi Sun properties

Sun International is not in the business of closing units but of running profitable units. However, it was no longer financially feasible to keep The Carousel and Naledi Sun units open as they continued to incur costs.

Reduction of staffing levels

Our reopening plans in 2020 indicated that approximately 40% of our total headcount, at property level, was anticipated to be at work at 30% capacity. While we were unable to predict the length of such trading levels should this occur, it became apparent that some of our units had significant excess staff, which was exacerbated by the contraction in demand in all the hospitality market segments. International (rest of Africa) and domestic corporate, meetings, incentives, exhibitions, conferences, events, gaming and individual leisure segments will take a long time to recover and are not expected to trade anywhere near full capacity. Therefore, restructuring took place at several properties – Sun City Resort, The Maslow Sandton, The Table Bay Hotel, The Boardwalk and The Wild Coast Sun – resulting in a reduction in headcount.

In addition, our smaller units – Golden Valley, Windmill Meropa and Flamingo – were also restructured as they operated in an already depressed economic environment and the Covid-19 pandemic further reduced customer activity. To address this situation we, among others, changed operating hours, reduced tables, outsourced the food and beverage function, consolidated certain staff functions and reviewed department staffing levels.

Gaming operations

To sustain our group-wide gaming operations, we consolidated several gaming positions to align with the proven business model at Maslow Time Square. Positions consolidated included the count and cash desk as well as the guest service attendant and gaming technical assistants, which create career prospects for employees in these entry-level positions. We also moved MVG employees from the slots department into the marketing department.

EMPLOYMENT EQUITY AT OUR SOUTH AFRICAN OPERATIONS

Overview

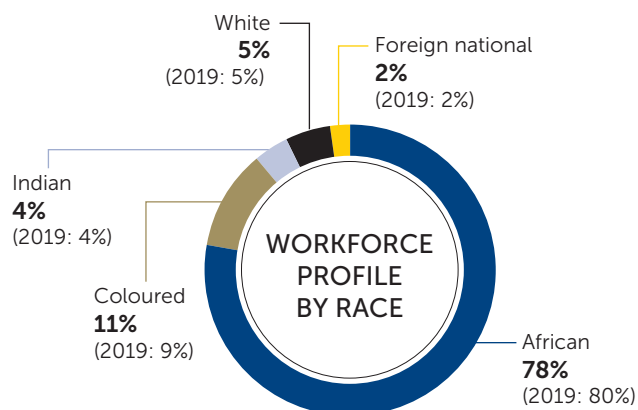
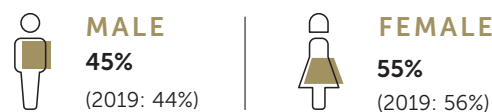
We aim to achieve legislative and substantive transformation by aligning numerical and non-numerical targets to the group's strategic objectives. These targets are tracked and monitored quarterly and are included in line managers' performance contracts. The social and ethics committee is responsible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

During 2020, we achieved good progress against our unit-specific, three-year employment equity plan that supports the group's strategic objectives. Each property is positioned to set its own goals and objectives for employment equity, while meeting the provincial gaming boards licensing criteria.

We marginally decreased our South African (including Sun Slots) black employee representation to 92.4% (2019: 93.2%), while exceeding the national economically active population distribution. The management team is made up of 84% (2019: 84%) black people, and 46% (2019: 45%) are females. Challenges remain at middle and senior management levels, where representation of black people, particularly black females, is lower than white people.

Sun International's recruitment of persons with disabilities remains challenging. Positively, Maslow Time Square employed 13 (the equivalent of 1.5% of the workforce) people with disabilities as the building was constructed with people with disabilities in mind, whereas some of the older units were not constructed to accommodate people with disabilities. We continued with our disability capacity-building workshops and disability awareness days. This resulted in the retention of people with disabilities and provides us with an opportunity to increase representation.

GROUP WORKFORCE PROFILE BY GENDER



Diversity profile South Africa¹

Employee class	Occupational levels	Male					Female					Foreign nationals		Total
		A	C	I	W	Total	A	C	I	W	Total	Men	Women	
Permanent	Top management	2	1	1	4	8	0	1	0	0	1	0	0	9
	Senior management	17	4	23	28	72	12	4	8	19	43	4	0	119
	Middle management	83	31	27	69	210	76	23	15	39	153	8	6	377
	Skilled technical/supervisor/junior management	506	135	79	75	795	503	135	54	68	760	18	5	1 578
	Discretionary decision-making	1 508	168	50	28	1 754	2 609	222	44	31	2 906	37	28	4 725
Permanent total		2 116	339	180	204	2 839	3 200	385	121	157	3 863	116	39	6 808
Temporary		160	8	6	19	193	196	10	3	9	218	2		413
TOTAL		2 276	347	186	223	3 032	3 396	395	124	166	4 081	118	39	7 221

1 Including Sun Slots' headcount of 237.

EMPLOYEE TURNOVER

During the year under review there were 2 836 (2019: 2 951) employment terminations group-wide, and group turnover was 30.9% of the total headcount (2019: 20.1%). The tables below provide the reasons for employment termination by region and by age.

Reason for termination by region

Reason	South Africa	South Africa Sun Slots	Swaziland	Nigeria	Argentina	Chile	Colombia	Panama	Peru	Group
Death	39	0	1	1	0	0	0	0	0	41
Dismissal – Incapacity/health	10	1	0	0	0	0	0	0	0	11
Dismissal – Incapacity/poor work performance	0	0	0	0	0	0	0	0	0	0
Dismissal – Misconduct	156	6	0	4	0	0	0	0	0	175
Dismissal – Voluntary	1 154	0	0	0	0	0	0	0	0	1 154
Dismissal – Voluntary early retirement	184	0	0	0	0	0	0	0	0	184
Dismissal – Operations requirement	857	0	0	0	0	0	0	0	0	857
Mutual agreement separation	1	0	0	0	0	0	0	0	0	1
Resignation	307	6	6	8	0	0	0	0	0	327
Retirement	79	0	5	2	0	0	0	0	0	86
TOTAL	2 798	13	12	15	0	0	0	0	0	2 836

Reason for termination by age band

Reason	18 – 20	21 – 30	31 – 40	41 – 50	51 – 70	Total
Death	0	6	12	11	12	41
Dismissal – Incapacity/health	0	0	1	4	6	11
Dismissal – Incapacity/poor work performance	0	0	0	0	0	0
Dismissal – Misconduct	0	53	85	29	8	175
Dismissal – Operations requirement, voluntary	2	221	446	318	167	1 154
Dismissal – Operations requirement, voluntary early retirement	0	0	0	0	184	184
Dismissal – Operations requirement	0	236	324	196	101	857
Mutual agreement separation	0	0	0	1	0	1
Resignation	1	102	159	58	7	327
Retirement	0	0	1	0	85	86
TOTAL	3	618	1 028	617	570	2 836

IMPROVING OUR ORGANISATIONAL CULTURE

SunWay formula for success

Sun International's progress assessment against the SunWay culture across our South African operations provides employees with an opportunity to provide feedback on how they identified with the formula and give ideas on how to improve processes and efficiencies. The SunWay culture has been integrated and embedded in learning interventions, wellness and recruitment. Due to the pandemic, we were unable to commence with a group-wide SunWay measurement to gather feedback from our employees, service providers and concessionaires. Going forward, we aim to reinforce an employee culture that resonates with our group vision, values and purpose.

Employee value proposition

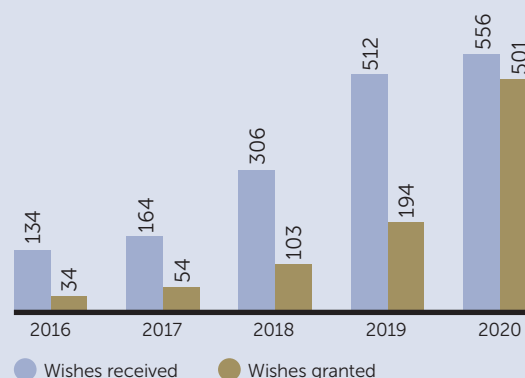
Our Employee Value Proposition (EVP), 'The Home of The Game Changers' is reinforced within the group through our employee processes. Sun International's EVP incorporates various components such as development opportunities as well as a challenging and enabling work environment. We drive the 12 EVP messages internally and externally and integrate them into various group initiatives so that it is embedded in all our processes. One EVP employee statement, 'I am proactive about taking care of my own health, appearance and wellbeing' was especially relevant in 2020 and helped drive the message for employees to take the necessary precautions against Covid-19. Another statement, 'I am part of an integrated team and I am committed to collaborating and sharing information' was demonstrated by the camaraderie that employees demonstrated during the lockdown by inspiring each other and posting positive messages for colleagues on the Sun Talk platform. A further EVP statement, 'I am a Sun International citizen and I positively contribute to the environment and the broader community' was embraced by Sun international employees, who became actively involved in feeding programmes and other charity initiatives in their own communities. We continue to position our EVP externally to

showcase Sun International's brand and attract talent. The EVP has helped to create a great brand for the group's talent attraction, which is evident in the positive results seen in attracting new talent to the organisation.

Sharing the Sun campaign

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

Our employees experienced great financial hardship during 2020 due to the pandemic, therefore wishes were granted to assist employees regarding financial contributions to their children's education. Contributions were made to educational needs such as school fees, uniforms and stationery. In prior years, the wishes were granted for medical assistance, shelter, food, education and security. The wishes granted since inception are shown below.



EMPLOYEE AND UNION RELATIONS

Employee communication

We engage with our employees in an open, honest and transparent manner through our Sun Talk platform. This mobile communication platform continues to gain traction, with an 86% (6 935) employee registration (2019: 7 088) to date. The app is also used to create awareness around the group's various campaigns and initiatives.

SUN TALK REACH
Sun Talk has over 6 935 registered members out of 8 098 candidates
Decrease in candidate numbers by 605
There were 46 new registrations in December
Property with the highest registrations in December Wild Coast Sun (16)

SUN TALK ACTIVITY
Sun Talk peak time has been driven by Covid-19
Messages from leadership/vacancies
11:00 and 12:00 most active times
Busiest days of the week are Tuesday and Thursday
SMS send-out delivery success 94.2%
SMS failures often driven by outdated numbers

POPULAR CONTENT
Top content for December
<ul style="list-style-type: none"> Self-assessment form Covid-19 Vacancies My assessment results Messages from Anthony Leeming Your questions Leadership messages 18 December: Sanlam Umbrella Provident Fund

Unions and employee relations

Sixty-five per cent (2020: 67%) of our South African workforce (excluding Sun Slots) is covered by collective agreements. It is imperative to maintain healthy relationships through meaningful engagements with the various unions. During 2020,

Sun International's employee relations goals included:

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

The bulk of 2020 was dominated by active union engagement regarding the Covid-19 recovery business model, while operating under the National Disaster Management Act provisions. Discussion topics included employee remuneration, downsizing of the business and closure of certain non-performing units that affected the job security of employees covered under collective agreements.

Human rights and freedom of association

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

We closely follow the requirements of the Employment Equity Act, the Broad-Based Black Economic Empowerment (B-BBEE) Act, the Labour Relations Act, the Basic Conditions of Employment Act and other pertinent legislation which ensures that we promote fairness in the workplace and have zero tolerance for any discrimination. Our policies and practices are underpinned by the requirements of the South African Constitution, particularly the Bill of Rights, which require that we promote equality, ensure fair employment practices, respect the right to human dignity, Ubuntu and freedom of all individuals.

TALENT MANAGEMENT INITIATIVES

Creating a high-performance culture

Talent management is a critical enabler of our business strategy and the building of a high-performance culture. Our various talent management functions work together to support a streamlined approach to the employee life cycle.

Succession management

The Covid-19 pandemic highlighted the need to continue focusing on robust talent management processes. The annual talent process was completed and culminated in an online talent review session. The established talent management approach was enhanced with additional assessment processes to refine the approach and create greater momentum in the building of succession talent pools. Senior leaders were selected to spearhead the diverse talent pools so as to ensure ready and available talent for critical roles.

Performance management

The performance management discipline was maintained in the organisation and managers were equipped with remote working performance management guides. The work climate in 2020 for all employees was challenging. One-on-one performance management check-in sessions were encouraged to boost staff morale and provide sufficient support and guidance in the delivery of performance objectives.

Recruitment and assessment

Sun International used LinkedIn as a key source for the attraction of talent, which enabled a broader talent recruitment pool. We also focused on streamlining recruitment practices to ensure that the group attracts and retains the best talent in the market.

Mentorship

Mentorship is an important talent development tool. Due to Covid-19 constraints we could not roll out the full female mentorship programme to the business as envisaged. However, mentorship continued in smaller numbers through online platforms.

Organisational design

There were various structural changes in the organisation in 2020 to ensure enhanced efficiencies and synergies. The projects focused on structural reviews, the amalgamation of roles and the change in reporting structures.

LEARNING AND DEVELOPMENT

Since South Africa's hard lockdown in March 2020 and with Sun International's operations being closed for parts of 2020, all classroom training activities were suspended. To comply with legislated Covid-19 education, we mobilised our Sun Talk communication platform to accommodate remote employee training. All employees completed the Covid-19 education awareness (a four-module programme) remotely, either on their cell phones or their laptops. The training also included assessments that enabled us to track and monitor all training. Employees who did not have data at home, were trained at their business units, with adherence to the required Covid-19 health and safety protocols.

The national lockdown in March 2020 precipitated a greater focus on online learning. Our strategic partner, the International Hotel School, developed and completed the online content for most of their catalogue on their digital online platform – FUSE. This 'blended learning' approach allows for assessments to be face to face, but the content for both learnerships and skills programmes are available online. Learnerships such as the Further Education and Training Certificate in Generic Management L4 and short courses are now also available on FUSE.

All learnership training was suspended due to lockdown and will commence once it is safe for learners and facilitators to work in the learning areas allocated to them. There are 371 learners who still need to complete their learnerships. There are plans in place to fast-track the learnerships so that they can be completed in 2021.

Customer experience

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

In 2020, the learning and development team began developing a holistic Sun International customer services training initiative, which incorporates the CLEAR principles and the Sun Way culture. In the interim employees have attended the customer service development programme offered by our learning partner, the International Hotel School.

The CLEAR serving is what we do to entrench:

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

SKILLS DEVELOPMENT SPEND

Training incorporated face-to-face training as well as virtual training (blended learning) for specific functions within the group. In 2020 group training spend was R52 million (2019: R116 million), a 55% decrease (2019: 13% decrease). The number of employees trained also decreased significantly, mainly due to Covid-19 limitations (2019: down 5%). Our skills development spend across our South African operations, excluding Sun Slots, decreased by 62% (2019: 13% decrease) to R38 million (2019: R100 million). This investment included formal and informal learning interventions, with 1 523 South African employees (2019: 4 100) benefiting. Interventions are targeted at employees' roles and growing the leadership pipeline. The number of employees trained per region includes employee terminations during this period.

Skills development spend per region and country

Region	Country	Total expenditure December 2020 R million	Total learners December 2020
SOUTH AFRICA	South Africa	37.72	1 523
	Sun Slots South Africa	2.06	245
SUN DREAMS LATAM	Argentina	0	840
	Chile	11.76	2 737
	Colombia	0	0
	Panama	0	193
	Peru	0.4	764
AFRICA	Nigeria	0.05	0
	Swaziland	0.01	0
TOTAL		52	6 302

Training costs as a percentage of leviab payroll (South African units only, excluding Sun Slots)

LEVIABLE PAYROLL

R1 335 million

(2019: R1 861 million)

TRAINING COSTS

R38 million

(2019: R100 million)

% OF LEVIABLE PAYROLL

2.8%

(2019: 5.4%)

Grants and levies

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

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

Mandatory grants recovery, which is 20% of levies paid to SARS, decreased to 83% due to the following:

- outstanding tax payments to SARS in respect of Wild Coast Sun
- desktop Mandatory Grant verification to be conducted by CATHSSETA for Meropa
- desktop Mandatory Grant verification to be conducted by CATHSSETA for Maslow Time Square.

We did not pay skills development levies to SARS for three months as per the payment reprieve during the national lockdown.

South Africa: Grants and levies

SKILLS DEVELOPMENT LEVY PAID

R13.4 million

(2019: R18.6 million)

MANDATORY GRANTS RECEIVED

R3.4 million

(2019: R3.1 million)

REMUNERATION AND BENEFITS

We participate in and consider market remuneration surveys, and align our remuneration decisions to the principles set out in our remuneration policy. Due to the significant financial pressures our business faced with lockdown and operation closures, employees' salaries across the board were adjusted downwards to ensure that all employees could be paid while simultaneously sustaining the business. As operations opened on a staggered basis and cashflow resumed, salaries have been readjusted accordingly and continue to be monitored.

Equal pay for work of equal value

In 2019, the Department of Labour introduced amendments to regulations governing the income differential report (EEA4). These amendments assess the remuneration gap between the highest and lowest income earner (vertical gap), as well as revise the reporting on remuneration to include not only the fixed remuneration, but also variable remuneration. Variable remuneration comprises short- and long-term incentives which consist of share-based rewards (with a vesting period of more than one year), cash settlements, discretionary lump sum payments, bursaries, scholarships and dividends. A further requirement included an assessment of the income gap between 10% of the highest earners, and the corresponding 10% of lowest earners. During 2020, we assessed the remuneration gaps across all our units and noted some discrepancies, which have been addressed. A process has also been identified to regularly monitor all new appointments, at specific levels, where discrepancies occurred more regularly, to ensure that no pay disparities are created. Going forward, the group will conduct a quarterly review on these employment levels so that the principle of equal pay for work of equal value, is adhered to for new recruits and promotions. This process will also apply to all bargaining unit employees.

PERFORMANCE MANAGEMENT

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

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

EMPLOYEE WELLNESS

Covid-19 has placed employee wellness centre stage and our One Sun Wellness programme, through its collaboration and integration approach, offered a single entry point to deal with employee concerns and to reinforce the group's EVP. In 2020, the case utilisation decreased and reached 9% (2019: 11.5%) of headcount, which is above the employee wellness programme norm (5% – 7%) for similar-sized organisations. National lockdown triggered an immediate drop in the case load in Q2 (68%) due to, among others, the drop in manager referrals. However, it was pleasing to note an upturn in the trend from Q3, although the case load has not yet recovered to pre-Covid-19 levels. It will be important to promote the proactive support offered by the employee wellness programme (EWP) in 2021 to attract people when they are ready to engage. Considering the touch points summarised below, overall employee engagement was at 110% of employee headcount.

Psychosocial support

Covid-19 impacted people personally and financially. This year has been characterised by people experiencing the loss of lives and livelihoods. Tragically five employees lost their lives to Covid-19. Sun International's EWP continues to provide 24/7 access to professional counselling, wellness consultations, legal advice, financial coaching and debt management services for employees and members of their household (including domestic helpers). This reach is particularly important as many employees will be working from home, and productivity will be influenced by domestic dynamics.

Our EWP registered 665 cases, which translates to a case load of 9% of headcount for the year, which is above the industry norm. The top five reasons related to stress, bereavement, couple/marital, legal advice and anxiety. High-risk cases related to physical abuse, substance abuse, stress and suicidal thoughts.

Workplace absenteeism management

Our workplace absence management programme (WAM) identifies employees who have particular sick leave patterns and offers professional health coaching and counselling to address the underlying reasons for absenteeism. During 2020, contact was made with 3 290 employees (2019: 3 048) who were flagged for being absent. The most prevalent absenteeism reasons relate to respiratory and musculoskeletal disorders, Covid-19 and domestic matters.

WAM was well positioned to help the business to absorb the impact of Covid-19. In anticipation of the outbreak of the pandemic, guidelines were issued to line managers to promote the referral of Covid-19-related cases. Employee contact was made in 228 instances and included safety concerns, symptom checking, self-isolation, self-quarantine, and return to work preparation. Vaccination education will be a focus in 2021.

On-site testing: health and lifestyle risk assessments

This workplace service is voluntary and confidential. Rapid health risk screening and lifestyle self-assessments promote the early identification of chronic lifestyle diseases and provide an opportunity for employees to engage with a health coach to set goals and, if necessary, be referred to the EWP, WAM or a chronic disease management programme. This assessment also informs our risk mitigation strategy. For example, the 2019 data determined the ratio of employees vulnerable to Covid-19 (diabetes, cardiovascular disease, obesity, HIV and TB). This early-warning assessment encouraged employees to pro-actively address their health vulnerabilities. The 2020 on-site testing rollout commenced in January 2020 at The Table Bay and Golden Valley Casino. This was interrupted by the national lockdown but should resume when there is sufficient attendance on site to justify the resources. Employees were also encouraged to do their own screening through healthcare providers until the on-site testing resumes.

Managing HIV/Aids and TB

Sun International's LifeSense HIV disease management programme (LDM) assists HIV-positive employees on primary healthcare to maintain antiretroviral (ARV) treatment to ensure they live a healthy and productive life. Since inception (2018), 168 employees have been enrolled in this LDM programme, with 106 active members. All employees and household members have access to the post-exposure prophylaxis programme, which can prevent HIV infection through accidental exposure.



Addressing gender-based violence

Prior to the manifestation of gender-based violence (GBV) during Covid-19, the group maintained zero tolerance for any form of violence and abuse, and victims received counselling and legal advice through our EWP. We also support South Africa's national strategic plan to eliminate GBV and femicide to ensure human dignity and equality. During 2020, we launched a virtual campaign over the 16 Days of Activism period, in which 1 372 employees participated. Activities were delivered through videos and interactive media and included a variety of topics like abuse, human and legal rights, self-esteem, personal safety plans and inspirational stories. The post-exposure prophylaxis programme also assists rape and assault survivors through trauma counselling as well as treatment for sexually transmitted infections, and prophylaxis to prevent HIV transmission.

Training and wellness interventions

Before lockdown there were 60 on-site wellness activations, however, since March 2020, new technologies were embraced to substitute for in-person training. There was also a shift from unit-centric workshops, to group-wide workshops, drawing delegates from across the business. A series of nine videos promoted One Sun Wellness benefits, and 30 webinars were broadcast with relevant topics. In addition, a game was created to facilitate connection between teams, stimulate conversations, promote positive psychology and reinforce Covid-19 health and safety regulations.

Communication

In March 2020, a coronavirus zone was added to the One Sun Wellness website to disseminate credible health information and promote safety practices and life skills. Content kept pace with the appetite for information and fluidity of the pandemic. With people off-site and offline, Sun Talk proved to be an excellent communication platform – providing a vital connection to content, wellness benefits and campaigns and resources. The introduction of the Let's Talk social media platform in 2021 will further enhance communication.

Managing and mitigating health and safety risks

The scope of services and the active engagement confirm that the business is geared to address the key drivers of human capital risk in the current South African context, including Covid-19, HIV, TB, mental health, absenteeism and GBV. One Sun Wellness is well positioned to measure, monitor and mitigate these risks and to provide support to employees.

ANNEXURE A: EMPLOYEE STATISTICS

Regional employee statistics

		SOUTH AFRICA		SUN SLOTS		AFRICA		SUN DREAMS LATAM	
		December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020 ¹	December 2019
Permanent full-time employees	Number	3 385	4 501	236	244	503	550	0	4 229
Permanent part-time employees	Number	3 423	4 594	1	1	0	0	0	587
Skills development spend	R million	37.7	100.3	1.6	2.1	0.1	0.1	0	13.1
Female management employees	%	46	46	40.9	37	41	39	0	34
Employee turnover	%	33.2	13	5.4	12	2.5	8	0	35
Employees in bargaining unit	%	65	67	0	0	21	19	0	37

Number of employees

		DECEMBER 2020				DECEMBER 2019			
Region	Country	Female	Female (%)	Male	Total	Female	Female (%)	Male	Total
South Africa	South Africa	3 902	57.31	2 906	6 808	5 131	56.42	3 964	9 095
Sun Slots	South Africa	103	43.46	134	237	105	42.86	140	245
South African total		4 005	56.85	3 040	7 045	5 236	56.06	4 104	9 340
Other Africa	Nigeria	101	31.27	222	323	104	29.13	253	357
	Swaziland	73	40.56	107	180	77	39.9	116	193
Africa total		174	34.95	329	503	181	32.91	369	550
Sun Dreams ¹	Argentina	–	–	–	–	199	42.16	273	472
	Chile	–	–	–	–	1 529	48.22	1 642	3 171
	Colombia	–	–	–	–	30	54.55	25	55
	Panama	–	–	–	–	71	41.04	102	173
	Peru	–	–	–	–	383	40.53	562	945
Sun Dreams Latam total						2 212	45.93	2 604	4 816
GROUP TOTAL		4 179	55.37	3 369	7 548	7 629	51.88	7 077	14 706

1 Disposal of Latam operations prior to year end.



Doing business sustainably is a competitive business necessity. Sun International’s ongoing commitment to sustainability ensures that we maintain our operational and social licence to operate. We integrate our business decisions and operate in line with our sustainability strategy to create long-term shared value and, ultimately, lasting memories for all key stakeholders.

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

Governance and sustainability are one of the group’s five strategic objectives. To allow for detailed feedback on both aspects the group’s governance is comprehensively covered under the ‘supporting good governance’ section. The narrative that follows focuses mainly on the group’s sustainability strategy and performance for the year under review, including the environment; health, safety and wellbeing; socio-economic development (SED); enterprise and supplier development (E&SD) and the group’s broad-based black economic empowerment (B-BBEE).

OUTCOMES

Covid-19 impacts:

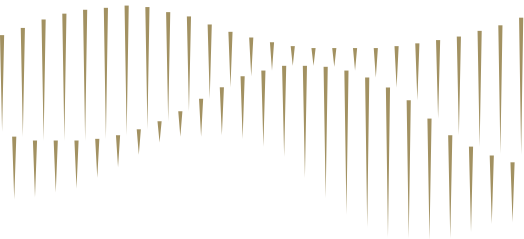
- Water, waste and electricity consumption decreased
- Decrease in work related injuries
- Cross-unit audits replaced with self-assessment sustainability audits
- Postponed the integrated management system (IMS) implementation
- Aligned SED projects to also include projects that addressed the immediate needs of communities during Covid-19

Improved reporting and increased spending on corporate social investment (CSI) (2020: R7.1 million vs 2019: R3.6 million)

Won the CGISA/JSE Integrated Reporting Award for Small-Cap Company








Received acknowledgement for the group’s Covid-19 health and response plans and controls

Maintained our B-BBEE level 1 rating for the fourth year in a row



FOCUS AREAS

SELF-ASSESSMENT:  Achieved/Good progress  In progress  Limited progress/No progress

OUR FOCUS FOR 2020	WHAT WE ACHIEVED	SELF-ASSESSMENT
Integrating the relevant UN Sustainable Development Goals (SDGs) into the sustainability and overall business strategy to ensure a focused approach	Reviewed and updated our sustainability strategy to link all aspects of sustainability to applicable SDGs. Aligned environmental, health, safety and wellbeing and SED initiatives to address SDGs where possible	
Developing a fully integrated management system that includes environment, health and safety, SED and CSI to improve the current reporting and management platforms	IMS implementation was placed on hold due to financial constraints and the Covid-19 lockdown. The group is committed to implementing this system going forward	
Increasing the number of SED projects that include a holistic sustainability approach	Various SED projects now include environmental and health, safety and wellbeing aspects. For more detail refer to the case studies in the SED section of this report	
Developing a sustainability communication plan to promote sustainability initiatives internally and externally	Due to Covid-19 several sustainability projects were placed on hold, resulting in limited external communication. Internally, the employee communication focus was on health, safety and wellbeing to address the risk of Covid-19	
Continuing to enhance our sustainability e-learning training and awareness campaign and to develop a reward and recognition programme to promote our culture change programme	E-learning videos were placed on hold until lockdown alert Level 2. The reward and recognition programme had to be postponed until all e-learning videos are completed, which is planned for mid-2021	
Reporting on the social and economic impacts of our E&SD interventions within our local communities	The group's online tender bulletin board continues to provide advertising opportunities for local suppliers. Larger units have representatives to facilitate procurement opportunities	
Maintaining our current B-BBEE level 1 status	Sun International maintained a B-BBEE level 1 rating	

LOOKING AHEAD

- Implementing the updated and revised sustainability strategy that includes new group environmental and health, safety and wellbeing (HSW) and SED targets
- Implementing a reward and recognition initiative to encourage employee participation in sustainability e-learning videos
- Launching the second series of sustainability e-learning videos
- Implementing an internal and external communication strategy to promote and share sustainability initiatives
- Focusing on key environmental; health, safety and wellbeing and SED projects to support the sustainability strategy (refer to the relevant sections for more information)
- Building sustainable relationships with our key suppliers to support and enhance our own sustainability strategy
- Continuing to integrate, monitor and report on the group's relevant SDGs
- Monitoring progress and continuing to conduct sustainability self-assessment and/or cross-unit audits at all local units.

COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

Improve our existing
operations and our
guest experience

Protect and
leverage our
existing asset
portfolio

Grow our
business into
new areas and
products

Our people

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Sun

SUSTAINABILITY STRATEGY

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

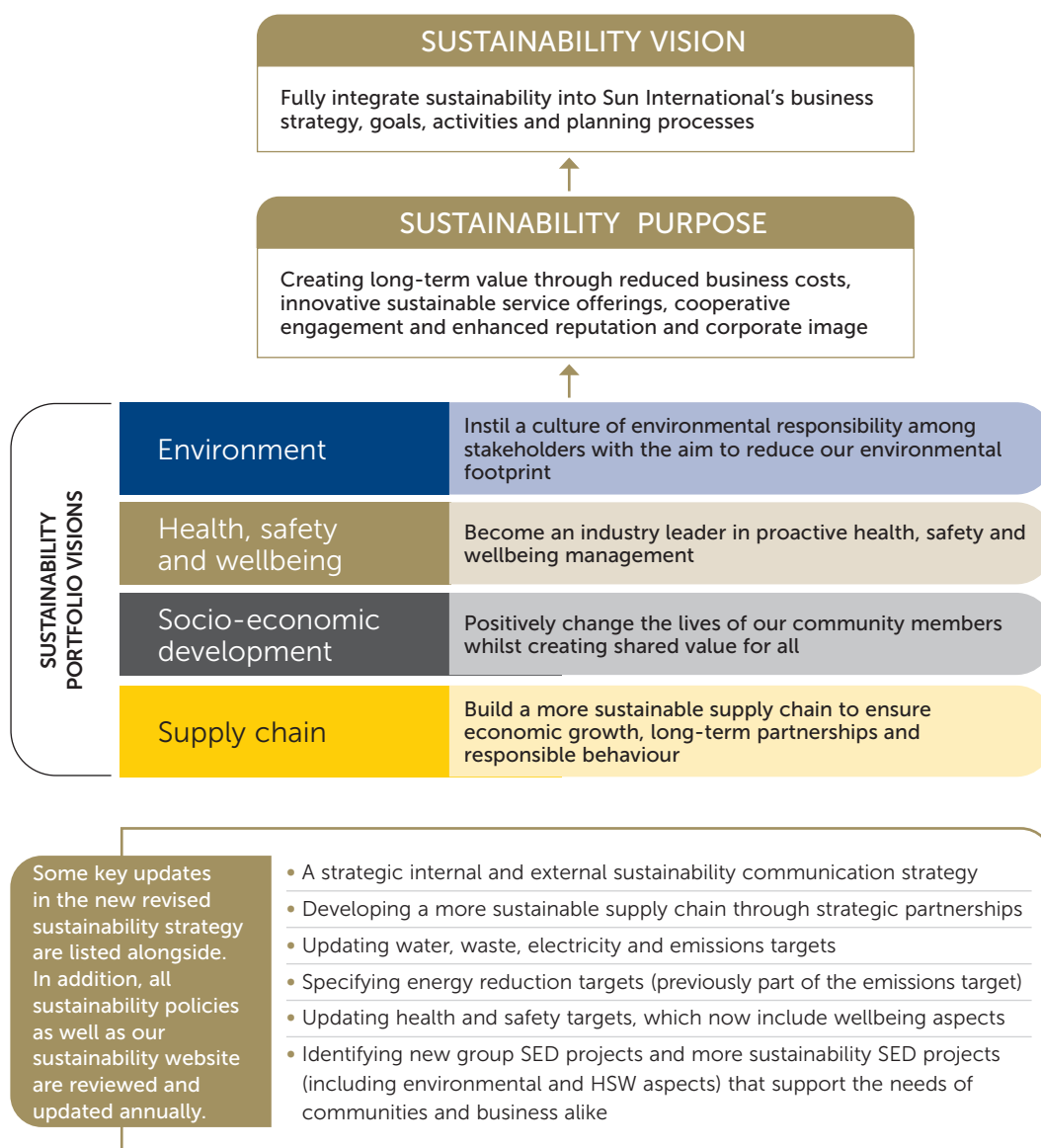
While the group's B-BBEE and E&SD are not specific portfolios under the sustainability strategy, these portfolios form part of Sun International's sustainable business focus.

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

Our sustainability strategy demonstrates Sun International's commitment to advancing all its capital resources in a balanced manner (financial, productive, capital, social and relationship, and natural) through our sustainability performance. The group sustainability policy underpins our sustainability strategy and is annually reviewed to ensure the group remains relevant in the sustainability arena. To address the group's changing needs each sustainability portfolio's strategy, framework and targets were updated in 2020. These updates were consolidated in the group's revised sustainability strategy, which was approved by the sustainability committee and the social and ethics committee in March 2021.



We report annually on our B-BBEE progress through the group's B-BBEE commission report, which is available on our corporate website at <https://corporate.suninternational.com/investors/investors-governance/committee-terms-ofreference/>



Sun International supports the United Nations SDGs, and we endeavour to help achieve them through our operations and business strategy. The six SDGs that are most relevant to the group are discussed below and are aligned with the group's strategy. Progress against these SDGs will be regularly monitored by relevant board and management governance committees and annually reported on internally and externally.



PROGRESS AGAINST SUN INTERNATIONAL'S PRIORITISED SDGs

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

SDG	PROGRESS IN 2020	STRATEGIC OBJECTIVE
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education</p>	<ul style="list-style-type: none"> Our SED policy specifies education as a key pillar for SED projects. R18.8 million (2019: R25.4 million) was invested in SED projects in 2020 of which R10.5 million was allocated to educational projects Continued supporting 25 schools as part of our group SED Adopt a School project, including environmental, health and safety projects Bursaries and learnerships we offered by the group to provide quality education opportunities to employees and learners R1.6 million was allocated to employees and their families, to fulfil educational wishes in our Changing Lives campaign 	 
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure availability and sustainable management of water and sanitation</p>	<ul style="list-style-type: none"> Robust environmental policies and systems ensure we operate in an environmentally responsible and proactive manner Several group projects (and training and awareness campaigns) are in place to reduce water withdrawal and ensure clean water is provided to employees and guests Revised group water consumption targets and environmental minimum requirements aim to continually minimise our water impact Revised preventative maintenance and infrastructure programmes have been implemented to monitor and identify sustainable and safe technologies, to improve water efficiencies and ensure clean water and sanitation is maintained across our operations The group has an environmental specialist and a team of safety, health and environment (SHE) officers at each unit to implement, monitor and report on environmental matters, including water consumption and treatment Internal and external environmental audits ensure compliance with all water regulations and requirements SED projects include an element of environmental awareness and protection where possible 	  
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work</p>	<ul style="list-style-type: none"> Sun International employs 7 548 (2019: 14 706) employees group-wide Where feasible, our E&SD programme identifies and assists businesses at our various properties, through capital funding or other business development services, to foster sustainable business growth, create jobs and add economic value The group committed R30.9 million (2019: R44.4 million) in supplier development during 2020 The group contributed R18.8 million (2019: R25.4 million) in SED spend that positively impacted communities in the areas where we operate Sun International is a major tax contributor in eight of South Africa's nine provinces and contributed R94 million (2019: R625 million) to taxes in the year under review 	    

SDG	PROGRESS IN 2019	STRATEGIC OBJECTIVE
 <p>Ensure healthy lives and promote wellbeing</p>	<ul style="list-style-type: none"> Established a new central wellbeing committee that will meet regularly to discuss the wellbeing of our employees Included wellbeing as part of our health and safety portfolio to ensure a more focused approach to the overall wellbeing of our employees and customers Specific health and safety focus on Covid-19-related matters (refer to the Covid-19 and health and safety sections for more information) Ongoing health and safety training and awareness for our employees and guests create a safe and healthy environment that aims to reduce occupational and lifestyle diseases, injuries and deaths at all our units The group conducts regular internal and external health and safety audits, including food and hygiene audits, fire and life safety audits, and sustainability unit audits Sun International complies with all health and safety legislation and continues to monitor compliance and, where relevant, implement best practices The group has a health and safety specialist and a team of SHE officers to implement, monitor and report on any health and safety issues Continued to incorporate elements of health and safety into our SED and CSI projects 	  
 <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> Sun International's three-year employment equity plan supports transformation at all levels of the group A gender diversity policy is in place for the board, focusing on race and gender. In 2020 the board exceeded its black and female diversity targets Dedicated board and management governance committees ensure oversight of gender equality progress Renewed focus on ensuring equal pay for work of equal value Transformation and gender equality are incorporated in all new employee appointments 	 
 <p>Responsible consumption and production</p>	<ul style="list-style-type: none"> Revised five-year environmental reduction targets for water, waste, electricity and emissions Ongoing maintenance and infrastructure upkeep across operations improved resource efficiencies The group did not achieve its zero waste to landfill (ZWTL) target by 2020, but has recommitted to achieving this target by 2025, with detailed unit-specific waste disposal and beneficiation projects being compiled The group conducts regular internal and external SHE audits to minimise our environmental footprint The group continued to integrate elements of environmental management into our SED projects Consumption of water and electricity decreased significantly due to lockdown and although these reduced levels are not sustainable, it did allow us the opportunity to undertake infrastructure repairs and explore further opportunities The group established an energy working group to investigate and consider alternative energy supply at some of our units 	   



Additional information

- Sustainability policy
- 2020 B-BBEE commission report
- Independent sustainability assurance statement

COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

Improve our existing
operations and our
guest experience

Protect and
leverage our
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portfolio

Grow our
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new areas and
products

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AWARDS



ENVIRONMENTAL

Sun International is committed to protecting the environment and minimising our environmental footprint. Our environmental strategy recognises that the environment is integral to what we do and how we do business. We ensure our business paths are holistic, sustainable, and aligned with international standards and best practice. Our environmental journey continues to evolve as new technologies, risks and opportunities arise. In 2020 the group developed a new ENVIRO-AMBITION 2025 strategy. This five-year strategy outlines our key performance indicators (KPIs) and mechanisms for realising our environmental ambition across five key areas. It has been developed taking various factors into consideration, namely the group's sustainable business strategy, the SDGs and international best practice. We continue to review and update our water, energy and emissions reduction targets in line with the requirements of the business and new technology. As a group we also remain committed to ZWTL for all South African units by 2025.

COVID-19

Covid-19 had a significant impact on our resource consumption during 2020, as outlined in the environmental section. While operations resumed towards mid-2020, consumption remains lower than the prior year as not all employees are back at our properties. The pandemic also hampered most of our initiatives to further reduce resource consumption, with an additional delay due to budget constraints. However, we remain committed to reduce resource consumption.

PRIMARY ENVIRONMENTAL SUSTAINABILITY OBJECTIVES

- Maintaining and continually improve our IMS aligned with ISO 14001 and 45001 standards
- Improving efficiencies, standardising environmental management approaches and ensuring compliance with relevant environmental legislation, regulations and standards
- Regularly reviewing environmental objectives and targets to align with the needs of the business and changing technology, to reduce our environmental footprint
- Promoting efficient use of materials and natural resources throughout our facilities by means of environmental initiatives and technologies
- Communicating and promoting awareness of shared employee responsibility and accountability
- Engaging and informing stakeholders of our environmental commitments and promoting an environmental culture through ongoing awareness and reporting initiatives



Additional information

- Environmental policy
- Sustainability policy
- CDP report
- CDP water report
- Independent sustainability assurance statement
- Sustainable Seafood policy

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HEALTH, SAFETY AND WELLBEING

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

Our revised health, safety and wellbeing strategy outlines a holistic approach to making our business safe, healthy, socially responsible, ethically responsible and economically sustainable. The management of business impacts related to health and safety is critical to ensuring that we maintain our operational and social licences to operate.



COVID-19

As a responsible employer and corporate citizen, we continually provide a safe and healthy working and operating environment for our stakeholders at our properties. We developed comprehensive health and safety protocols for all units that included the collection and protection of personal information, measures to ensure physical distancing, sanitisation and hygiene practices for our people and facilities, provision of personal protective equipment (PPE) where required, contingencies for the protection of vulnerable individuals, and measures to deal with a potential Covid-19 incident on site, including contact tracing. As a result of our already well-established health and safety protocols, the group was able to expedite the implementation of these industry protocols throughout the group.

Our protocols align with the World Health Organisation (WHO), National Institute for Communicable Diseases (NICD), Department of Health (DOH), Department of Employment and Labour (DEL) and Department of Tourism (DT) directives, guidelines and advice. We monitor these institutions for changes and updates and continue to make the necessary changes to our protocols.



This comprehensive Covid-19 policy and protocols is available online at
<https://corporate.suninternational.com/media/covid-19-protocols/>.

This policy remains in force as long as the declaration of a national disaster remains in force. Specific measures implemented to address Covid-19 are tabled in the health, safety and wellbeing section.

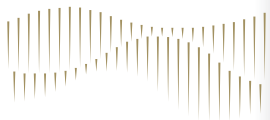
PRIMARY HEALTH, SAFETY AND WELLBEING SUSTAINABILITY OBJECTIVES

- Proactively control and mitigate our risks
- Prevent harm to our stakeholders and create memorable experiences
- Implement innovative solutions to manage and improve our health, safety and wellbeing performance
- Embed a caring and vigilant safety culture
- Maintain legal compliance, and where relevant, align to international standards and adopt best practice



Additional information

- Health, safety and wellbeing policy
- Smoking policy
- Covid-19 protocols
- Sustainability policy



COVID-19
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SOCIO-ECONOMIC DEVELOPMENT

Sun International understands the necessity of empowering and uplifting communities in the areas we operate in. We aim to create economic value and maximise the positive social impact on the communities that surround our operations through creating shared value. Our SED strategy ensures that we support and contribute to communities through our SED and CSI initiatives and ensure a robust stakeholder engagement process, while also engaging our staff on the group's employee volunteering initiatives.

Our framework guides us in adhering to the group strategy, gaming licence conditions, data reporting and group targets and ensures that all processes are streamlined group-wide. It guides applicable standards when identifying, approving and implementing SED projects and provides a platform for projects that integrate environment and, health, safety and wellbeing into the SED focus areas.

COVID-19

Covid-19 instilled a heightened level of fear and anxiety in communities as lives and livelihoods were in disarray due to lockdown measures, and fears of contracting the virus ran high affected community members. As part of our ongoing community engagement processes, we identified specific needs in our communities. Sun International decided to broaden its social investment to extend beyond the mandated categories of education, sports and arts and culture. Allowance was made for units to apply for special projects, as referred to in our SED policy, that aligned more closely with communities' needs during the Covid-19 lockdown period.

A total of R1.2 million was invested in these special projects, which included community feeding schemes, support to old age homes and general support to families and communities in need of clean water and energy, among others. Refer to the SED section for more information.

PRIMARY SUSTAINABILITY SOCIO-ECONOMIC OBJECTIVES

- Have a positive, sustainable and measurable impact on our communities through our core SED focus areas
- Transparently and inclusively engage with surrounding communities and other stakeholders to build and improve relationships
- Continue to enhance the group's reputation as a caring and responsible corporate citizen
- Actively communicate and promote our SED and CSI initiatives to create awareness and encourage staff volunteerism
- Demonstrate responsible behaviour through strategic objectives, targets, good governance, targeted engagement and SED and CSI investments



Additional information

- SED policy
- Community and stakeholders' engagement policy
- Sustainability policy



COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

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operations and our
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ENTERPRISE AND SUPPLIER DEVELOPMENT

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

COVID-19

The group is committed to creating opportunities for all suppliers, especially B-BBEE-compliant small, medium and micro enterprises; however, procurement spend was significantly impacted due to business closures during lockdown and spend targets were revised downwards.



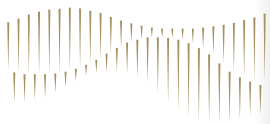
PRIMARY SUSTAINABILITY ENTERPRISE AND SUPPLIER DEVELOPMENT OBJECTIVES

- Have a positive, sustainable and measurable impact on our supply chain
- Transparently and inclusively engage with suppliers in communities where we operate
- Invest and empower suppliers through local procurement spend
- Maintain ethical procurement standards that align with our supplier code of conduct
- Preferential procurement for suppliers with a B-BBEE level 1–3 rating



Additional information

- Supplier code of ethics policy
- Anti-fronting statement
- Ethics declaration



COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

Improve our existing
operations and our
guest experience

Protect and
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Grow our
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Our people

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SUSTAINABILITY GOVERNANCE AND COMPLIANCE

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

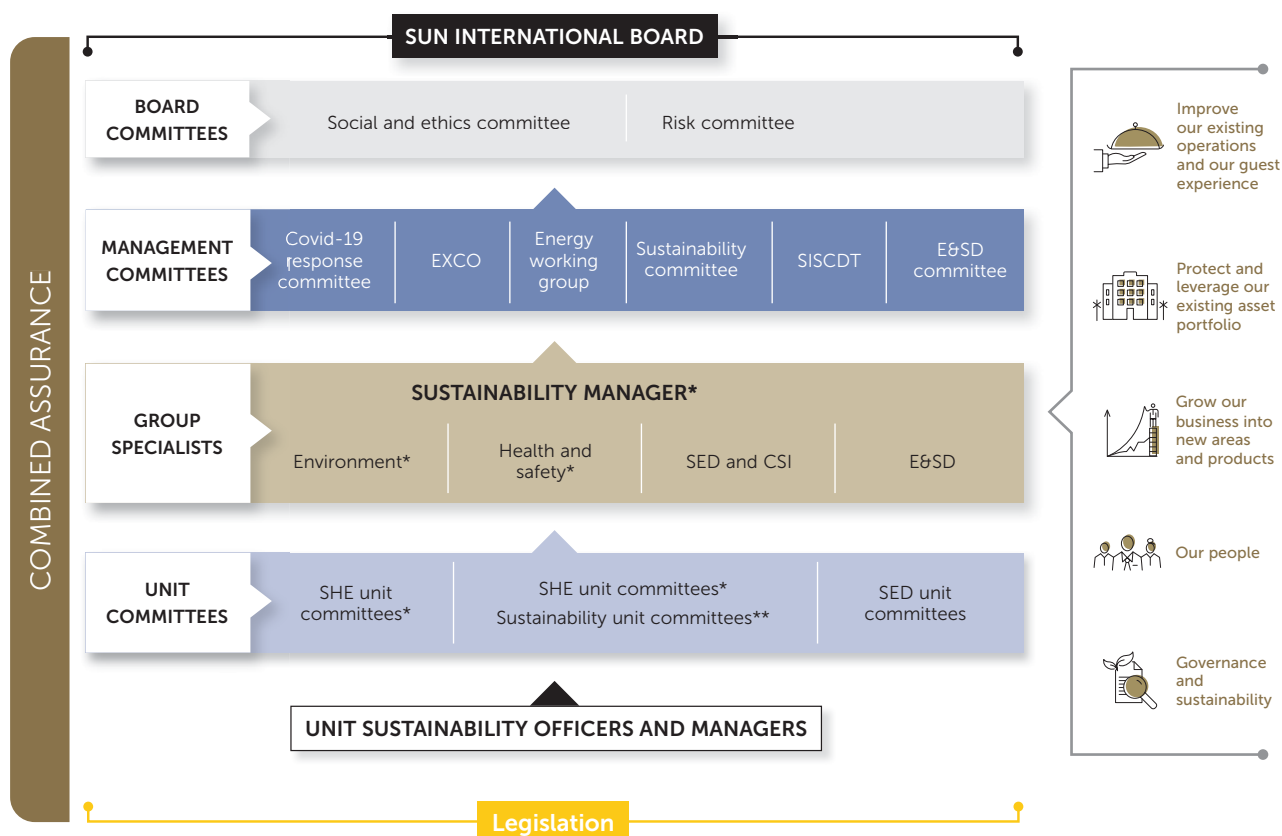
SUSTAINABLE CORPORATE GOVERNANCE

Support and enhance a culture of ethical behaviour, compliance and social responsibility

COVID-19

In compliance with relevant legislative requirements, Sun International appointed a Covid-19 compliance officer (Covid-19 officer) and established a Covid-19 risk committee that consists of key departments. This cross-functional team reports to the Covid-19 officer and unit general managers. The Covid-19 officer reports to the risk committee and provides updates on all Covid-19-related matters.

Sustainability governance structure



* Part of the Covid-19 compliance team.

** Only at central office, Sun City and GrandWest.

COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

Improve our existing
operations and our
guest experience

Protect and
leverage our
existing asset
portfolio

Grow our
business into
new areas and
products

Our people

Governance and
sustainability

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SUSTAINABILITY LEGISLATION AND FRAMEWORKS

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

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

COVID-19

Due to the severity of Covid-19's impact globally, various new legislations, regulations and guidance documents were implemented in our areas of operation. In South Africa, over 17 Covid-19-related regulations, directives and guidelines were issued by government. Some of the key Covid-19 legislation the group adheres to is tabled below. The compliance of all Covid-19 legislation forms part of the Covid-19 risk committee's mandate. This committee also keeps the board's risk committee apprised of all Covid-19 related matters.

Key legislation and frameworks in South Africa

ENVIRONMENT

- ▶ National Environmental Management Act 107 of 1998
- ▶ National Water Act 36 of 1998
- ▶ National Environmental Management: Waste Act No. 59 of 2008
- ▶ Carbon Tax Act 15 of 2019
- ▶ National Environmental Management: Biodiversity Act No. 10 of 2004
- ▶ National Environmental Management: Air Quality Act No. 39 of 2004: National Greenhouse Gas Emission Reporting Regulations

HEALTH AND SAFETY

- ▶ Occupational Health and Safety Act 85 of 1993, and regulations
- ▶ Compensation for Occupational Injuries and Diseases Act No 130 of 1993, and regulations
- ▶ Safety at Sports and Recreational Events Act 2 of 2010
- ▶ National Health Act 61 of 2003, and regulations
- ▶ National Building Regulations and Building Standards Act 103 of 1997
- ▶ Tobacco Products Control Act 83 of 1993

SED

- ▶ Broad-Based Black Economic Empowerment Amendment Act 46 of 2013
- ▶ Requirements and licence conditions of the National Gambling Board and provincial gaming boards

OTHER FRAMEWORKS, STANDARDS AND BEST PRACTICE

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



COVID-19-RELATED LEGISLATION AND GUIDANCE DOCUMENTS

- ▶ Disaster Management Act 57 of 2002 and Consolidated Regulations Disaster Management Act (17 April 2020)
- ▶ Basic Conditions of Employment Act 75 of 1997
- ▶ Occupational Health and Safety Act 85 of 1993, and regulations
- ▶ Regulations for Hazardous Biological Agents 2001
- ▶ Facilities regulations (Regulation 924 of 2004)
- ▶ Protection of Personal Information Act 4 of 2013
- ▶ Consolidated Covid-19 Direction on Health and Safety measures in certain Workplaces, 2020
- ▶ WHO: Getting your workplace ready for Covid-19, 2020
- ▶ Department of Employment and Labour: Workplace Preparedness: Covid-19 (SARS-CoV-19 virus), guidelines, 2020
- ▶ Guidelines for quarantine and isolation relating to Covid-19 exposure and infection
- ▶ Department of Health:
 - Covid-19: Environmental Health Response Guidelines, 2020
 - Rational Use of PPE Guidelines, 2020

COMPLIANCE

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

Annual sustainability assurance audits, various health and safety audits and selective environmental audits are conducted to verify compliance with applicable SHE legislation. Our trained and dedicated SHE professionals at our local units serve as lead internal compliance auditors and perform SHE cross-unit audits. In 2020 the cross-unit audits were replaced with sustainability self-assessment audits due to travel restrictions. These self-assessments allowed units to do an internal assessment of their own units, resulting in improved process and cost reductions. Once lockdown restrictions are lifted the group will continue with the cross-unit audits.

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

Group SHE management system

The group's SHE IMS is aligned with ISO 45001:2018 and ISO 14001:2015. This system ensures a standard approach to SHE monitoring and has improved reporting. The IMS is hosted and managed on our compliance management platform. Planned system improvements were placed on hold due to Covid-19 and will be revisited in 2021, depending on the availability of financial resources.

Communication and awareness

We use various communication and awareness campaigns and platforms to promote group-wide sustainability. These communication and awareness campaigns help break down silos, ensuring a more sustainable culture and improving employee engagement and participation – reinforcing our SunWay formula for success. The revised sustainability strategy has a specific objective of improving internal and external communication, through structured engagement processes, active marketing and ongoing events.

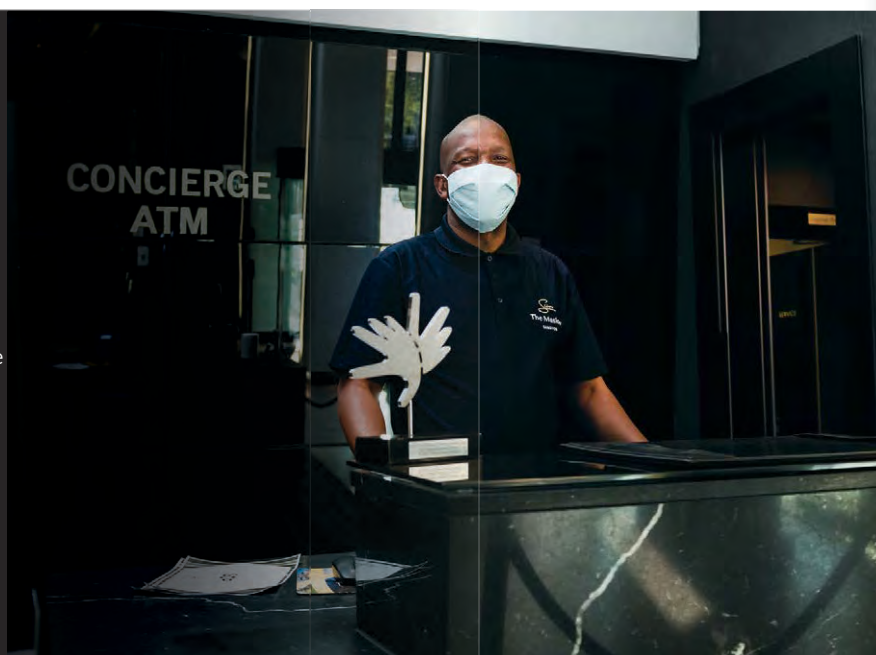
SUSTAINABILITY AWARENESS CALENDAR

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

Month	Awareness event
January	Electricity safety
February	Staff volunteering
March	World Water Day
April	Ergonomics
May	Sustainable Development Goals
June	World Environment Day
July	Plastic-free July
August	Work-life balance
September	Combine with 'Share the warmth' campaign across properties
October	Mental health awareness
November	SED 'Adopt a School' – Integrating sustainability into our SED and CSI programmes
December	Fatigue management

SUSTAINABILITY CULTURE PROGRAMME

Our sustainability culture programme incorporates all sustainability portfolios to improve employee awareness, accountability and ownership in protecting the health and safety of all stakeholders, the environment, and the communities we operate in. During 2020, we launched six of the 10 sustainability e-learning videos prior to lockdown and the remaining videos will be released in 2021. The programme creates ongoing awareness and addresses some of the group's most pressing sustainability issues. Sun International's awareness campaign is aligned with our e-learning initiative, which reinforces the importance of having a sustainability culture in the group. A reward and recognition initiative will be developed in 2021 to encourage employee participation.



GROUP B-BBEE SCORECARD

The group maintained its level 1 rating with a total B-BBEE score of 102.42 (2019: 103.81) out of a possible 111 points.



For a more detailed view of our **2020 B-BBEE commission report** or visit



[//ir2020.suninternational.com/DownloadManager/2020_B-BBEE_Commissions_Report_for_Sun_International.pdf](http://ir2020.suninternational.com/DownloadManager/2020_B-BBEE_Commissions_Report_for_Sun_International.pdf)

Scorecard information	Actual score	Actual score	Target score
	1 November 2020 – 31 October 2021	1 July 2019 – 31 June 2020	31 June 2021
Ownership	22.38	22.16	27.00
Management control	12.95	13.31	19.00
Skills development	17.78	18.70	20.00
Enterprise and supplier development	41.31	41.64	40.00
Socio-economic development	8	8.00	5.00
Total score	102.42	103.81	111.00
Empowering supplier	Yes	Yes	
LEVEL	1	1	

COVID-19
RESPONSE

STRATEGIC
OBJECTIVES

Improve our existing
operations and our
guest experience

Protect and
leverage our
existing asset
portfolio

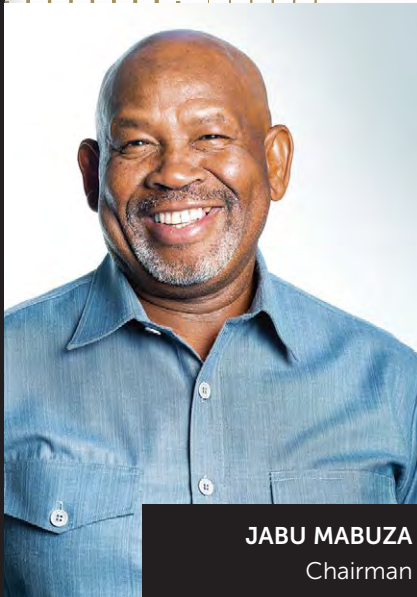
Grow our
business into
new areas and
products

Our people

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JABU MABUZA
Chairman

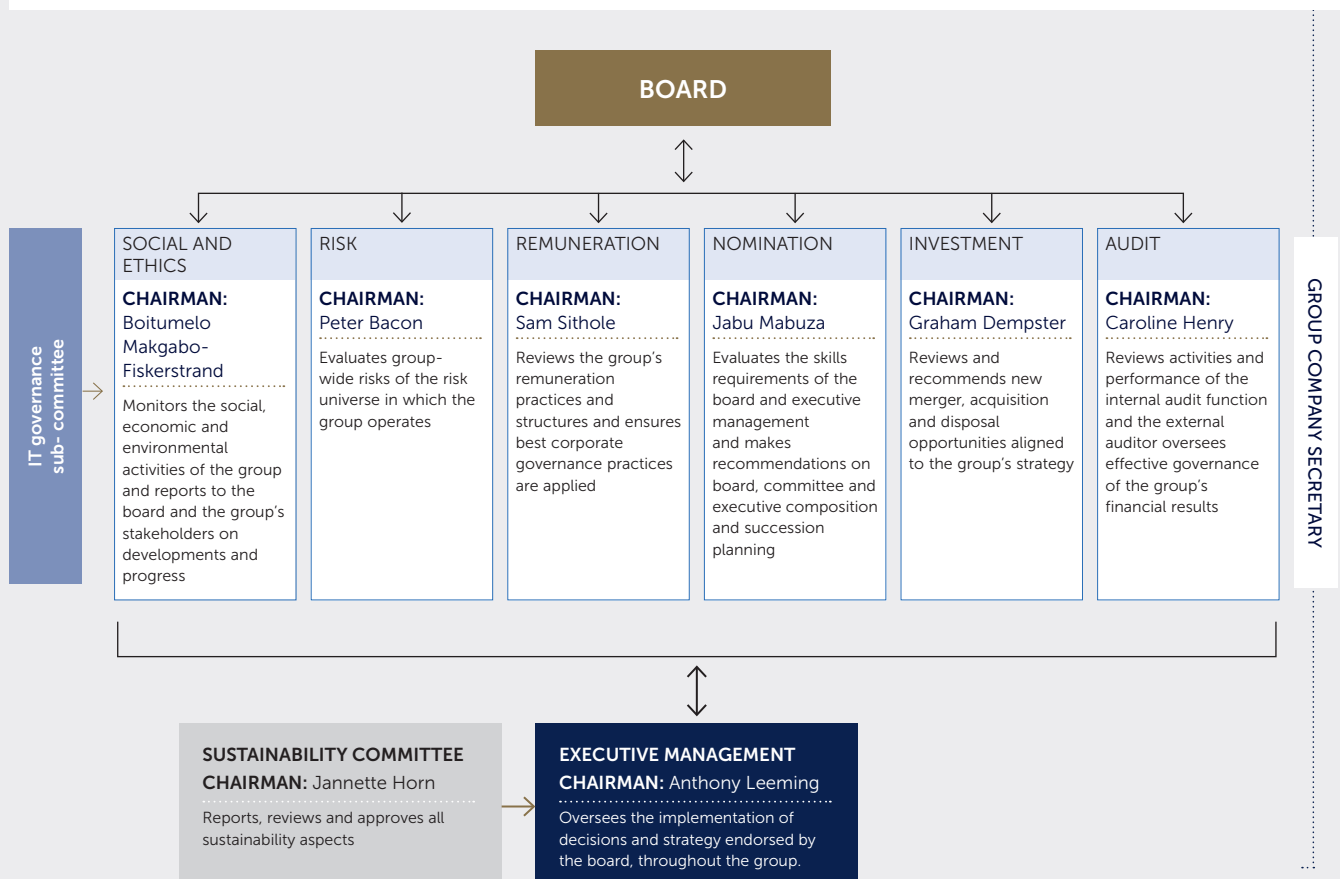
CORPORATE GOVERNANCE REPORT

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

GOVERNANCE FRAMEWORK

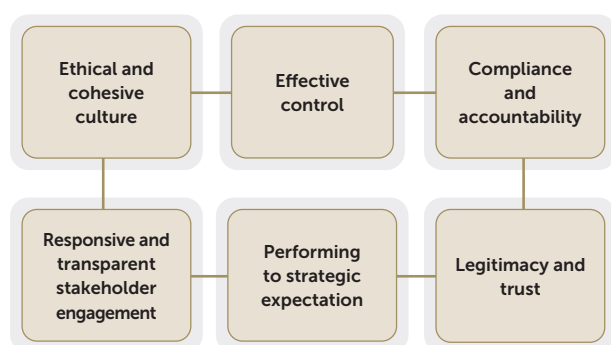
Sun International's governance framework provides clear direction for implementing robust governance practices in line with the Companies Act, the JSE Listings Requirements, King IV™ and Sun International's memorandum of incorporation (Mol). Our framework is underpinned by our corporate governance policies, ethics and human rights to promote an organisational culture that embraces the SunWay culture and ensures that we remain a good corporate citizen.

This governance report should be read with the full corporate governance report in the environmental, social and governance report as well as 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.



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

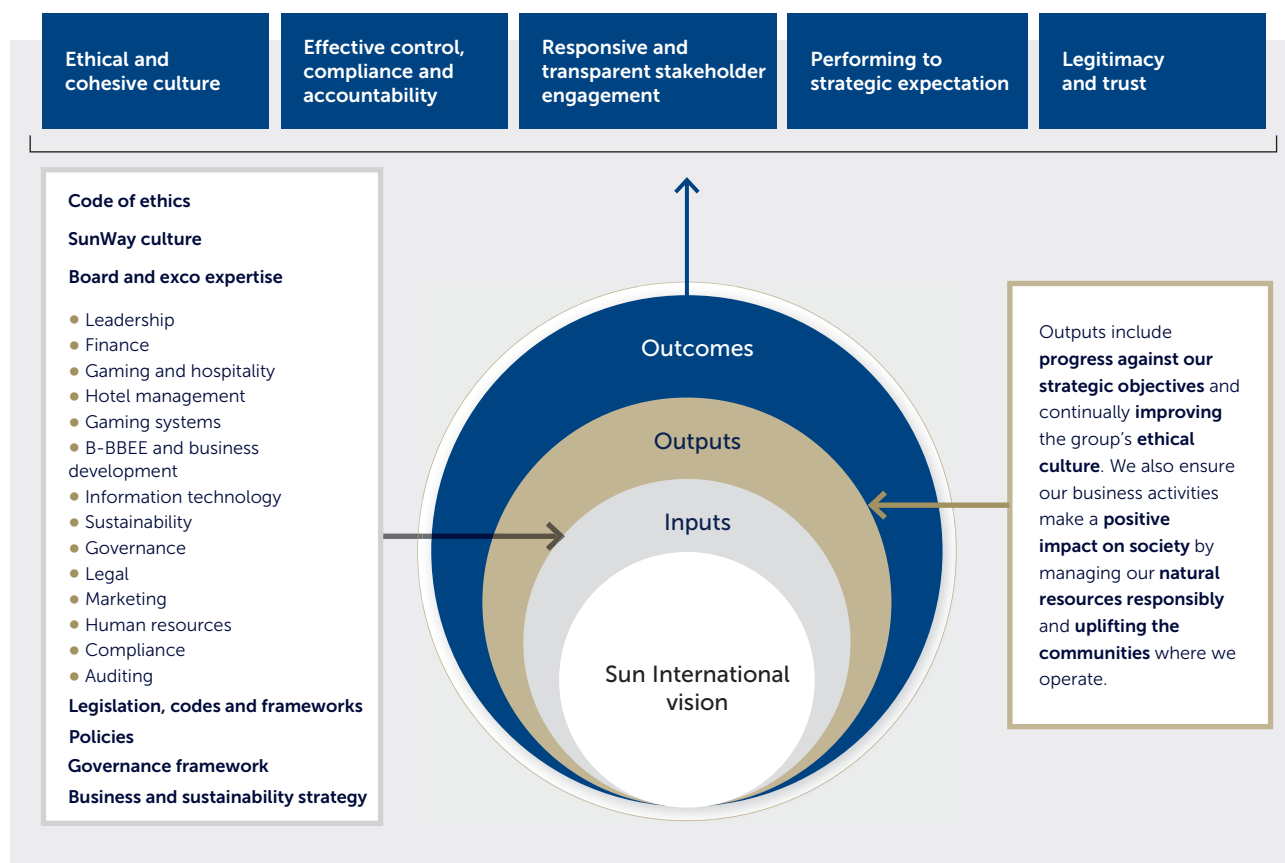
The governing body (the board) is the custodian of Sun International's corporate governance framework. It acknowledges its responsibility to lead the group in an ethical, effective and sustainable manner through the mindful application of King IV™ with substance prevailing over form. This entails the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



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.

Collectively, the Sun International's board and executive management 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 create great memories for its guests, employees 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 its legitimacy and trust among its stakeholders.



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RESPONSE

STRATEGIC
OBJECTIVES

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KING IV™ APPLICATION AND GOVERNANCE OUTCOMES

The board is committed to best practice governance through the application of King IV™ principles. All 16 principles are applied and align with our governance outcomes as detailed in the King IV™ application register.

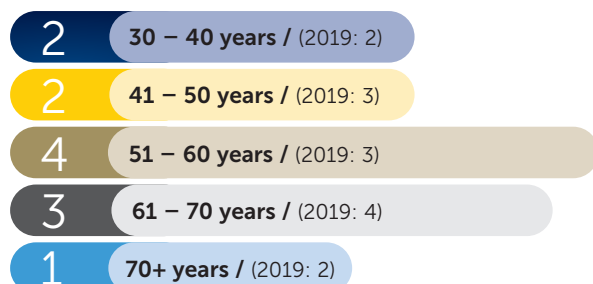
BOARD OVERVIEW

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 its stakeholders.

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. In 2020, the nomination committee developed a board skills matrix to assess what the future composition of the board should look like from a skills, diversity, field of knowledge and experience perspective. The board skills matrix aligns with the group's strategy and complies with best international corporate governance practices.

Age (at 31 March 2021)



Average age = (2020: 54 years) (2019: 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 March 2020 and prior to the date of this report, the nomination committee agreed that eleven non-executive directors satisfied the independence criteria. These directors are/were: Messrs Bacon, Campher, Cibie, Dempster, Khanyile, Mabuza, and Mesdames Gwagwa, Henry, Makgabo-Fiskerstrand, Mabaso-Koyana and Zatu. Messrs Sithole and Ngara, are not classified as independent non-executive directors as they represent a major shareholder of the group.

During 2020, 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 (this being Ms Makgabo-Fiskerstrand) and concluded that she retained her independence in character and judgement, notwithstanding her length of service. There were also no relationships or circumstances that were likely to affect or be perceived to affect independence. The board concurred with these findings and is of the view that this non-executive director continues to be effective and bring valuable experience and skills to the board, and that she will continue to exercise independent judgement.

Independence at 31 December 2020

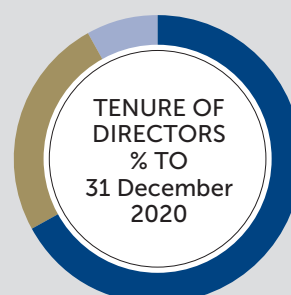
Independent
8/12 **67%**
2019: 10/14 71%

Non-independent
4/14 **33%**
2019: 4/14 29%

Executive and non-executive directors at 31 December 2020

Executive directors
2/12 **17%**
2019: 2/14 14%

Non-executive
10/12 **83%**
2019: 12/14 86%



0 – 4 years 8/12 **67%**
5 – 8 years 3/12 **25%**
9+ years 1/12 **8%**

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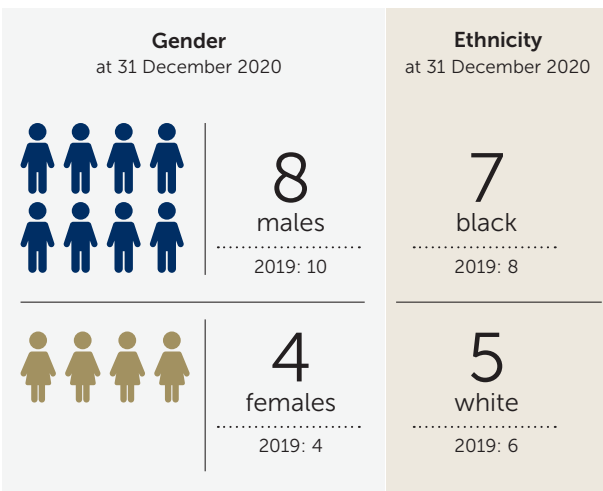
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Group diversity policy

Sun International's board-approved gender and race diversity policy, which is in line with the JSE Listings Requirements changes, includes diversity requirements broader than just gender and race and also includes culture, age, field of knowledge, skills and experience. These requirements help maintain the group's competitive advantage and optimal composition. The board's and committee's composition, collective skills (industry knowledge, experience, technical skills and governance competencies) and competency are documented and monitored in terms of a board skills matrix. Governance competencies are considered in terms of strategy and strategic planning, policy development, financial performance, risk and compliance oversight, gaming and hospitality strategy, commercial experience, stakeholder engagement and knowledge and experience in companies with operations internationally. Gaps identified on the main board included lack of sufficient youth, black women directors in terms of the B-BBEE codes of good practice and alternate gaming and other IT skills. In respect of other diversity indicators, the group's board is satisfied that the composition of the board adequately reflects diversity and demographics.

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. The board achieved beyond its 30% target for female directors (33%) and exceeded its race target of 50% black directors with 58% black representation.



BOARD COMMITTEES AND ATTENDANCE

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

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

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 committee performs the same function for all Sun International's subsidiary companies and Meropa, being an associate company. This is subject to annual confirmation. The Sun International social and ethics committee performs the same function for all Sun International subsidiaries. Meropa has however established its own social and ethics committee.

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

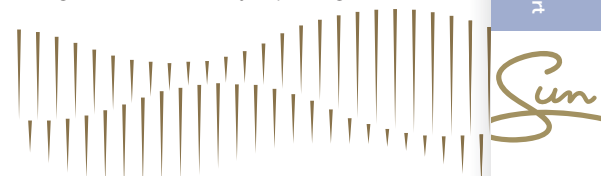
SUPPORTING SUSTAINABLE BUSINESS PRACTICES

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 experience, 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, wellness and environmental initiatives, and sustainability campaigns.

During 2020, the board engaged the services of an external assurance provider to provide an independent assurance statement on the group's sustainability reporting. This external review assessed the processes and data reported in the integrated annual report for environmental, occupational health and safety, SED and also performed a readiness audit on the group's corporate social investment information. The external review gives our stakeholders the assurance that the sustainability information we report on is accurate, relevant and transparent. The review also helps identify areas for improvement. The group continues to use the GRI Standard as the basis for its integrated sustainability reporting.



THE ACTS, REGULATIONS, FRAMEWORKS AND 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 Code 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. 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 and directives 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.
United Nations Global Compact (UNGC)	Sun International embeds the 10 UNGC Principles as part of its business strategy, culture and day-to-day operations.

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
- continuing to provide guidance and direction as the group navigates its way through the pandemic
- continuing to remain resilient to cyber threats through robust IT systems, policies and processes
- continuing to improve corporate reporting practices and transparency around activities and performance in supporting the fight against corruption
- continuing to ensure that the board composition reflects the needs of the group as well as our diversity



CORPORATE DATA AND ADMINISTRATION

SUN INTERNATIONAL LIMITED

Incorporated in the Republic of South Africa
Registration number: 1967/007528/06
JSE share code: SUI
ISIN: ZAE000097580

COMPANY SECRETARY AND REGISTERED OFFICE

Company secretary: AG Johnston
6 Sandown Valley Crescent
Sandton
2196
(PO Box 784487, Sandton 2146)

SPONSOR

Investec Bank Limited
(Registration number 1969/004763/06)
2nd Floor
100 Grayston Drive
Sandton
2196
(PO Box 785700, Sandton, 2146)

AUDITORS

PricewaterhouseCoopers Inc.
4 Lisbon Lane
Waterfall City
Jukskei View
2090
South Africa
Telephone: +27 (0)11 797 4000
Telefax: +27 (0)11 797 5800

CAPITAL LENDERS

Banks

- ABSA Bank Limited
- Investec Bank Limited
- Nedbank Limited
- Rand Merchant Bank (a division of FirstRand Bank Limited)
- Standard Bank of South Africa Limited

Institutions

- Sanlam

Transactional bankers

- Nedbank
- Standard Bank
- ABSA

CORPORATE LAW ADVISOR

Cliffe Dekker Hofmeyr Inc.
(Registration number: 2008/018923/21)
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2196
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Telefax: +27 (0)11 562 1111

REGISTERED OFFICE

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Sandton
2196
(PO Box 782121, Sandton, 2146)
Telephone: +27 (0)11 780 7000
Telefax: +27 (0)11 780 7716



Website: www.suninternational.com

TRANSFER SECRETARIES

JSE Investor Services (Pty) Limited
13th Floor
19 Ameshoff Street
Braamfontein
2001
(PO Box 4844, Johannesburg, 2000)
Telephone: +27 (0)11 713 0800
Telefax: 086 674 4381 or 086 674 1990



Website: www.jseinvestorservices.co.za

RESERVATIONS AND NATIONAL SALES

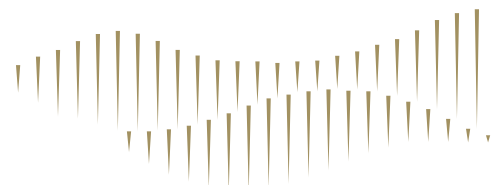
Telephone: +27 (0)11 780 7810

INVESTOR RELATIONS

Telephone: +27 (0)11 780 7762



Email: investor.relations@suninternational.com





SUN INTERNATIONAL LIMITED

(Incorporated in the

Republic of South Africa)

Registration number: 1967/007528/06

Share code: SUI

ISIN: ZAE 000097580

("Sun International" or "the company")

www.suninternational.com