



Sun International

2019
INTEGRATED ANNUAL REPORT

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FRONT OF HOUSE

ABOUT THIS REPORT

We are pleased to present Sun International Limited's (Sun International) 2019 integrated annual report (IAR) to our stakeholders.

Sun International reports in a holistic, transparent and integrated manner to help our stakeholders make informed decisions about our business. We aim to provide our stakeholders with a focused and concise report that demonstrates our integrated thinking and value creation for the year under review.

This IAR covers the financial period 1 January 2019 to 31 December 2019 and incorporates all Sun International's subsidiaries and operating units, locally and internationally. This report is structured around our leadership reviews (front of house), business overview (deck of cards), our strategic performance and outlook (game plan), and our governance transparency and accountability (rules of the game). Our financial performance is included in the chief financial officer's overview. Other suite of reports (all online) include the group's annual financial statements, statutory information and our environment, social and governance information.

Our IAR's content covers the reporting period's most material matters. In some cases, content includes the period up to the report's finalisation on 31 March 2020. Sun International's material matters are issues that could substantively influence the assessment of providers of capital and other stakeholders, regarding the group's ability to create 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, opportunities, the external environment and stakeholder concerns. This process is dynamic and evolves yearly to ensure our material matters remain relevant and enable the group to achieve its strategic objectives, vision and purpose. Our materiality determination process and methodology are reviewed, updated and approved annually by the relevant governing bodies and where applicable, aligned to best practice.

South Africa continues to contribute the majority of group revenue, followed by Latam and the rest of Africa. Gaming remains the group's primary revenue contributor.

Contribution to group revenue Geographic

67%

South Africa
(2018: 69%)

31%

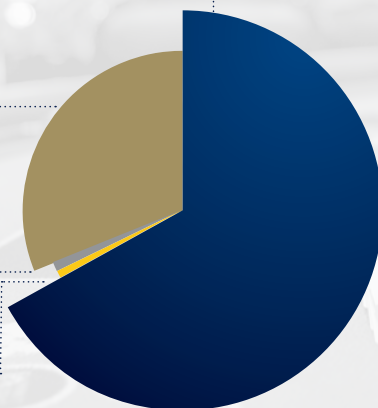
Latam
(2018: 30%)

1%

Nigeria
(2018: 1%)

1%

Swaziland
(2018: 0%)



Revenue streams

72%

Gaming
(2018: 73%)

8%

Alternative gaming
(2018: 8%)

9%

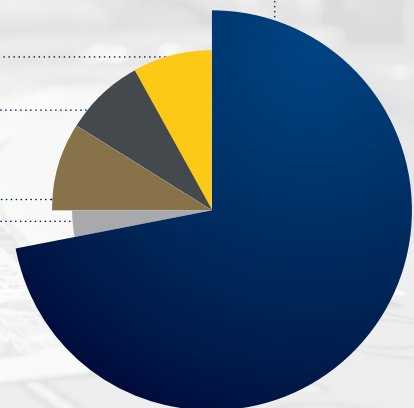
Food and beverage
(2018: 8%)

8%

Rooms
(2018: 8%)

3%

Other
(2018: 3%)





About this report continued


REPORTING SUITES, REPORTING FRAMEWORKS AND ASSURANCE

The group's suite of reports is guided by various frameworks. Our integrated annual report 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 annual financial statements (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 four separate online reports that follow various reporting frameworks.

INTEGRATED ANNUAL REPORT	ANNUAL FINANCIAL STATEMENTS	STATUTORY REPORT	ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT
			
<ul style="list-style-type: none"> ✓ IIRC <IR> framework ✓ Companies Act ✓ King IV™ ✓ JSE LR ✓ SDGs ✓ GRI 	<ul style="list-style-type: none"> ✓ IFRS ✓ Companies Act ✓ JSE LR 	<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

Combined assurance model

Sun International's combined assurance model provides comfort to stakeholders that our financial and non-financial information are 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.



About this report continued

REPORTING FOOTPRINT AND NAVIGATION

Having received positive feedback on our first online integrated report in 2018, Sun International continues to minimise its environmental footprint by only reporting online in 2019. As part of our ongoing improvement process, we have provided four suites of reports that combine related information for ease of reference. Our reporting design and report generator function improves the overall user

experience and enables the reader to select sections of interest in a PDF format, which can be saved or printed if required. Our interactive icons, footnotes and links further add to the user-experience.

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

Strategic objectives



Capitals



Sustainability



Social media



Stakeholders



Sustainable Development Goals



STAKEHOLDER FEEDBACK

We welcome stakeholders' feedback on our reporting, particularly regarding our new suite of reports. Feedback can be sent to investor.relations@suninternational.com or group.sustainability@suninternational.com

DIRECTORS' APPROVAL

The board acknowledges its responsibility to ensure the integrity of information contained in this IAR and has applied its collective mind in the preparation of this report. The group audit committee was instrumental in providing guidance on this process and keeping the board abreast of the reporting progress.

The board is of the opinion that this report is presented in compliance with the <IR> framework and the information is correct and relevant. The IAR was approved by the board on 31 March 2020.

JA MABUZA

Chairman

31 March 2020

AM LEEMING

Chief executive

31 March 2020

About this report continued



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 accurately and 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.

CHAIRMAN'S MESSAGE



JA Mabuza / Chairman

I am proud to present my first Sun International chairman's message and honoured to be entrusted with steering the group into the future. World-wide, corporates are facing many challenges, including economic headwinds, geopolitical risks, climate change and social unrest. Sun International continues to show a track record of resilience because we understand that when we work together, we are stronger.

The casino and hospitality industries are especially vulnerable at the moment: consumers face financial constraints in an industry that relies on discretionary spending, and the spread of COVID-19 has dampened tourism activity in all major markets worldwide. According to new estimates from PricewaterhouseCoopers, South Africa could lose R200 million in foreign currency spend and 1 000 jobs in tourism because of the outbreak. This amount assumes an estimated 15% decline in Chinese tourists to South Africa.

In South Africa the operating environment remains tenuous: investor confidence is low and the economic outlook is muted as the country faces high unemployment and debt levels, a constrained energy supply and other socio-economic challenges. But Sun International's inclusive stakeholder approach remains proactive, particularly as we navigate our way through heightened social and political unrest in certain areas where we operate. The board, through its various sub committees, is satisfied that management acts on stakeholder concerns in a timely and effective manner. Apart from our stakeholder engagement section, specific stakeholder concerns noted during 2019 are discussed in various sections of our integrated reporting including the remuneration report (equal pay for work of equal value), social and ethics report (local procurement opportunities) and risk management report (riots and protests in Chile).

The regulatory environment continues to pose challenges such as the proposed amendments to smoking legislation, the ongoing threat of increased gaming taxes, the erosion of market share due to Electronic Bingo Terminal (EBTs), Independent Site Operator (ISO) licences in catchment areas and potential challenges with the renewal of our SCJ licences in 2023. Tough economic times requires a balance between

innovative thinking and disciplined processes in managing regulatory challenges. The group continues to strive for this balance as discussed in the risk management report.

Despite this constrained trading environment, the group posted a solid set of financial results, with total income up 4% to R17.2 billion, driven mainly by good growth from key operations in South Africa and the inclusion of acquisitions made in Latam in 2018. These financial results are elaborated in the chief financial officer's review.

Operationally, the board is confident that the revised central office operating model will yield positive strategic outcomes – reducing debt, supporting operational excellence and encouraging a renewed focus on the customer so we achieve our purpose of creating lasting memories.

The average age of our iconic properties is 18 years, ranging from Maslow Time Square at two years old to Sun City, which recently celebrated its 40th year of operation. Arguably one of the group's most iconic properties, Sun City opened in 1979 and has hosted many memorable sporting and entertainment events. The group continues to refurbish and maintain its properties to guarantee they remain a destination of choice.

"Driving operational efficiencies, optimisation and quality of earnings as well as accelerating our balance sheet de-gearing also remain focus areas for the group. The board believes these strategic imperatives will strengthen the group as it faces tougher operating environment conditions."



Chairman's message continued

Collectively, the board continues to promote and drive an ethical culture group-wide. Sun International's business practices are underpinned by ethical principles that are embraced by the board, practised by the leadership team and cascaded down to our employees' group-wide through the SunWay ethos. We are unwavering in our zero-tolerance approach to unethical behaviour, including crime and corruption, at every level of the organisation.

The board continues to focus on reviewing the fundamentals of how we govern and how our structures enhance and unlock shareholder value. We made significant progress over the past three years aligning the governance structure of our Latam and African operations to those in South Africa. We continued applying the 16 King IV™ principles, which are detailed in our King IV™ application register.

Sun International recognises and embraces the benefits of a diverse board as this improves board effectiveness and differentiates us in the industry. Collectively, the board's diversity and vast industry experience creates an environment for healthy and productive discussions. At year end the board achieved 57% black representation, exceeding its 50% target but narrowly missing its female target of 30%, with an actual 29% female representation. The board also welcomed Mr Tapiwa Ngara, effective 16 September 2019, as an alternate director to Mr Sam Sithole and looks forward to his contribution. We also bid farewell to Mr Valli Moosa, effective 14 May 2019, whose board contribution during his tenure was invaluable. The group also maintained its B-BBEE Level 1 rating for the third consecutive year.

Sustainability remains a business imperative and the board is encouraged by the progress made with the group's inclusive sustainability approach. The long-term shared value for our business, employees, society and the environment is becoming more evident. Sun International invested R29 million in socio-economic development and corporate social investment, as well as R56.7 million towards enterprise and supplier development. A detailed review of our sustainability progress is included under various sections in this report: governance and sustainability, environment, health and safety, socio-economic development and enterprise and supplier development.

The board embraces the United Nations' Sustainable Development Goals (SDGs) and has prioritised six SDGs where the group has maximum impact. The social and ethics committee's remit was updated to monitor the group's progress against these six SDGs – please refer to governance and sustainability for the group's 2019 progress.



"Sustainability remains a business imperative and the board is encouraged by the progress made with the group's inclusive sustainability approach. The long-term shared value for our business, employees, society and the environment is becoming more evident. Sun International invested R29 million in socio-economic development and corporate social investment, as well as R56.7 million towards enterprise and supplier development."

We made good strategic progress during the year as detailed in the chief executive's review and the group's strategic objectives are still relevant. Some of the strategic imperatives for the group going forward are to continue to protect and leverage our existing property portfolio, through ongoing property refurbishments, and to monitor the renewal and exclusivity of our casino licences. We will continue to promote growth, albeit in a difficult economic climate, by investing in quality assets when opportunities present as well as deal with loss making units. Driving operational efficiencies, optimisation and quality of earnings as well as accelerating our balance sheet de-gearing also remain focus areas for the group. The board believes these strategic imperatives will strengthen the group as it faces tougher operating environment conditions.

While the economic outlook remains muted, it is often in these times that opportunities present themselves. I believe that Sun International has what it takes to succeed, namely dedicated leadership and employees with great strength and courage, as well as iconic properties that attract customers from all over the world.

I thank the board for their wise counsel and unwavering support. I am confident in management's ability to continue driving the group strategy forward, albeit in tough trading conditions. Thank you to all our patrons who retain Sun International as their destination of choice and continue to enjoy memorable experiences.

JA MABUZA
Chairman

31 March 2020

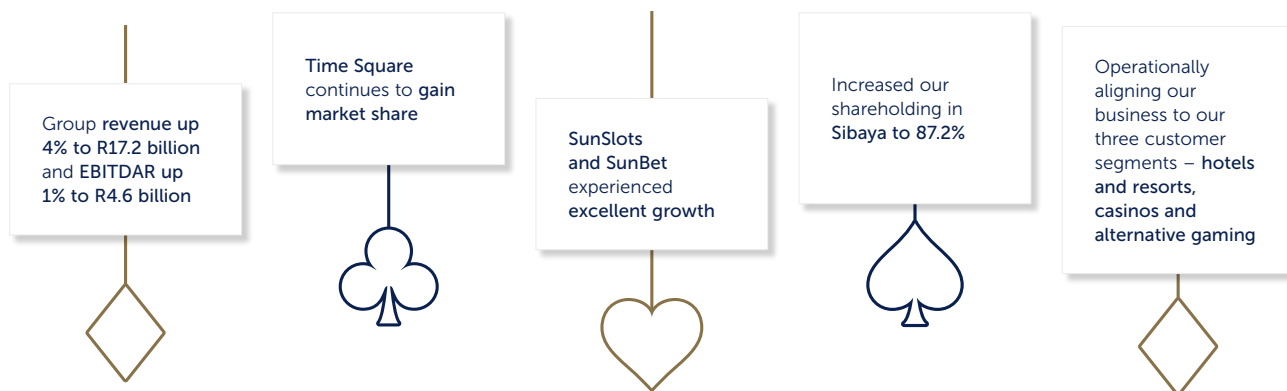
CHIEF EXECUTIVE'S REVIEW



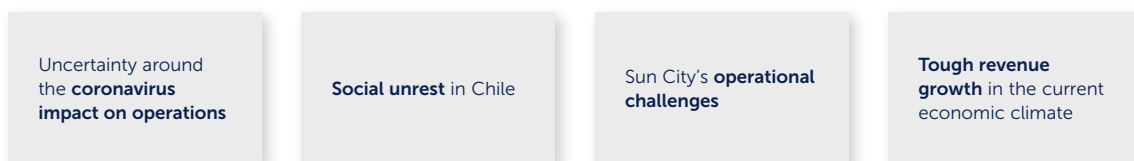
Anthony Leeming / Chief executive

Over the past few years, the group has been setting a foundation for operational excellence, ensuring our financial position is strong. Although trading conditions have been tough, we continue to generate strong cash flows, deleverage our balance sheet and our strategic acquisitions and transactions continue to create value.

KEY HIGHLIGHTS



CHALLENGES





Chief executive's review continued

OVERVIEW

The 2019 financial year marked a period of critical inflection in terms of delivering against our strategy to drive sustainable growth and profitability and unlocking value in the business. The group remained focused on its key strategic priorities: protecting and leveraging the existing portfolio; accelerating balance sheet de-gearing; driving efficiencies, optimisation and quality of earnings; dealing with loss-making units; and investing in quality assets for growth.

Financially, we posted a solid set of results with group income up 4% to R17.2 billion, primarily driven by above-market organic growth from key operations in South Africa and the impact of acquisitions made in Latin America (Latam) during the prior year. Adjusted EBITDAR was marginally up on the prior year at R4.6 billion with pleasing margin expansion in South Africa, offset by the impact of unexpected social unrest in Chile.

We continued to reduce group debt levels. Total South African debt amounted to R8.8 billion (excluding lease liabilities) at 31 December 2019, reflecting a R384 million net debt reduction after acquiring the minority interests in Sibaya for R593 million. Latam's debt levels reduced to R3.9 billion from R4.9 billion. We will continue reducing group debt levels, with a target debt: adjusted EBITDAR ratio of between 2 - 2.5 times in South Africa and Latam respectively.

We are in the business of creating lasting memories for our customers. To do that, we structured the business around them, concentrating on our three distinct customer segments: hotels and resorts, casinos and alternative gaming (SunSlots and SunBet). During the second half of 2019, we implemented a simplified central-office and group-operational structure, with a renewed focus on our customer segments. The revised structure will enhance the guest experience, improve operational efficiencies, and support continued margin improvement at our casino and hotel properties.

As part of these changes we appointed Graham Wood as chief operations officer: resorts and hotels. Graham is highly experienced and will bring a wealth of knowledge and industry experience to Sun International. We are in the process of looking for a chief operations officer: gaming, following the resignation of Thabo Mosololi. We also created a business support division head and appointed Michael Wilson to this role. This division will include certain central support services and will play a key role in leading innovation, technology and optimising digitalisation; to achieve our strategic objectives.

Service is a key differentiator in this challenging and increasingly competitive environment. Our people create the human connection for our customers, offering them memorable experiences so they always return. We use technology to enable efficient processes and to ensure seamless customer experiences no matter which properties they visit. To this end, we continue to focus on digitising our systems and operating environment, so they are more integrated to further enhance the customer experience. We are also reviewing our customer satisfaction measurement systems (Inquba and ReviewPro) by expanding the questionnaires to collect more consistent and granular information on our customer experiences across our hotels, resorts and casinos.

This integration also drives efficiencies and accountability. The group's workforce scheduling system was instrumental in improving employee scheduling and productivity based

"Financially, we posted a solid set of results with group income up 4% to R17.2 billion, primarily driven by above-market organic growth from key operations in South Africa and the impact of acquisitions made in Latin America (Latam) during the prior year."

on business demand. Going forward, we will focus on implementing defined and agreed productivity standards to improve employee productivity and the management of working hours, especially with our permanent part-time employees. Margin improvements were noted in our food and beverage division and the system integration also resulted in enhanced stock control and management. We continue to explore world-class gaming systems to ensure we remain innovative, relevant and continue to enrich our customer experience. We completed the installation of Playtech's Neon gaming system at the Park Hyatt Hotel, Casino & Spa in Mendoza Argentina during February 2020. We will monitor the system's performance and functionality before deciding on a standard system across our Latam operations.

We concluded several strategic transactions during 2019. In South Africa, we increased our shareholding in Sibaya from 64.8% to 87.2% for a total consideration of R593 million. In addition, we will shortly increase our SunSlots' shareholding from 70% to 100% for an amount of R504 million. These transactions effectively simplify Sun International's shareholding in these assets and reduce cash leakage by reducing minority dividends. Over time, they will be cash accretive and assist to further deleverage our debt.

In Latam, we concluded an agreement to dispose of a 14.9% interest in Sun Dreams for US\$86 million, which would have resulted in our partner in Sun Dreams (Pacífico Sur Limitada (Pacífico)) and ourselves owning 50% each, however, the transaction did not close.

OPERATIONAL SYNOPSIS

Significant progress has been achieved against the group's strategic objectives during the 2019 financial year, some of which are highlighted below. 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.

South Africa

Despite a challenging local economy, our South African operations achieved total income of R11.5 billion, up 2% on the comparative period. Adjusted EBITDAR increased 5% to R3.3 billion. Tourism contributes significant economic growth in South Africa. Sun International's differentiators include its strong brand, proud legacy and iconic properties such as Sun City and The Table Bay Hotel. Tabled below are key developments relating to specific properties during 2019. We continue improving the aesthetics of our casinos and hotels through ongoing upgrades and refurbishments as well as scheduled maintenance, that prioritises the upkeep across our operations.



Chief executive's review continued

Property overview

BOARDWALK	<p>Received gaming board approval in early 2020 to implement our LA10 restructuring</p> <p>Shopping mall development progressing well</p>
CARNIVAL CITY	<p>Completed the Privé upgrade and 15 hotel-room refurbishments. The balance of the rooms will be refurbishment in 2020</p>
GRANDWEST	<p>No further development on the relocation of casino licences</p> <p>Developing and implementing various initiatives to drive footfall and attract the Asian market</p>
SIBAYA	<p>Reintroduced the Imbizo conferencing facility and will be repositioning the Sibaya hotel to improve occupancy and room rate</p>
SUN CITY	<p>Made positive inroads in identifying and addressing Sun City's operational challenges</p> <p>Strengthened the management structure with the appointment of Brett Hoppe as the resort general manager and made several other senior management appointments</p> <p>Ongoing upgrades, refurbishments and infrastructure maintenance. Cascades refurbishments to be completed by October 2020 and Palace rooms refurbishment to start shortly</p> <p>Sun City's Vacation Club has been identified as an opportunity to expand our timeshare offering in other parts of the country</p>
THE CAROUSEL	<p>Operation significantly downsized but trading remains concerning</p> <p>Continued to explore land disposal opportunities</p>
THE MASLOW SANDTON	<p>Underperformance being addressed with renewed focus on service delivery and operational efficiencies</p>
THE MASLOW TIME SQUARE	<p>Gained steady casino market share growth, with 15.7% market share at the end of December 2019</p> <p>Improved margins and identified further opportunities to drive margins and market share growth</p>
THE TABLE BAY HOTEL	<p>Submitted our lease renewal bid in 2019 – a decision by the Waterfront Company is expected in 2020</p>
WILD COAST SUN	<p>Casino licence extended to 31 March 2020 – awaiting finalisation of our licence renewal bid for a further 20 years</p> <p>Continued to strengthen relationships with the community (new equity partners) after an historical land claim settlement was concluded</p>

Our MVG tiered loyalty programme celebrated 25 years of serving and rewarding our customers, showing a 5.2% increase in the active member base. Sun International entered into a strategic partnership with Resorts World at Sea – Crystal Cruises which, depending on loyalty status, rewards our most loyal MVG members with a complimentary two-week cruise.

Sun International's alternative gaming offerings – SunSlots and SunBet (online sports betting) – continue to gain traction in this growing market as we continue to expand our product offerings. Gross gambling revenues increased by 13% and 82% across SunSlots and SunBet respectively. We will be investigating cross-sell opportunities between SunSlots and SunBet to further meet increased alternative gaming demands.

Latin America

Our Latam operations performed below expectation, with comparable income up 1% to R4.6 billion and adjusted EBITDAR decreasing by 8% to R1.3 billion. The Chilean operations' contribution was down 12%, partially offset by full year contributions of the Mendoza Hyatt (Argentina) and Thunderbird (Peru) acquisitions during 2018, which have enhanced the diversification of earnings across the region.

The Sun Dreams operations showed tremendous resilience in the face of unexpected and widespread social unrest erupting in Chile during the last quarter of 2019. Operations were curtailed, with damage to a couple of the properties and disruption to trading during October and November. The demonstrations, which initially started over a rise in the fare of the metro in Santiago, quickly spread across Chile and widened into more general protest action against high levels of inequality, the high cost of healthcare, poor pensions and education. The Chilean government reacted by implementing



Chief executive's review continued

a raft of reforms to appease the populace. However, these may ultimately have the effect of increasing the cost of doing business in Chile. The government has also set a date in April 2020 to hold a referendum regarding the adoption of a new Constitution. Despite these challenges, Sun Dreams continued to demonstrate pleasing de-gearing and balance sheet strength.

In 2018, Sun Dreams was awarded the bid for the Iquique municipal licence, for a further period of 15 years.

Development of the casino component of the project has commenced with an expected opening in June 2021, with the hotel expected to open in December 2021.

Sun Dreams court application, challenging the award of Puerto Varas and Pucon licences on the basis that the competitor's bid did not meet the minimum requirements, was ruled in favour of the regulator. The ruling stated that it was the bidder's responsibility to comply with the bid and deliver the project. The competitor does not have zoning approval to build their project, which is required to be operational by 30 June 2020. Sun Dreams continues to operate the Puerto Varas licence.

Rest of Africa

As previously indicated to shareholders, Sun International is looking to exit its investments in Swaziland and Nigeria. We have received an offer for our Nigeria operation which is currently under consideration.

FINANCIAL SYNOPSIS

Our group financial performance is covered in detail in the chief financial officer's review.

REGULATORY AND RISK OVERVIEW

The group continues to face similar regulatory challenges and risks as in the prior period and continues to closely monitor developments. These include the proposed smoking legislation in South Africa and Chile; concerns around changes to gaming taxes in South Africa and Peru; allowing the relocation of licences in the Western Cape; and the ongoing erosion of market share due to Electronic Bingo Terminals (EBTs) and Independent Site Operator (ISO) licences in catchment areas. A key risk that moved into our top 10 risk matrix, is the potential renewal licence bid terms and conditions for our SCJ casinos in Chile, which expire in 2023 and 2024. We have been informed that the renewal process for the Chilean SCJ licence will begin in 2020, with adjudication in the second half of 2021. Draft legislation has been published although due to the coronavirus we anticipate a delay in the renewal process.

PEOPLE OVERVIEW

Employees enable excellent customer service, fulfilling the group's purpose of creating lasting memories. During 2019, a comprehensive coaching and mentoring programme was rolled out to engage and motivate high performing employees to achieve their personal and professional development goals. The SunWay culture and employee value proposition, together with our CLEAR principles (connect, listen, engage, act and reconnect) continue to reinforce a cohesive and ethical culture, which boosts customer satisfaction. We are also actively embedding our employee engagement and recognition systems.

While it is essential that we continue to operate efficiently in this difficult economic environment, we are aware of the uncertainty this creates among employees. Although every effort was made to minimise employee impact during the central office restructure, headcount was reduced by approximately 80.

SUSTAINABILITY OVERVIEW

Sustainability is central to Sun International's operations and integrated into our group-wide strategy and decision-making process. Conducting sustainable business practices is a competitive advantage and ensures that we maintain our social licence to operate. We continued to focus on reducing our environmental footprint, improving the safety and wellbeing of our employees and customers, and contributing to the upliftment of our communities through our socio-economic development (SED) projects and enterprise and supplier development (E&SD). Our sustainability progress is detailed in various sustainability sections of this report: governance and sustainability; environment; health and safety; SED and E&SD.

Community upliftment and shared value remains a priority for Sun International. Through proactive community engagement, in the areas we operate in, we continue to identify and promote local employment and local procurement.

Sustainability impacts

Achieved zero fatalities group-wide

Implemented 25 SED projects that incorporated either environmental or health and safety or both aspects

General decrease in electricity consumption across most units

Maintained our Level 1 B-BBEE for the third year in a row

Launched our first internal online sustainability e-learning programme for employees

- R56.7 million invested in E&SD, which benefited various beneficiaries from within our local communities
- Supported 15 beneficiaries through formal business development support in line with the requirements of our E&SD programme

Embraced six SDGs where the group has the most impact

Sun International exceeded its 45% target for preferential procurement spend; the revised 2020 goal is to reach and maintain 60% spend

Chief executive's review continued



GOVERNANCE OVERVIEW

Further progress was made in integrating and aligning Latam's and the rest of Africa's governance frameworks with our South African operations. These alignments allow local operations to focus on operational matters while material matters are elevated to the group board.

As part of our IT governance, Sun International revised its IT strategy during 2019, with an emphasis on defining a digital roadmap that aligns with business requirements. Data and information enable our success, supporting our purpose of creating great memories for our guests, people and stakeholders. To realise this value, we will be driving a data and information strategy that allows us to use data as an asset in driving our customer-centric aspirations.

OUTLOOK

Given the current uncertainty in global markets linked to a depressed local economy and subdued consumer confidence, we do not anticipate an improvement in trading conditions in the short term. Notwithstanding the subdued trading conditions, management will continue to focus on its key strategic objectives, including creating ongoing efficiencies and optimising business opportunities. We will place emphasis on improving our operations and customer experience and will continue to take the necessary action on loss-making entities. Maslow Time Square is expected to gain further market share as well as grow income and adjusted EBITDA and we will focus on growing our alternative gaming business.

Aside from the various challenges faced in Latam, we are focusing on our current operations to improve their performance and will leverage off Chile and Peru's positive GDP growth forecast. We continue exploring further growth opportunities in Latam, including the online market, where several countries are in the process of regulating this industry.

On 23 March 2020 South Africa's State President, Cyril Ramaphosa, declared a nationwide lockdown with effect from midnight on Thursday, 26 March 2020 until midnight on Thursday, 16 April 2020, to curb the spread of the coronavirus pandemic. Subsequent to the President's lockdown announcement, we have closed all our South African hotels and casinos on 24 March 2020 and 25 March 2020 until the end of the lockdown period. During the lockdown period, the group will operate on a limited staff basis to ensure

"During the lockdown period, the group will operate on a limited staff basis to ensure the general maintenance and security of properties. We have engaged with our union, employees, suppliers, service providers and concessionaires and significant action is being taken to reduce costs during the lockdown."

the general maintenance and security of properties. We have engaged with our union, employees, suppliers, service providers and concessionaires and significant action is being taken to reduce costs during the lockdown.

In accordance with the Chilean Superintendency of Gambling Casinos regarding the COVID-19 outbreak, all our Chilean casinos, along with the hotels and food and beverage operations were closed on 18 March 2020.

The relevant authorities have also closed our operations in Peru, Argentina, Colombia and Panama and at this stage it is not certain when they will be allowed to reopen. The measures taken are in accordance with the instructions of the pertinent authorities, in order to ensure the containment of the spread of the virus. The authorities will continue to monitor the situation to determine when we will be permitted to reopen.

While Sun International continues to engage with its various lenders to ensure that its credit facilities are maintained, the full financial impact of this coronavirus on the group will only be able to be determined once the lockdown has been uplifted and its ramifications properly assessed. Shareholders will be kept apprised of developments in this regard.

Notwithstanding these extraordinary and uncertain times, Sun International's board and management remain fully committed to 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.

We remain committed to providing excellent customer service and continue to live according to our values and the SunWay culture.

APPRECIATION

Thank you to the board for their steadfast leadership and guidance during this financial year. I appreciate the passion, commitment and discipline that my management team and employees continue to demonstrate in this difficult trading environment.

I also appreciate that plenty of challenges still lie ahead, in particular recovery from the coronavirus. However, I believe that together we are getting the basics right and reshaping our business to create lasting memories for our customers and employees.

Anthony Leeming

Chief executive

31 March 2020

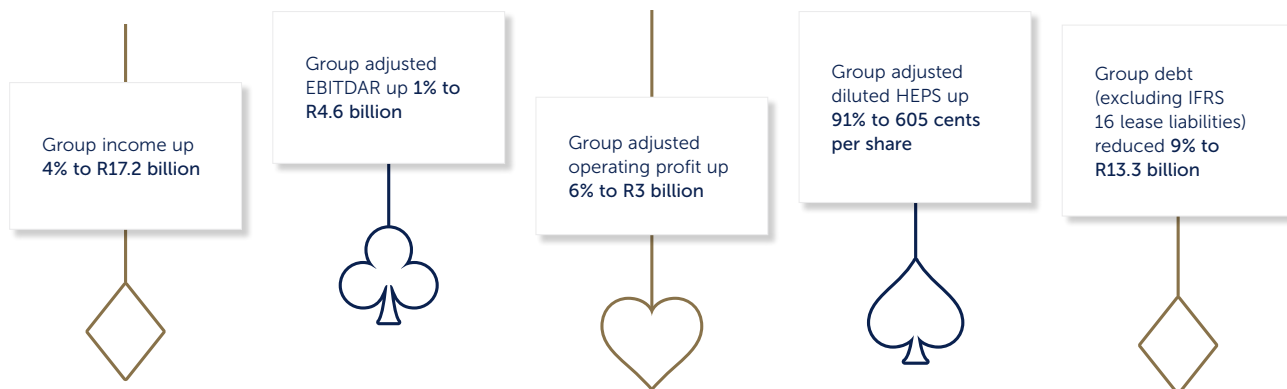
CHIEF FINANCIAL OFFICER'S REVIEW



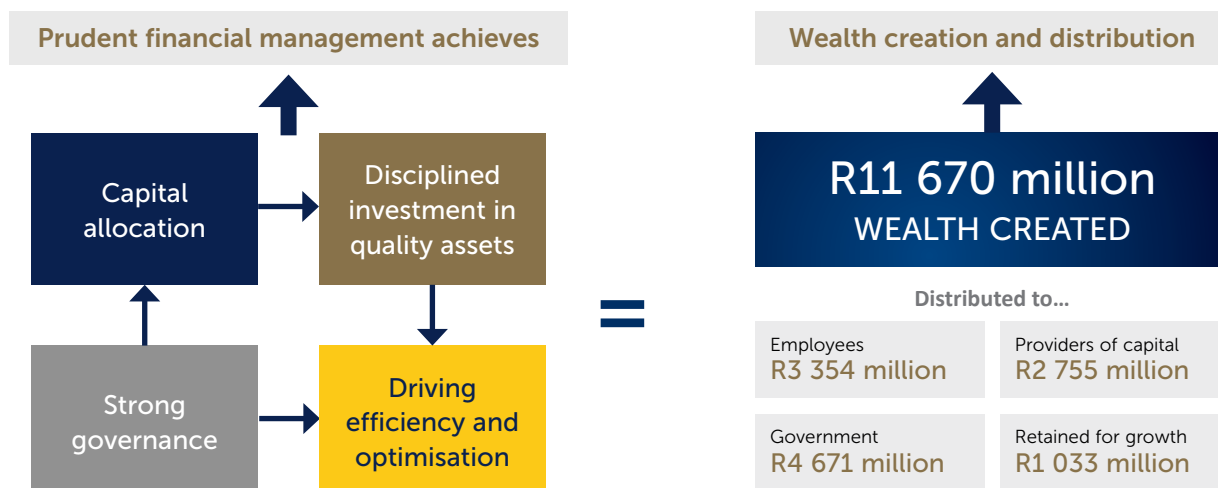
Norman Basthdaw / Chief financial officer

Improving operations and our guest experience remains 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.

IMPACTS



VALUE CREATION FOCUS AREAS





Chief financial officer's review continued

FINANCIAL PERFORMANCE REVIEW

The group achieved a solid set of financial results with income up 4% to R17.2 billion and group adjusted EBITDAR up 1% to R4.6 billion.



South Africa

Despite a tough trading environment, which includes low GDP growth, high unemployment and an uncertain political landscape, the group's South African operations delivered a pleasing result. With income up 2% and adjusted EBITDAR up 5%, the EBITDAR margin improved from 28% in 2018 to 29%. This improvement was driven by the continued growth of the flagship Time Square property, above-market growth at Sibaya, SunSlots and SunBet. This was partially offset by weaker performances at GrandWest and Sun City, the latter of which is in the early stages of a full operational turnaround plan.



Latam

Our Latam operations showed tremendous resilience despite the significant impact of unexpected and widespread social unrest which erupted in Chile during the last quarter of the year, resulting in curtailment of operations, some damage to our properties and significant deterioration in trading conditions during October and November.

Income from the Latam operations was up by 8% from the prior year to R5.4 billion with adjusted EBITDAR declining by 8% from the prior year to R1.3 billion.

On a comparable basis income was up 1% from the prior year at R4.6 billion and adjusted EBITDAR decreased by 11% to R1.2 billion.



Chief financial officer's review continued

Strategic acquisitions

We increased our interest in Sibaya to 87.2.% with the effective acquisition of a further 23.9% equity interest from minorities.

We concluded agreements to acquire the 30% minority equity interest in Sun Slots which will result in Sun Slots being a wholly-owned subsidiary. This transaction is awaiting certain regulatory approvals which we anticipate will be received in the short term.

Both Sibaya and Sun Slots have been trading above expectations, with the transactions being concluded at attractive valuations and at levels which will be earnings and cash flow enhancing.

Financial overview

for the year ended 31 December 2019

R million	South Africa			Latam			Nigeria			eSwatini*			Total		
	2019	%	2018	2019	%	2018	2019	%	2018	2019	%	2018	2019	%	2018
Income	11 481	2	11 254	5 396	8	5 018	162	9	148	193	(1)	194	17 232	4	16 614
Adjusted EBITDAR	3 303	5	3 143	1 294	(8)	1 406	12	33	9	1	(50)	2	4 610	1	4 560
Rental	(65)	59	(159)	–	100	(43)	(1)	–	–	–	–	–	(66)	67	(202)
Depreciation and amortisation	(1 016)	4	(1 058)	(517)	(13)	(457)	(25)	–	(25)	(7)	13	(8)	(1 565)	(1)	(1 548)
Adjusted operating profit	2 222	15	1 926	777	(14)	906	(14)	13	(16)	(6)	–	(6)	2 979	6	2 810
Foreign exchange profit	(13)	<(100)	2	17	>100	(11)	–	–	–	–	–	–	4	>100	(9)
Net interest	(861)	10	(954)	(251)	(39)	(181)	(45)	(13)	(40)	(1)	50	(2)	(1 158)	2	(1 177)
Net external interest	(785)	18	(954)	(232)	(28)	(181)	(45)	(13)	(40)	(1)	50	(2)	(1 063)	10	(1 177)
IFRS 16 interest	(76)	(100)	–	(19)	(100)	–	–	–	–	–	–	–	(95)	(100)	–
Profit before tax	1 348	38	974	543	(24)	714	(59)	(5)	(56)	(7)	13	(8)	1 825	12	1 624
Tax	(376)	14	(436)	(221)	4	(230)	(2)	<(100)	1	1	–	1	(598)	10	(664)
Profit after tax	972	81	538	322	(33)	484	(61)	(11)	(55)	(6)	14	(7)	1 227	28	960
Minorities	(350)	(10)	(317)	(132)	39	(215)	30	3	29	3	–	3	(449)	10	(500)
Attributable profit	622	>100	221	190	(29)	269	(31)	(19)	(26)	(3)	25	(4)	778	69	460
Share of associates	2	(75)	8	1	100	–	–	–	–	–	–	–	3	(63)	8
Continued adjusted headline earnings	624	>100	229	191	(29)	269	(31)	(19)	(26)	(3)	25	(4)	781	67	468
Discontinued operations	–	–	–	(18)	83	(103)	–	–	–	–	–	–	(18)	83	(103)
Group adjusted headline earnings	624	>100	229	173	4	166	(31)	(19)	(26)	(3)	25	(4)	763	>100	365

* The prior year comparable financial information was restated to reflect the eSwatini operations as continued operations, the published prior year results included eSwatini as discontinued operations as required by IFRS 5: Non-Current Assets and Liabilities Held for Sale from Discontinued Operations.

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 include the following:

- net loss on disposal of property, plant and equipment of R21 million;
- profit on sale of the Lesotho and Botswana management contract of R18 million;
- reversal of prior year impairment relating to Panama of R34 million; and
- impairment of the Maslow Sandton and other assets of R163 million and R9 million respectively.

Adjusted headline earnings adjustments include the following:

- restructuring and related cost of R55 million relating to various properties within the group and the South African central office;
- amortisation of R104 million of the Sun Dreams intangible asset raised as part of a purchase price allocation adjustment;
- a decrease in the value of the Tsogo Sun put option of R44 million;
- insurance proceeds received relating to the Sun City storm damage claim of R89 million;
- additional Latam income tax of R155 million provided for relating to an ongoing dispute with the Chilean revenue authorities;
- Latam withholding tax of R22 million; and
- Time Square deferred tax asset recognised relating to the prior year's assessed losses of R193 million.

Chief financial officer's review continued



BORROWINGS

Sun International's borrowings (excluding IFRS 16 adjustments relating to the capitalisation of lease hold liabilities) as at 31 December 2019 were R13.3 billion, a decline from R14.7 billion as at 31 December 2018.

South African debt reduced from R9.2 billion at 31 December 2018 to R8.8 billion due to strong cash generation. The Debt (excluding lease liabilities) to Adjusted EBITDA (after lease payments), reduced to 2.8x as at 31 December 2019, down from 3.0x a year earlier and significantly lower than the current bank covenant threshold of 3.5x.

Net debt in Latam (excluding lease liabilities), reduced to R3.9 billion from R4.9 billion. Sun Dreams' Net Debt to EBITDA (excluding the effect of IFRS 16) reduced from 3.0x to 2.6x at 31 December 2019.

During the year, the refinancing of the South African debt facilities was also successfully completed in a transaction that was 50% oversubscribed, with all existing lenders renewing their commitment to the group. The restructure has extended maturities, increased covenant headroom and reduced overall net finance costs through a more efficient facilities package. The weighted average cost of interest fell from 9.6% in the prior year to 8.6% for 2019.

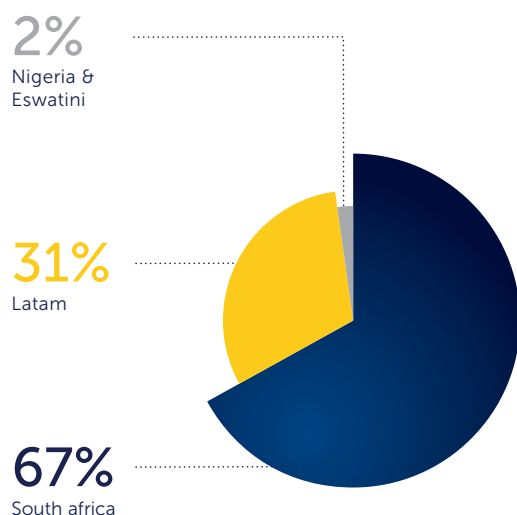
Debt covenants

Times	South Africa		Chile	
	Covenant	Actual	Covenant	Actual
Debt to EBITDA	3.5x	2.8x	4.5x	2.6x
Interest cover	3.0x	3.9x		

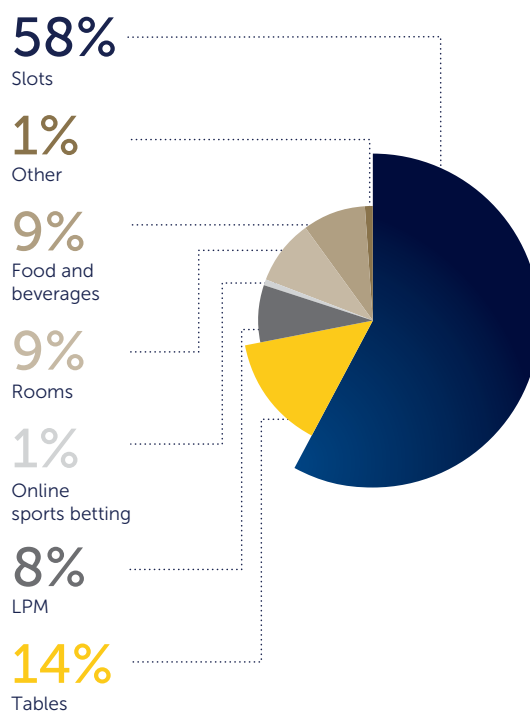
* The above covenant calculations excludes the impact of IFRS 16, that's in accordance with our facilities agreement.

SEGMENTAL HIGHLIGHTS

INCOME PER GEOGRAPHY (2019)



INCOME PER CATEGORY (2019)



Chief financial officer's review continued



SIGNIFICANT REPORTING CHANGES

IFRS 16: Leases

The group has adopted IFRS 16: Leases, from 1 January 2019.

IMPACT ON TRANSITION AND FOR THE YEAR ENDED 31 DECEMBER 2019

R million	TOTAL GROUP
INITIAL RECOGNITION	
Lease liability	1 145
Reversal of straight-line	(241)
Lease incentives	(81)
Right-of-use asset	823
YEAR ENDING 31 DECEMBER 2019	
Additional right-of-use asset depreciation	(105)
Additional lease liability interest expense	(95)
Operating lease expense not accounted for in profit and loss	162
Foreign exchange	(25)
IMPACT ON PROFIT BEFORE TAX	
	(63)
Right-of-use asset impairment	(163)
Right-of-use asset additions during the year	2
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019	
Lease liability	1 078
Right-of-use asset	532
IFRS 16 EFFECT ON EBITDA	
	162

LOOKING AHEAD

Given the current uncertainty in global markets linked to a depressed local economy and subdued consumer confidence, we do not anticipate an improvement in trading conditions in the short term. In spite of the subdued trading conditions, management will continue to focus on its key strategic objectives, including creating ongoing efficiencies and optimising business opportunities. We will place emphasis on improving our operations and guest experience and will continue to take the necessary action on loss-making entities. Time Square is expected to gain further market share as well as grow income and adjusted EBITDA and we will focus on growing our alternative gaming business.

Notwithstanding the various challenges faced in Latin American, we are focusing on our current operations to improve their performance and will leverage off Chile and Peru's positive GDP growth forecast. We continue exploring further growth opportunities in Latam, including in the online space, where a number of countries are going through the process of regulating this industry.

While it is too early to forecast what financial impact the coronavirus might have on our operations, we continue to review and assess the long-term impact this global pandemic will have on our properties.

NORMAN BASTHDAW

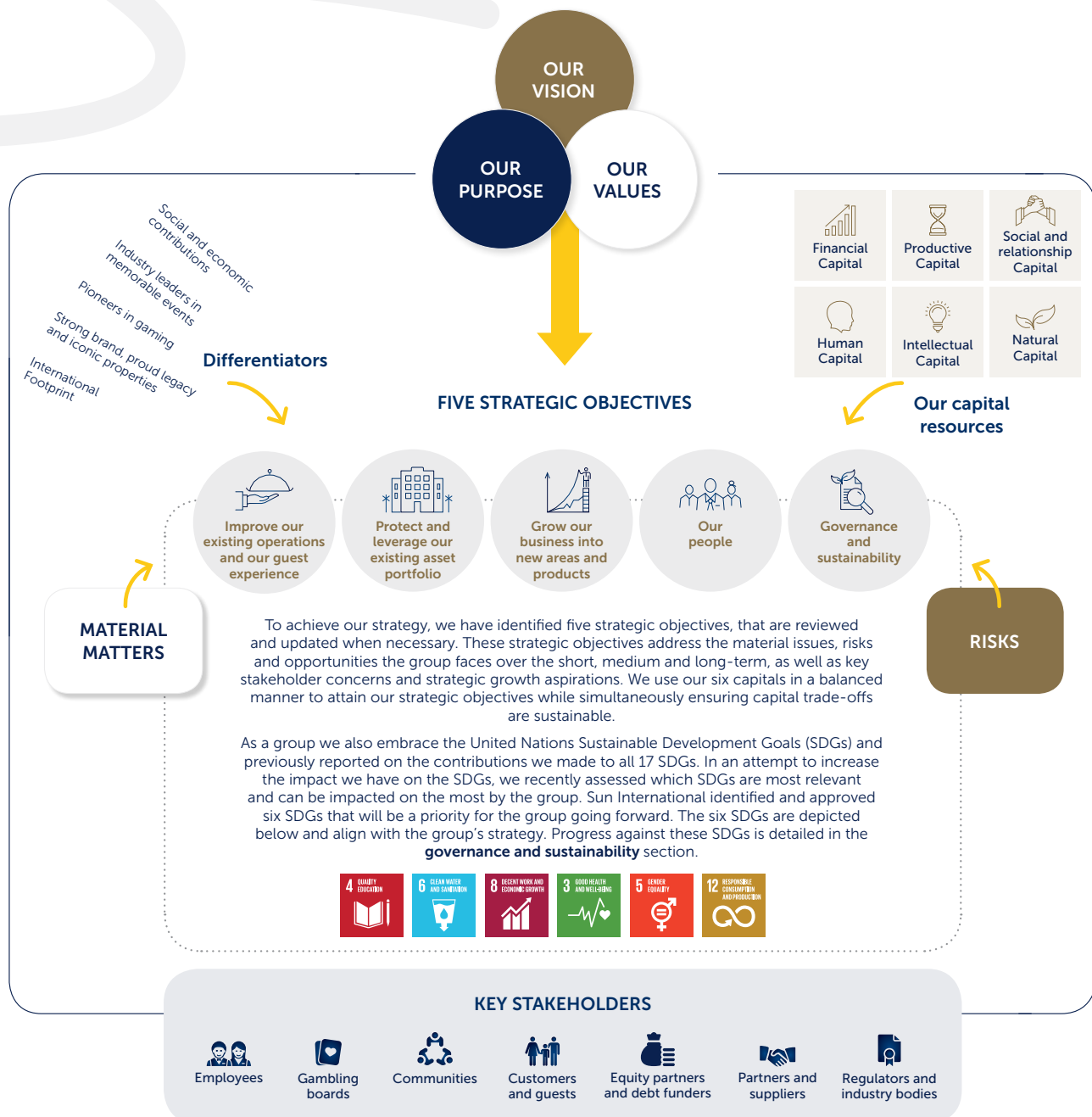
Chief financial officer

31 March 2020

DECK OF CARDS

OUR VALUE CREATION STRATEGY

The achievement of our purpose and vision ensures value creation for all stakeholders. This is achieved through our business model, which is executed through our strategy, reinforced by our core values and underpinned by our governance and risk management.





Our value creation strategy continued

OUR PURPOSE

To create great memories for our guests, people and stakeholders

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

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

CUSTOMERS FIRST

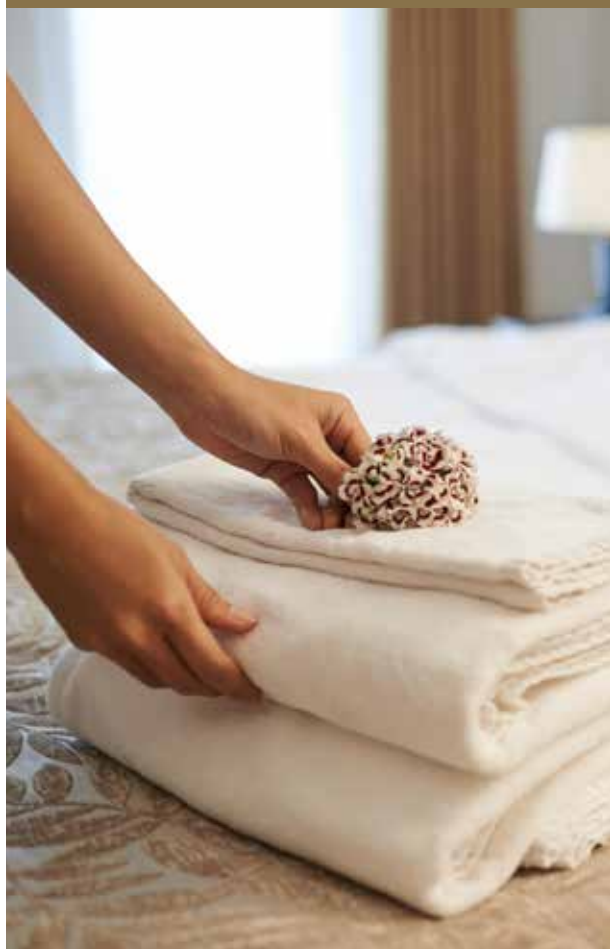
Our customer is at the heart of all we do and we exceed their expectations every time

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



RISKS

- 1 Smoking legislation (South Africa and Latam)
- 2 Weak economic conditions
- 3 Erosion of market share due to Electronic Bingo Terminal (EBTs) and Limited Pay-out Machines (LPMs) in catchment areas
- 4 Increase in gaming taxes and levies
- 5 Non-renewal or significant cost of SCJ licences renewal
- 6 Increased demands from stakeholders (communities and local suppliers)
- 7 Loss of GrandWest Casino licence exclusivity
- 8 Ongoing changes in licence conditions
- 9 Civil protests and riots
- 10 Illegal gambling (South Africa and Latam)

MATERIAL MATTERS AND RELATED RISKS

Managing our way through tough economic times

2 9 10

Managing our complex regulatory environment

1 3 4 7 8 10

Capital allocation

2

Managing relations with our key stakeholders

6 9

Improving operating and natural resource efficiencies

2

Retaining our operating licences

4 5 7 8

Customer attraction and retention

1 2



Our value creation strategy continued

STRATEGIC OBJECTIVES



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

Stakeholder impacted



Customers and guests



Employees



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

Stakeholder impacted



Equity partners, shareholder and debt funders



Customers and guests



GROW OUR BUSINESS INTO NEW AREAS AND PRODUCTS

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

Stakeholder impacted



Equity partners, shareholder and debt funders



Gambling boards



Customers and guests



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

Stakeholder impacted



Employees



Customers and guests



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

Stakeholder impacted



Regulators and industry bodies



Communities



Partners and suppliers



Our value creation strategy continued

KEY STAKEHOLDERS



EMPLOYEES

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



GAMBLING BOARDS

Gaming 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.



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.



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.



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.



PARTNERS AND SUPPLIERS

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



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.

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.

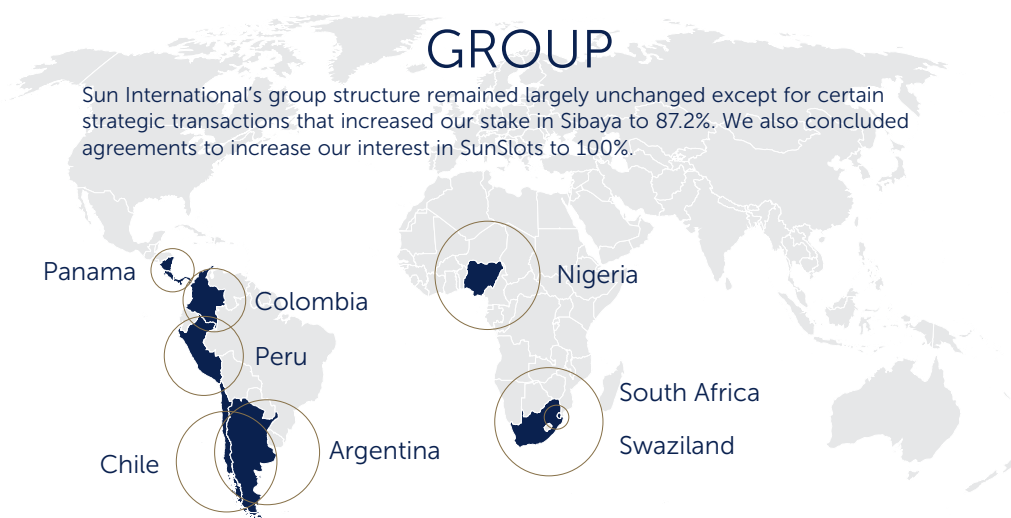


Natural Capital

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.

GLOBAL PRESENCE AND GROUP STRUCTURE

Sun International is an international hotel, casino and entertainment company that has a global presence in eight countries. It owns and operates properties in South Africa, Nigeria, Swaziland and Latin America – including Argentina, Chile, Colombia, Panama and Peru. Our focus is to grow our existing asset portfolio in South Africa and Latin America and exit operations in Nigeria and Swaziland. Casino operations, including alternative gaming, contributes the largest share of group revenue at R13.8 billion (80%) with hospitality contributing R2.9 billion (17%).



27
GAMING
LICENCES
(2018: 27)



4 398
ROOMS
(2018: 4 454)



19 369
SLOTS
(2018: 19 869)



4 328
LPMs
(2018: 4 040)



769
TABLES
(2018: 775)



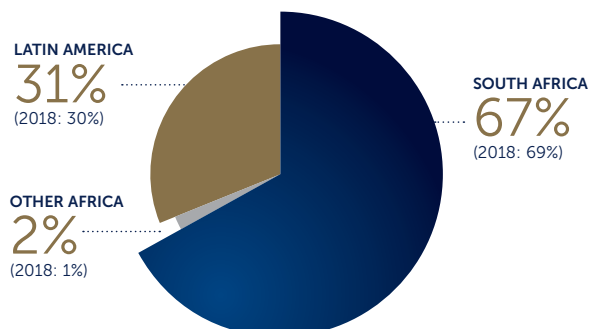
14 706
EMPLOYEES
(2018: 14 632)



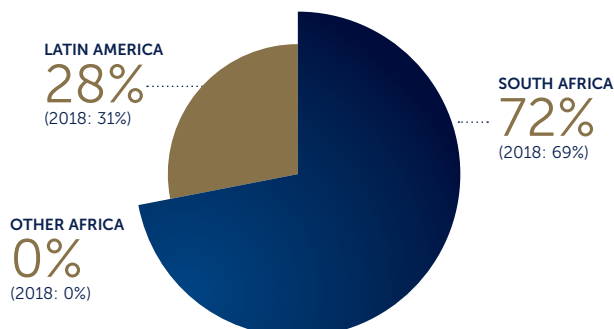
384
VACATION
CLUB UNITS
(2018: 384)

GROUP CONTRIBUTION (%)

REVENUE



EBITDAR



Global presence and group structure continued



SOUTH AFRICA



13
GAMING
LICENCES
(2018: 13)



3 182
ROOMS
(2018: 3 238)



10 819
SLOTS
(2018: 11 275)



4 328
LPMs
(2018: 4 040)



379
TABLES
(2018: 388)



384
VACATION
CLUB UNITS
(2018: 384)



9 340
EMPLOYEES
(2018: 9 001)

SUSTAINABILITY



4 510 042
WATER
CONSUMPTION kl
(2018: 4 515 725)



231 403 213
ENERGY
CONSUMPTION kWh
(2018: 249 911 965)



7 495 585
WASTE kg
(2018: 6 863 382)



0.99
LOST TIME INJURY
FREQUENCY RATE
(2018: 0.96)



25 449 873
SED SPEND
(RAND)
(2018: 23 673 966)








1
B-BBEE LEVEL
(2018: 1)

Global presence and group structure continued



SOUTH AFRICA continued

PROPERTY	 Economic interest (%) ¹	 Slots	 Tables	 Rooms	 Employees
GAUTENG					
Carnival	91	1 400	47	105	733
Maslow	100	–	–	281	241
Time Square	82	1 736	61	238	970
WESTERN CAPE					
GrandWest	62	2 563	75	39	1 116
Table Bay	62	–	–	329	383
Worcester	61	227	6	98	209
KWAZULU-NATAL					
Sibaya	87	1 244	48	154	763
LIMPOPO					
Meropa	68	400	17	60	279
NORTH WEST					
Sun City	100	700	51	1 312	2 241
Carousel	100	400	–	–	67
NORTHERN CAPE					
Flamingo	71	300	10	–	173
EASTERN CAPE					
Boardwalk	82	798	27	140	508
Wild Coast Sun	50	550	19	396	514
FREE STATE					
Windmill	70	401	18	–	239
Naledi Sun	100	100	–	30	46
ALTERNATIVE GAMING					
SunSlots	70	4 328	–	–	245
SunBet	100	–	–	–	39
MANAGEMENT					
Sun International Management	100	–	–	–	474
TOTAL SUN INTERNATIONAL MANAGEMENT		15 147	379	3 182	9 340

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

Global presence and group structure continued



OTHER AFRICA

SWAZILAND



1
GAMING
LICENCES
(2018: 1)



51%
ECONOMIC
INTEREST¹
(2018: 51%)



351
ROOMS
(2018: 351)



158
SLOTS
(2018: 158)



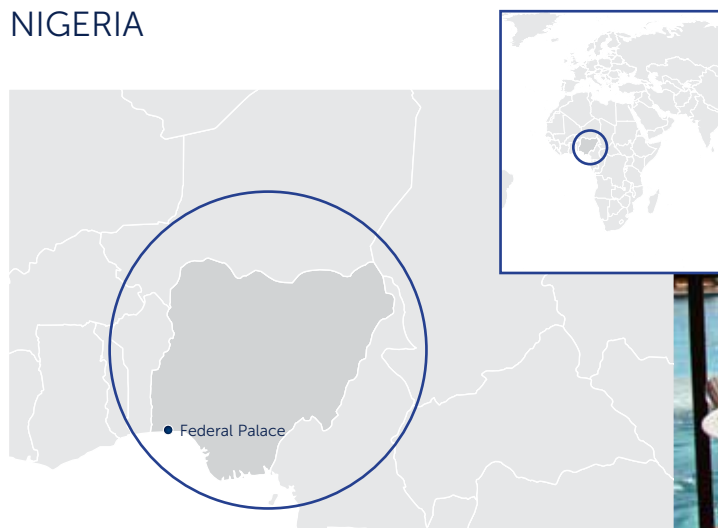
13
TABLES
(2018: 13)



193
EMPLOYEES
(2018: 203)

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

NIGERIA



1
GAMING
LICENCE
(2018: 1)



146
ROOMS
(2018: 146)



100
SLOTS
(2018: 100)



5
TABLES
(2018: 5)



357
EMPLOYEES
(2018: 340)

Global presence and group structure continued



LATIN AMERICA



12
GAMING
LICENCES
(2018: 12)



372
TABLES
(2018: 369)



8 292
SLOTS
(2018: 8 336)



719
ROOMS
(2018: 719)



4 816
EMPLOYEES
(2018: 5 088)

SUSTAINABILITY



445 264
WATER
CONSUMPTION kl
(2018: 470 991)



60 365 859
ENERGY
CONSUMPTION kWh
(2018: 59 538 684)



5 256 251
WASTE kg
(2018: 2 320 000)








4.56
LOST TIME INJURY
FREQUENCY RATE
(2018: 3.47)

Global presence and group structure continued



LATIN AMERICA continued

PROPERTY	 Economic interest (%) ¹	 Slots	 Tables	 Rooms	 Employees
ARGENTINA					
Park Hyatt Hotel & Casino	64	790	25	186	572
CHILE					
Monticello	64	1 998	80	155	1 502
Iquique	64	664	22	–	170
Temuco	64	691	36	96	357
Valdivia	64	444	22	104	268
Puerto Varas	64	461	36	50	286
Coyhaique	64	212	11	40	148
Punta Arenas	64	506	20	88	347
COLOMBIA					
Plazuela, Bocagrande	64	246	12	–	49
PANAMA					
Ocean Sun Casino	64	384	20	–	173
PERU					
New York	64	443	17	–	286
Eden	64	186	6	–	63
Kingdom	64	154	7	–	61
Pachanga	64	256	8	–	102
Thunderbird Resorts	64	857	50	–	440

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

OPERATING ENVIRONMENT

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

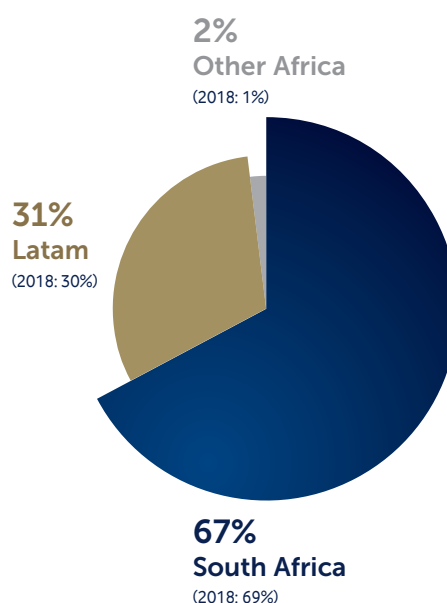
ECONOMIC ENVIRONMENT

The South African economy continues to underperform, with low GDP growth and high unemployment, weighed down by lower investor confidence on the back of concerns of a further ratings downgrade, continued power outages, increasing debt levels and ongoing social and political tensions. Consumer disposable income remains under pressure resulting in the likelihood of less disposable income allocated to leisure and entertainment spend. The rand remains vulnerable to movements in the US dollar and, if South Africa is downgraded to non-investment grade, more volatility lies ahead as investors withdraw money from South Africa.

The rand closed at R13.99 (2019: R14.43) and is expected to weaken for the remainder of 2020. Latin America (Latam) experienced a growth slump, with eight out of 20 sovereigns on a negative rating outlook¹. Key factors impacting Latam's sovereign credit trends include persistent fiscal challenges, restricted market risk, rising debt and political and social risk. The graph depicts the GDP and inflation trends of the countries in which our core assets operate, namely South Africa, Argentina, Colombia, Chile, Panama and Peru.

¹ Fitch rating June 2019.

Group revenue contribution





Operating environment continued

Certain factors impacting economic growth in our countries of representation

SOUTH AFRICA

Ratings²: Long-term issuer default **BB+**

Outlook: **Negative**

- Low-growth economy exacerbated by high and rising debt and high unemployment
- Pressures on policymaking from extremely high inequality
- Strong local bond market with enticing yields

ARGENTINA

Ratings²: Long-term issuer default **CC**

- Hyperinflationary environment
- High (>80%) and increasingly costly debt burden
- Extension of repayment of short-term US dollar-denominated treasury bills

CHILE

Ratings²: Long-term issuer default **A**

Outlook: **Stable**

- Rising social demands that will pressure government finances
- Fiscal stimulus package of USD5.5 billion to focus on infrastructure, SMEs and employment protection measures
- Upward trajectory of public debt as a percentage of GDP
- Credible policy framework

PERU

Ratings²: Long-term issuer default **BBB+**

Outlook: **Stable**

- Political uncertainty holding back private non-mining investment
- Economic policymaking institutions remain resilient despite political uncertainty
- Increase in private and public consumption amid sustained job creation and robust credit growth
- Strong public and external balance sheets

² Fitch ratings December 2019.

Sun International's response to the economic environment

Ongoing efficiency and optimisation focus – restructured our central office

Reducing debt levels

Ongoing strategic agreements that are cash accretive – Sibaya and SunSlots

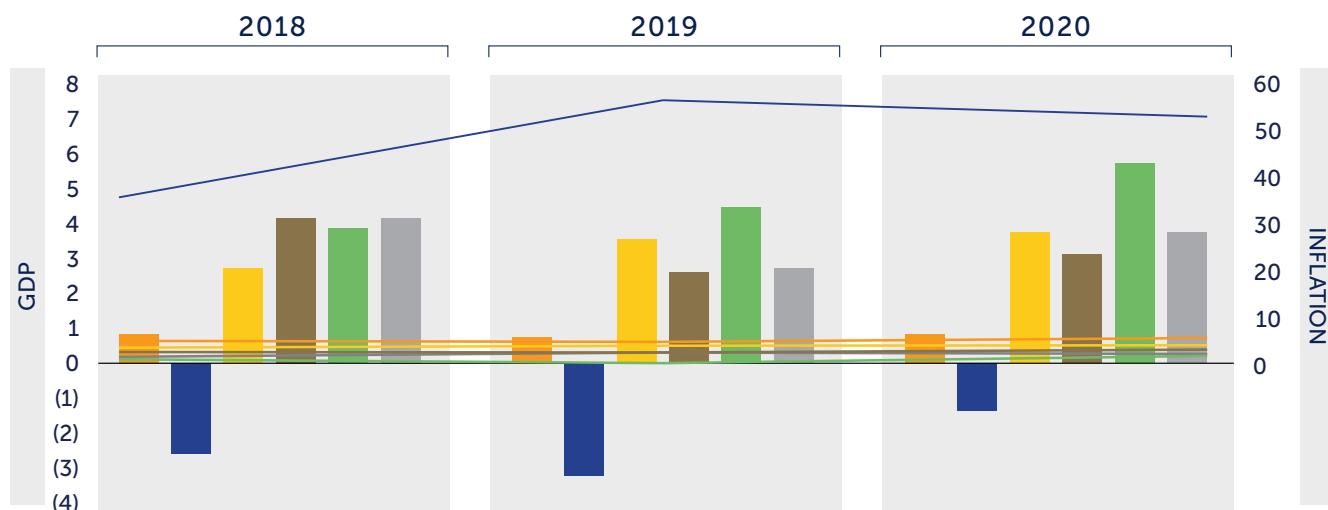
Refurbishing and maintaining properties to attract and retain guests

Offering guests loyalty programmes and benefits



Operating environment continued

Real GDP and consumer prices



Movements in consumer prices are shown as annual averages.

Source: International Monetary Fund's World Economic Outlook October 2019 and January 2020.





Operating environment continued

REGULATORY ENVIRONMENT

The group operates in a complex regulatory environment that is regularly monitored through its legal and compliance departments in South Africa and Latam. The National Gambling Board (NGB) is the main regulatory body that oversees the regulation in South Africa's gaming industry. Our Latam operations have various regulatory and industry bodies that are tabled below. An update on key developments is discussed below.

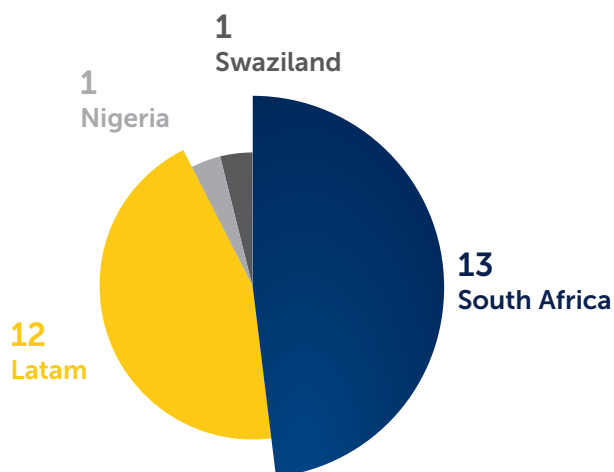
Key regulatory and industry bodies in South Africa and Latam

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

LATAM
ARGENTINA has a federal structure and gaming activities remain under control of each province . Mendoza's gaming regulatory authority is the Instituto Provincial de Juegos y Casino de le Provincia de Mendoza
CHILE – The Superintendent of Casinos (SCJ) oversees 18 authorised casinos in 13 regions of the country, with another seven casinos operating under concession granted by certain municipalities
PANAMA – The Gaming Control Board – operating under the auspices of the Minister of Economy and Finance
PERU – The General Direction of Casino Games and Slot Machines . Peru is preparing for legislative reforms, which, if approved, will regulate online gambling and sports betting services in the country. This will provide opportunities for Sun International to introduce online and sports betting products
COLOMBIA - The Coljuegos



SUN INTERNATIONAL CASINO LICENCES 27



6
Sun International route operator licences (LPMs)

1
Sun International online sports betting licence

4
Sun International cash betting retail stores

Operating environment continued

Key legislation impacting our business

SOUTH AFRICA

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, inter alia, 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) and have made submissions on the Draft Bill. The proposed legislation to ban smoking in public areas will significantly impact the group's casino revenues

GAMING TAXES AND LEVIES

AMENDMENTS TO GAUTENG, KWAZULU-NATAL (KZN), WESTERN CAPE AND NORTH WEST GAMING LEVIES

Context and impact

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

SOUTH AFRICAN NATIONAL GAMING TAX

AMENDMENTS TO THE NATIONAL GAMBLING AMENDMENT BILL

Context and impact

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

REPOSITIONING THE NGB

TO BECOME A NATIONAL GAMBLING REGULATOR

Context and impact

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

2019 developments

CASA, on behalf of its members, submitted substantial comments in 2018 against the Amendment Bill 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

CARBON TAX

IMPLEMENTATION OF THE CARBON TAX ACT NO. 15 OF 2019

Context and impact

Effective 1 June 2019, the Carbon Tax Act imposes a tax of R120 per carbon ton on a company's CO2 greenhouse gas emissions, based on a scientific formula

2019 developments

Sun International is in the process of calculating its carbon tax liability July to December 2019 – approximately R200 000

FINANCIAL INTELLIGENCE CENTRE ACT (FICA)

MORE ONEROUS REQUIREMENTS FOR CUSTOMERS WHO TRANSACT BELOW R5 000

Context and impact

This amendment requires accountable and reporting institutions to identify all customers who transact below R5 000. The group has revised its controls and systems within its gaming operations to align with the amendments to the FICA

2019 developments

The company's gaming operations successfully implemented controls and systems to align with the risk-based approach. The company was nominated by the FIC to participate in a country assessment conducted by independent foreign assessors

B-BBEE LEGISLATION

Context and impact

The dti released the new draft codes on 31 May 2019 and the Tourism Sector Charter unveiled their sector codes changes in November 2019 for commentary

2019 developments

Sun International is monitoring changes to the Tourism Sector Code

LATAM

INCREASE IN CHILE'S SMOKING RESTRICTIONS IN PUBLIC AREAS

Context and impact

The proposed new bills will increase smoking restrictions in public areas, however there is uncertainty as to whether these bills will be enforced

PERU GAMING TAXES AND LEVIES

A DECREE PUBLISHED REGARDING A MONTHLY CONSUMPTION TAX

Context and impact

In terms of a decree published in September 2018, from 1 January 2019, casinos will have to pay a monthly consumption tax levied against its machine and gaming table they offer on premises. The specific amounts will vary according to the level of gaming income reported by each machine or table. This represents an estimated additional tax of 4.8% to the current 12% tax on gross gaming income

Operating environment continued



GAMING AND HOSPITALITY ENVIRONMENT

Gaming

South Africa's casino industry remains under pressure as a result of the subdued economic climate that places pressure on consumer disposable income. Significant issues other than the issues mentioned in the legislative impacts (smoking and, gaming taxes and levies) that are impacting the group are discussed below and in further detail in the risk section.

SOUTH AFRICA

ONGOING ROLLOUT OF EBT'S

Context and impact

The proliferation of EBT's continues to impact the casino market in South Africa. While the NGB is against the rollout of EBT's, 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

ILLEGAL AND ONLINE GAMBLING

Context and impact

Illegal and online gambling leads to negative socio-economic impacts, including fewer collected taxes for national development and redundancies in casino jobs

RELOCATION OF A CASINO LICENCE IN THE CAPE METROPOLE (WESTERN CAPE)

Context and impact

This proposed legislation could lead to declines in gambling revenue and a loss of jobs. Sun International's GrandWest and Worcester casinos will be directly impacted should this Bill be passed into law

LATAM

ILLEGAL AND ONLINE GAMBLING

Context and impact

Illegal and online gambling leads to negative socio-economic impacts, including fewer collected taxes for national development and redundancies in casino jobs

Hospitality

While the tourism sector is an important driver of economic growth, the hospitality industry is particularly vulnerable to the ebbs and flows of economic conditions and increasing competition. Towards the end of 2019, South Africa finalised visa waiver agreements with several African and Middle Eastern countries in a bid to boost tourism to the country. Although this visa issue has been resolved, there is a lag effect to regaining market share in the hospitality industry. While the drought conditions in the Western Cape and Eastern Cape have abated, the group continues to implement sustainable solutions to ensure our guests are not negatively impacted should a similar crisis reoccur.

Rooms make up 8% (2018: 8%) 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. In Chile, the group has several hotels at its casino properties that serve local travellers and VIP gaming customers.

The coronavirus (COVID-19) outbreak has killed thousands of people and continues to spread. Leading health experts globally have been meeting at the World Health Organization to accelerate and fund priority research on the disease to help stem the outbreaks. To prevent its spread, travel bans have been implemented world-wide. Sun International is taking all necessary precautions to ensure a safe and healthy environment for all our stakeholders.

OTHER OPERATING ENVIRONMENT FACTORS

While not specifically covered under 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 in other sections of our integrated annual report – environment, governance and sustainability, improve our existing operations and guest experience and socio-economic development.

OUR BUSINESS MODEL

Our capital inputs

We use the six capital resources interchangeably and appreciate that there are trade-offs between them. These trade-offs are carefully considered to preserve shareholder value.



Human

14 706 Employees
Board



Intellectual

27 Gaming licences
Respected brand and reputation
IT systems



Productive

Properties across
8 countries



Social and relationship

Stakeholders – partners, guests, customers, communities and employees



Financial

Debt
Equity



Natural

Resources – energy and water
Fauna and flora at our pristine properties

Business activities and outputs

Our business activities draw on the various capital resource inputs and convert these into our activities and outputs – gaming and hospitality which are supported by various central service functions. Our activities and outputs allow us to measure and monitor progress against the group’s strategic objectives and create stakeholder value. We leverage our core assets, unused land, past experiences, strategic partnerships and management skills to capitalise on growth opportunities and create memorable guest experiences.



Gaming

Our gaming licences are the most critical enabler allowing us to operate and fulfil our purpose and vision. We continuously review and evaluate our licence conditions to ensure we fully comply and maintain our licence to operate.

- > Tables
- > Slots
- > Alternative gaming such as LPMs
- > Online sports betting



Hospitality

Our unique hotels and resorts, their pristine location and superior offerings are some of our key differentiating factors that keep our guests choosing Sun International as a destination of choice. The group’s food and beverage offering provides something for all food lovers. Most of our properties have the facilities and infrastructure to host world-class events and conferences, which drives footfall at properties and creates memorable experiences.

- > Hotels and resorts
- > Food and beverage
- > Events and conferencing
- > Property development and refurbishments



Business support

This division leads innovation, technology and administrative services for business operations to enable optimal use of digitalisation, technology and business processes in achieving our strategic objectives.

- > Innovation
- > Technology
- > Administrative services



Central services

These support services include finance, IT, HR, marketing and legal and corporate services that are critical to providing sound financial business models, achieving efficiencies across the group, building relationships with key internal and external stakeholders and providing governance in areas aligned to legislation and regulations.

- > HR
- > IT
- > Marketing
- > Finance, legal and corporate services
- > Sustainability



OPERATING ENVIRONMENT/ GAMECHANGERS

Regulation
Industry and gaming bodies
IT advancements
Society

DIFFERENTIATORS

Strong brand and proud legacy
Gaming pioneers in South Africa
Unique iconic properties
Significant economic contributor
Geographic diversification

PILLARS/FOUNDATION

Corporate governance
Risk management
Sustainable business practices

STAKEHOLDER ENGAGEMENT

Sun International actively engages with our key stakeholders in a transparent manner. We encourage all shareholders 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 value for our key stakeholders.

STAKEHOLDER ENGAGEMENT APPROACH

Every aspect of our business interacts with stakeholders, and our relationships with them impact directly and indirectly on our business and its reputation. Our reputation, or social and relationship capital, has a direct impact on our financial capital, as it influences whether consumers decide to become our guests; whether suppliers want to be vendors; whether employees want to work for us; and whether government believes that we comply with regulations; give back to communities and drive economic development.

Achieving our five strategic objectives depends on our ability to engage with and respond to our stakeholders. Our various methods of engagement include face-to-face interactions, formal and informal communication platforms, results presentations, reports and our annual general meetings. We also engage through our marketing campaigns, advertising, electronic media, newsletters and roadshows. We regularly conduct surveys among our guests and employees with the aim of continually improving service delivery, guest experience and employee satisfaction. We obtain positive and constructive feedback and respond to it appropriately.

ENGAGEMENT PROCESS

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

Focused engagement within the communities in which we operate is particularly important, as most of our properties are situated within or close to surrounding communities. Cultivating relationships with stakeholders such as community leaders, NGOs, NPOs and PBOs ensures that Sun International offers shared value and sustainable SED opportunities. During 2019, communities (particularly in the North West and Eastern Cape) raised concerns around the lack of local procurement opportunities which, in return, create job opportunities and provide socio-economic upliftment in these communities.

The group's community engagement methodology ensures that all engagement and interventions are aligned with the group's sustainable business strategy and, more broadly, with provincial and national growth and development plans. This engagement methodology involves the identification and classification of our relevant communities and stakeholders. This is followed by assessing various social aspects related to the wellbeing of these communities, as well as identifying the collective needs of these communities. Based on these assessments, possible interventions are identified and discussed with the affected stakeholders. It is anticipated that the engagement methodology will continue to be rolled out to all South African units in 2020.



Stakeholder engagement continued

2019 STAKEHOLDER ENGAGEMENT



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

VALUE ADD

- Empowering/uplifting communities
- SED spend R25.4 million
- 25 SED projects that included sustainability elements
- CSI spend R3.6 million

KEY STAKEHOLDER CONCERNS

- Limited procurement opportunities in the local and regional communities
- Perception of community upliftment
- Limited job opportunities
- Ageing infrastructure and no shared value

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

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



CUSTOMERS AND GUESTS

Our livelihood depends on our customers and 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 customers and guests

VALUE ADD

- Creating lasting memories
- Active MVG customers base increased by 5.2%
- Achieved a customer satisfaction target rating of 80% at most properties

KEY STAKEHOLDER CONCERNS

- Customer segmentation
- Customer service
- Perception of value
- Discretionary spending under pressure
- Inconsistent and conflicting customer communication

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Ongoing learning and development programmes for employees to improve skills and customer service
- Ongoing customer surveys
- Proactively managing customer feedback
- Enhanced business analytics to improve customer segmentation
- Ongoing property upgrades and refurbishments
- Improving brand and marketing campaigns
- Continually enhancing the MVG (most valued guest) offerings
- Continue to improve direct communication with MVGs



EMPLOYEES

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

VALUE ADD

- Rewarding employees – salaries, bonuses and incentives
- Training spend R116 million
- Employee remuneration R3.6 million

KEY STAKEHOLDER CONCERNS

- Fair remuneration and recognition
- Learning and development
- Talent and performance management
- Succession planning
- Transformation
- Restructuring

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Robust SunWay culture programme and employee value proposition
- Ensuring compliance with the tenets of 'equal pay for work of equal value' through our South African operations
- Ongoing learnings and development initiatives
- Annual performance reviews
- Employee satisfaction surveys to determine overall employee satisfaction
- Robust employment equity plan in place to track transformation progress
- Best practice employment policies, standards and procedures in place
- Increased staff wellness initiatives and programmes
- Code of ethics, ethics officer and ethics hotline in place

Stakeholder engagement continued



2019 STAKEHOLDER ENGAGEMENT



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

VALUE ADD

- Reducing debt levels
- Continue to invest R1.1 billion in property maintenance and refurbishments

KEY STAKEHOLDER CONCERNS

- Underperformance of strategic investments
- Capital allocation
- High debt levels
- Meeting debt covenants
- Gap between valuation and the group's share price
- Creating shareholder value through dividend distributions

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Direct engagement with executives at annual and interim reporting and investor presentations
- Debt strategy communicated to investors through presentations, direct engagement, roadshows and annual and interim reporting
- Increased focus on operational and resource efficiencies



GAMBLING BOARDS

Gaming 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

VALUE ADD

- Supporting the local and national economy
- Levies paid R18.7 million
- Uplifting communities through ongoing SED and CSI commitments

KEY STAKEHOLDER CONCERNS

- Electronic Bingo Terminal (EBTs) licencing
- Licence conditions change requests
- Increase in gaming taxes in South Africa and Peru

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

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



PARTNERS AND SUPPLIERS

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

VALUE ADD

- Providing local business opportunities
- Enterprise development spend R12.3 million
- Supplier development spend R44.4 million
- Supported 15 beneficiaries through our business development support programme

KEY STAKEHOLDER CONCERNS

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

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Improved the procurement system to control fronting and support B-BBEE initiatives
- Maintained our level 1 B-BBEE rating
- A procurement tender notice board in place to inform all suppliers of new requests for proposals (RFPs)
- Supplier conferences and open days hosted to improve local procurement



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

VALUE ADD

- Zero fines
- Maintaining reputation of being a responsible corporate citizen
- Trained 2 651 employees on health and safety aspects
- Internal SHE compliance audits conducted on all local units

KEY STAKEHOLDER CONCERNS

- Compliance with relevant legislation e.g. B-BBEE, labour, health, smoking and carbon tax

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Ongoing engagements with regulators and industry bodies
- Continuous monitoring of changes to legislation directly impacting the group
- Submissions to regulators on proposed legislation
- Ongoing lobbying through industry body CASA
- Internal and external compliance audits on all legislative aspects of sustainability, namely environment, health and safety and socio-economic development
- SHE training and compliance cross unit audits conducted at all local operations

MATERIAL MATTERS

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

OPERATING ENVIRONMENT

The group operates in eight countries across two continents. This provides a dynamic and often challenging operating context, which can impact the delivery of our vision. Continually monitoring external factors helps identify risks and opportunities, which we respond to through our business model and strategy. The external factors indicated alongside are the most material issues that impact on our day-to-day operating environment.

Key external factors

Local and global economic conditions

Socio-economic and social issues

Gambling boards requirements

Government policy and legislation

Local infrastructure

Climate change

STAKEHOLDER ENGAGEMENT

Proactive and transparent stakeholder engagement is important to achieving our strategy and vision. It 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 and whether government believes we comply with regulations and give back to the community by driving economic and social development (E&SD). 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

Communities



Customers and guests



Employees



Equity partners and debt funders



Gambling boards



Partners and suppliers



Regulators and industry bodies



RISK MANAGEMENT

Through a formal risk management process and governance structure, Sun International identifies, reviews, monitors and responds to the most material risks and opportunities across our business units and countries in which we operate. 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 Smoking legislation

2 Weak economic conditions

3 Erosion of market share due to EBTs and LPMs in catchment areas

4 Increase in gaming taxes and levies

5 Non-renewal or significant cost of SCJ licences renewal

6 Increased demands from stakeholders (communities and local suppliers)

7 Loss of GrandWest Casino licence exclusivity

8 Ongoing changes in licence conditions

9 Civil protests and riots

10 Illegal gambling

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



Improve our existing operations and our guest experience



Protect and leverage our existing asset portfolio



Grow our business into new areas and products

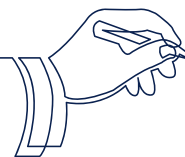


Our people



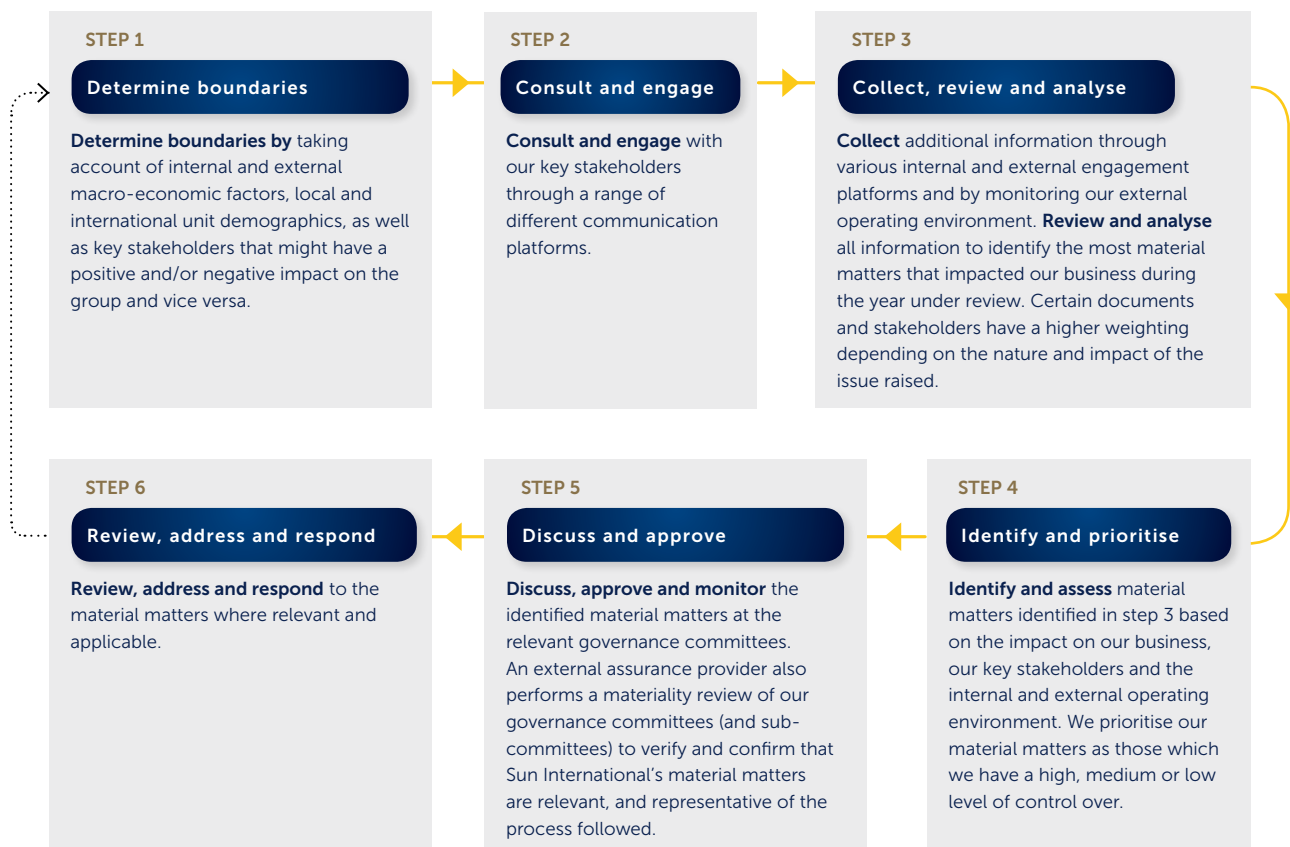
Governance and sustainability

Material matters continued



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 the various elements detailed above, namely our operating environment, stakeholder engagement, risk management and strategy.





Material matters continued

2019 MATERIAL MATTERS

In 2019, certain material matters from 2018 have been consolidated under related material matters. These include: smoking legislation, high gearing levels, and expiring licences and GrandWest exclusivity. To achieve the group's strategic objectives and manage risks, our material matters are continuously monitored and mitigated by Sun International through its various risk and governance processes.

MANAGING OUR WAY THROUGH TOUGH ECONOMIC TIMES

Why this matter is considered material

Our business depends on consumer spending 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 and manage certain properties that have performed below expectations. The ongoing political and social challenges including the COVID-19 virus in South Africa remain a concern for the group.

Status since prior year



INCREASED

MITIGATING ACTIONS

Geographic and alternative gaming diversification
Improving efficiencies
Prudently managing debt levels
Continuous refurbishments of properties to attract and retain customers
Strong cash flows

RELATED RISKS

- 2 Weak economic conditions
- 9 Civil protests and riots
- 10 Illegal gambling

STRATEGIC OBJECTIVES



Level of control
LOW

MANAGING OUR COMPLEX REGULATORY ENVIRONMENT

Why this matter is considered material

We operate in a highly regulated and complex environment. The group continues to focus on compliance requirements, ensuring we maintain our operational and social licence to operate. Specific regulatory requirements/amendments directly impacting our operations include:

- **Smoking legislation:** The proposed amendments to the smoking legislation, which will ban smoking in public areas and severely impact casino revenues.
- **Gaming taxes:** The possibility of increased taxes and more onerous licence conditions will all impact the group's profitability.
- **Alternative gaming:** The increased availability of alternative gaming and the encroachment of EBTs in our catchment areas remain a concern as our market share has eroded.
- **Carbon taxes:** The introduction of carbon taxes effective 1 June 2019 requires the group to ensure we remain compliant while at the same time implement initiatives that will continue to reduce the tax payable.

Status since prior year



INCREASED

MITIGATING ACTIONS

Ongoing compliance monitoring
Continuous engagements and relationship building with key stakeholders (gambling boards and industry bodies)

RELATED RISKS

- 1 Smoking legislation
- 3 Erosion of market share due to EBTs and LPMs in catchment areas
- 4 Increase in gaming taxes and levies
- 7 Loss of GrandWest Casino licence exclusivity
- 8 Ongoing changes in licence conditions
- 10 Illegal gambling

STRATEGIC OBJECTIVES



Level of control
LOW



Material matters continued

CAPITAL ALLOCATION¹

Why this matter is considered material

We continue to strategically allocate capital and carefully monitor underperforming investments, in line with the economic environment.

Status since
prior year



UNCHANGED

MITIGATING ACTIONS

Quality acquisitions and capital investments

Disciplined strategic investments

Optimising debt levels

RELATED RISKS

2 **Weak economic conditions**

STRATEGIC
OBJECTIVES



Level of control

MEDIUM

MANAGING RELATIONS WITH OUR KEY STAKEHOLDERS²

Why this matter is considered material

Proactive stakeholder engagement is important in understanding our stakeholder needs to achieve our strategic objectives, minimise our risks and optimise business opportunities.

As most of our casino licences provide for exclusive area rights, we must offer products and services that support and uplift, the communities in which we operate.

Status since
prior year



INCREASED

MITIGATING ACTIONS

Ongoing transparent and effective stakeholder communication

Focusing on being an employer of choice

Uplifting communities through our supply chain

Remain relevant and continue to improve our products and service offerings

RELATED RISKS

6 **Increased demands from stakeholders (communities and local suppliers)**

9 **Civil protests and riots**

STRATEGIC
OBJECTIVES



Level of control

MEDIUM

IMPROVING OPERATING AND NATURAL RESOURCE EFFICIENCIES³

Why this matter is considered material

To remain relevant to our customers and to adapt in a weak trading environment, the group focuses on extracting efficiencies across the business and optimising systems. External factors such as water scarcity, material energy cost increases and the financial crisis facing South Africa's energy supply continue to create additional pressure on our business operations.

Status since
prior year



INCREASED

MITIGATING ACTIONS

Improving operating efficiencies

Investing and optimising IT systems

Standardising policies and procedures

Strategic procurement

Implementing targeted solutions to reduce water and energy consumption

Ongoing employee training and development

RELATED RISKS

2 **Weak economic conditions**

STRATEGIC
OBJECTIVES



Level of control

MEDIUM

¹ Previously named 'capital allocation and underperformance of our investments'.

² Previously named 'managing relations with our key stakeholders and remaining relevant in the areas where we operate'.

³ Previously named 'reliability and sustainability of natural resources like energy and water'.



Material matters continued

RETAINING OUR OPERATING LICENCES

Why this matter is considered material

Our casino business depends on the renewal and exclusivity of our casino licences. The group continues to monitor licence renewal bidding processes and changes in licence conditions that impact the business.

Status since
prior year



UNCHANGED

MITIGATING ACTIONS

Ongoing engagement and advocacy with regulators, particularly in the Western Cape and Latam

Economic bidding

Establishing effective partnerships

Ongoing engagement with gaming authorities

RELATED RISKS

4 Increase in gaming taxes and levies

5 Non-renewal or significant cost of renewing SCJ licences

7 Loss of GrandWest Casino licence exclusivity

8 Ongoing changes in licence conditions

STRATEGIC
OBJECTIVES



Level of control

MEDIUM

CUSTOMER ATTRACTION AND RETENTION

Why this matter is considered material

Our customers are critical to our sustainability. It is important that we provide products and services that continue to attract and retain their custom by providing excellent customer service, conducting ongoing property upgrades and refurbishments as part of creating memorable experiences.

Status since
prior year



**NEW
MATERIAL
MATTER**

MITIGATING ACTIONS

Continuing to improve our customer value proposition through our loyalty programmes

Focusing on customer service

Ongoing property refurbishments and maintenance

Remaining relevant and continuing to improve our products and service offerings

RELATED RISKS

1 Smoking legislation

2 Weak economic conditions

STRATEGIC
OBJECTIVES



Level of control

HIGH

RISK MANAGEMENT

Our risk management process provides an appropriate balance between identifying and minimising key risks while realising value creation opportunities. Risks identified arise from various internal and external factors. Risks inform as well as shape our strategy. 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.

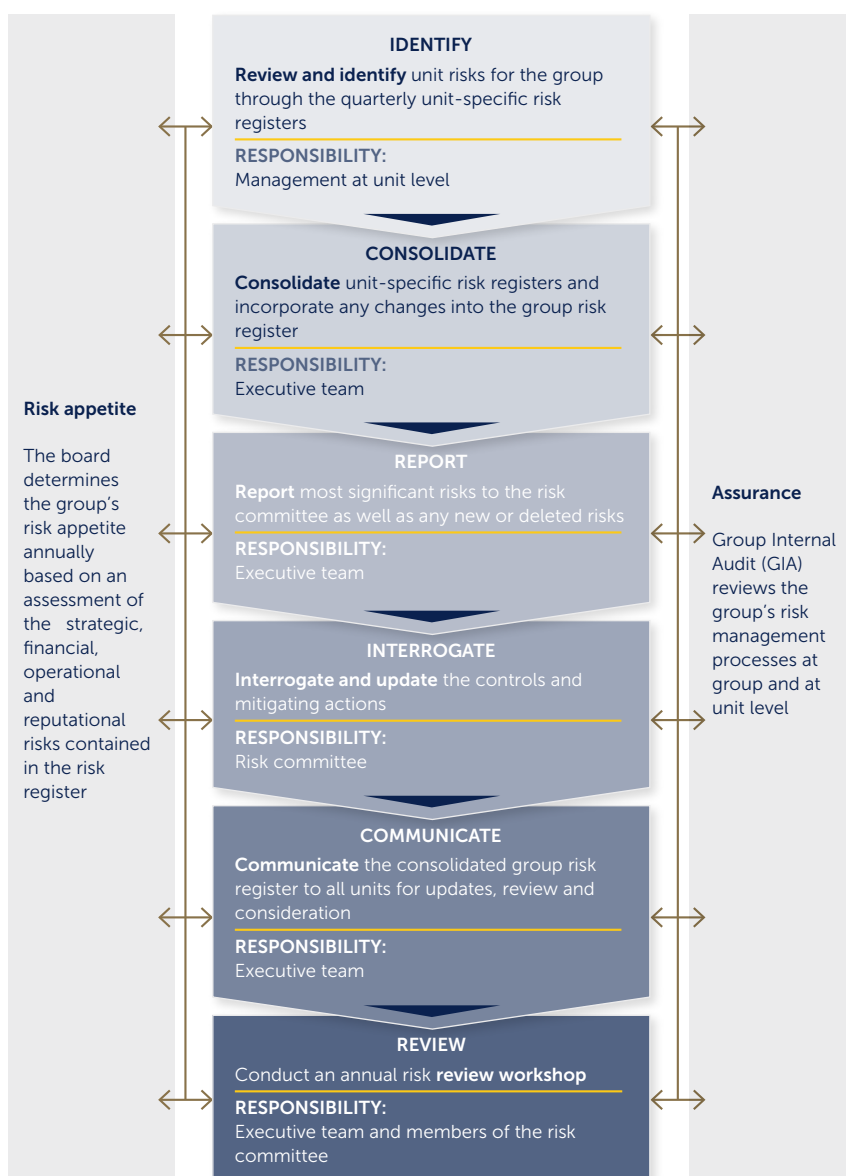
RISK APPROACH

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

Each risk is linked to the achievement of the group's strategic objectives. The group considers its risks in terms of the possible impact and likelihood of a risk occurring, 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. The residual risk rating considers the duration of the prevailing risk and determines the urgency of action required by management. Each risk is assigned to a specific executive who is responsible for implementing the mitigation measures and accountable for continually monitoring progress.

An annual risk workshop, attended by the risk committee and relevant executives, is held to ensure the risk methodology and approach is still relevant and that the risks are representative of the group's risk universe. The risk committee is satisfied that the group's 2019 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.

RISK IDENTIFICATION PROCESS

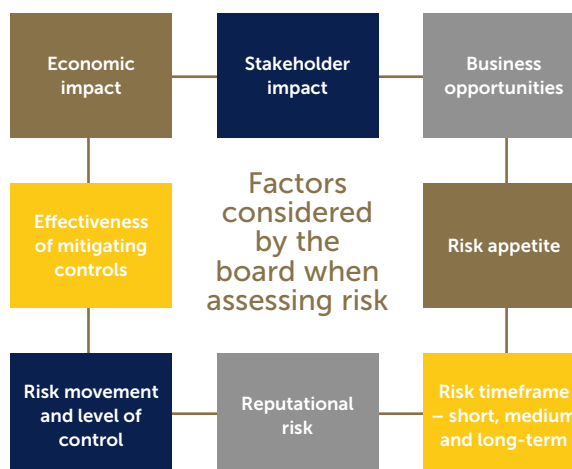




Risk management continued

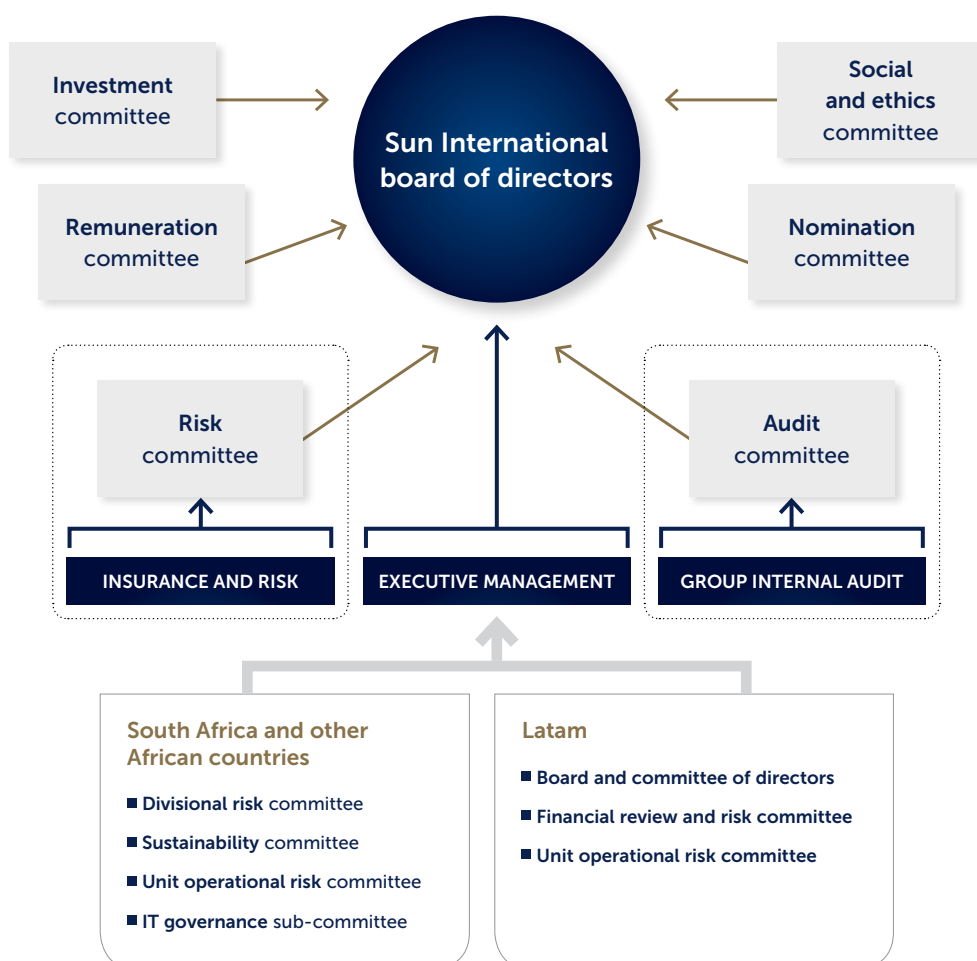
RISK GOVERNANCE

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 key risks and opportunities and 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. As a control measure, 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.

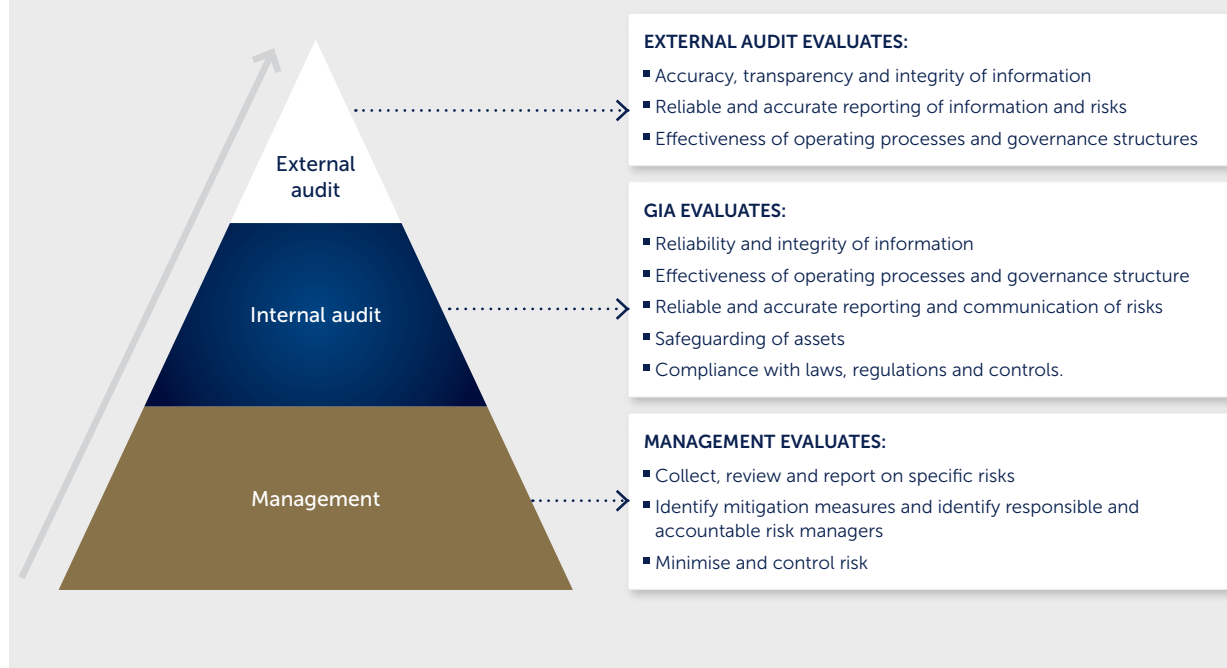


Risk management continued



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).



TOP 10 RISKS AS AT 31 DECEMBER 2020

Historically we have always reported on our top 10 risks as at 31 December. However, given the unprecedented risk the coronavirus presents world-wide, we believe it is prudent to inform all stakeholders how the group is managing its operations given the significant impact on our business. The paragraph below details how Sun International is mitigating this risk.

Coronavirus (COVID-19)

Sun International was proactive in mobilising its operations to safeguard our employees as well as hotel and casino patrons and other customers who visit our premises. We have identified key suppliers and procurement items to ensure continuity of supply. A crisis leadership task team was established incorporating health and safety representatives to monitor business interruption and contaminations within the group.

We have also implemented relevant health and safety measures including hand sanitizers, thermal sensors and masks and developed standard operating procedures to deal with suspected or confirmed positive COVID-19 cases. To keep all employees, suppliers and patrons informed we continue to provide regular communications group-wide.

The group continues to monitor this unprecedented pandemic and proactively communicate with all stakeholders. Further we continue to review and assess the long-term impact this global pandemic will have on our properties.

A comprehensive media update is provide on our website at at <https://corporate.suninternational.com/media/>

Risk management continued

The risk table identifies the group's top 10 risks as at 31 December 2019. 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 9 (civil protests and riots) was added to the risk register and risk 5 (the non-renewal or significant cost of SCJ licences renewal) moved into the top 10 risks. Two prior risks (Maslow Time Square not achieving its feasibility and cyber threats and information security) moved out of the group's top 10 risk register but remain within our risk universe.

Risk ranking	Risk description	Residual risk	Change in severity	Strategic objective
1	Smoking legislation (South Africa and Latam)	SERIOUS	Risk movement ◆ UNCHANGED (2018:1)	 Governance and sustainability
2	Weak economic conditions (South Africa and Latam)	SERIOUS	Risk movement ▲ INCREASED (2018:3)	 Improve our existing operations and our guest experience
3	Erosion of market share due to Electronic Bingo Terminal (EBTs) and Limited Pay-out Machines (LPMs) in catchment areas	MODERATE	Risk movement ▼ DECREASED (2018:2)	 Improve our existing operations and our guest experience
4	Increase in gaming taxes and levies (South Africa and Latam)	MODERATE	Risk movement ▲ INCREASED (2018:8)	 Protect and leverage our existing asset portfolio
5	Non-renewal or significant cost of SCJ licences renewal (Latam)	MODERATE	Risk movement ▲ INCREASED (2018:16)	 Protect and leverage our existing asset portfolio
6	Increased demands from stakeholders (communities and local suppliers)	MODERATE	Risk movement ▲ INCREASED (2018:9)	 Protect and leverage our existing asset portfolio  Governance and sustainability
7	Loss of Grandwest Casino licence exclusivity (South Africa)	WITHIN APPETITE	Risk movement ▼ DECREASED (2018:5)	 Protect and leverage our existing asset portfolio
8	Ongoing changes in licence conditions (South Africa and Latam)	WITHIN APPETITE	Risk movement ▼ DECREASED (2018:6)	 Protect and leverage our existing asset portfolio
9	Civil protests and riots (South Africa and Latam)	WITHIN APPETITE	Risk movement ● NEW RISK	 Protect and leverage our existing asset portfolio
10	Illegal gambling (South Africa and Latam)	WITHIN APPETITE	Risk movement ▼ DECREASED (2018:7)	 Improve our existing operations and our guest experience

Risk management continued

Residual Risk: **WITHIN APPETITE** **MODERATE** **SERIOUS**

1

SMOKING LEGISLATION (SOUTH AFRICA AND LATAM)

RISK CATEGORY
Regulated operating environment

Sun International's level of control: **Low**

Primary board committee: **Risk committee**

Key stakeholders: **Employees, customers, health authorities and shareholders**

Risk movement

◆

UNCHANGED
(2018:1)

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 group casino revenues

In Chile, new bills have been proposed to increase smoking restrictions in public areas as well as restrictions for smoking advertisements. However, to date there is no urgency of these bills being enforced


Risk mitigation

- Submitted comments on the proposed South African legislation
- Lobbying and engaging with CASA, the gaming boards, trade unions and other companies who have similar concerns regarding this legislation
- Working in conjunction with the gaming industry in Latam to monitor proposed legislation and impact on Sun Dreams
- Rolling out alternative non-tobacco products at certain South African operations
- Increasing smoking decks at our Latam operations

Outlook

- The South African legislation is not expected to be enacted in the 2020 financial year
- In Chile there is no urgency for the revision and approval of these proposed bills, with uncertainty around these revisions becoming law
- The group continues to lobby and coordinate efforts with other affected industries

Strategic objectives impacted

 Governance and sustainability

2

WEAK ECONOMIC CONDITIONS (SOUTH AFRICA AND LATAM)

RISK CATEGORY
Financial sustainability

Sun International's level of control: **Low**

Primary board committee: **Risk and audit committees**

Key stakeholders: **Shareholders and potential investors and employees**

Risk movement

▲

INCREASED
(2018:3)

Risk description

The economies within which we operate remain subdued with a bleak economic outlook in South Africa


Risk mitigation

- Ongoing focus on improving operational and resource efficiencies as well as cost containment across the group
- Reducing group debt levels as well as refinancing and hedging debt
- Focusing on customer service and value offerings
- Focusing on repairs and maintenance while optimising capital expenditure
- Improving investor relationships through regular and proactive engagement
- Restructuring the central office in South Africa

Outlook

- Global weak economic climate will continue and in South Africa the situation is further exacerbated by the country's fragile energy supplier and high energy costs. As such the group will continue extracting efficiencies group-wide

Strategic objectives impacted

 Improve our existing operations and our guest experience

Risk management continued

Residual Risk: **WITHIN APPETITE** **MODERATE** **SERIOUS**

3 EROSION OF MARKET SHARE DUE TO ELECTRONIC BINGO TERMINAL (EBTS) AND LIMITED PAY-OUT MACHINES (LPMS) IN CATCHMENT AREAS

RISK CATEGORY
Increased competition

Sun International's level of control: **Low**
Primary board committee: **Risk committee**
Key stakeholders: **Shareholders and potential investors, gaming boards, regulators and suppliers**

Risk movement



DECREASED
(2018:2)

Risk description

The economies within which we operate remain subdued with a bleak economic outlook in South Africa

Risk mitigation

- Ongoing focus on improving operational and resource efficiencies as well as cost containment across the group
- Reducing group debt levels as well as refinancing and hedging debt
- Focusing on customer service and value offerings
- Focusing on repairs and maintenance while optimising capital expenditure
- Improving investor relationships through regular and proactive engagement
- Restructuring the central office in South Africa

Outlook

- Sun International continues to engage government and the gaming boards regarding EBT and ISO rollouts to protect the group's licence exclusivity

Strategic objectives impacted



Improve our existing operations and our guest experience

4 INCREASE IN GAMING TAXES AND LEVIES (SOUTH AFRICA AND LATAM)

RISK CATEGORY
Regulated operating environment

Sun International's level of control: **Low**
Primary board committee: **Risk committee**
Key stakeholders: **Gaming boards, CASA, provincial government and shareholders**

Risk movement



INCREASED
(2018:8)

Risk description

The Gauteng Gambling Board gazetted an increase in Gauteng gaming levies effective 1 April 2019. This Bill was however withdrawn by the MEC in 2019, following opposition by CASA, on behalf of its members

The KwaZulu-Natal (KZN) Gambling Board gazetted an increase in KZN gaming levies effective January 2020. The increase in levies was however not material. This schedule was withdrawn by the MEC in January 2020, following opposition by CASA, on behalf of its members

In January 2020, the MEC of the North West Province responsible for gambling gazetted an increase in gaming levies, which equates to an approximate 17% increase (approximately R9 million increase in levies). The matter is being opposed by CASA

In January 2020, the Western Cape Provincial Treasury gazetted an increase in costs and fees. The business is considering its legal options

In Peru, a decree was published in 2018 regarding a monthly consumption tax that includes taxes on gambling and betting, which became effective in January 2020

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
- The gaming industry in Peru has launched a legal challenge against this proposed tax and Sun Dreams is obtaining legal advice on this proposed law

Outlook

- We will continue to lobby through CASA and will comply with legislation in North West and Western Cape
- Awaiting feedback from the gaming industry and Sun Dreams' legal counsel on Peru's proposed decree to determine next steps

Strategic objectives impacted



Protect and leverage our existing asset portfolio

Risk management continued

Residual Risk: **WITHIN APPETITE** **MODERATE** **SERIOUS**

5 NON-RENEWAL OR SIGNIFICANT COST OF SCJ LICENCES RENEWAL (LATAM)

Sun International's level of control: **Low**

Primary board committee: **Risk committee, investment committee**

Key stakeholders: **Gaming boards, SCJ and shareholders**

Risk description

The potential renewal licence bid terms and conditions for our SCJ casinos in Chile in 2023 could prove uneconomically feasible for Sun Dreams

Risk mitigation

- Monitoring SCJ casino law changes with the regulators and legislative bodies
- Motivating for SCJ licence extensions
- Limiting capital expenditure until renewal certainty
- Collaborating with the Chilean casino association to modify casino law and recover the group's investment

RISK CATEGORY
Gaming and other operating licences

Risk movement

▲

INCREASED
(2018:16)

Outlook

- Ongoing lobbying with the Chilean casino association to resolve this matter
- Taking legal action if the terms of renewal are in line with what was intended with initial bid, which would favour the existing incumbent

Strategic objectives impacted

Protect and leverage our existing asset portfolio

6 INCREASED DEMANDS FROM STAKEHOLDERS (COMMUNITIES AND LOCAL SUPPLIERS)

Sun International's level of control: **Medium**

Primary board committee: **Social and ethics committee**

Key stakeholders: **Communities and suppliers**

Risk description

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

Risk mitigation

- A formal community engagement management plan is in place including stakeholder engagement forums as well as a dedicated SED and community engagement specialist, to improve community dialogue and to identify community needs
- Ongoing communication with interested stakeholder groupings
- Focusing on local B-BBEE procurement, enterprise development and SED within communities surrounding group operations

RISK CATEGORY
Regulated operating environment

Risk movement

▲

INCREASED
(2018:9)

Outlook

- These increased stakeholder demands are expected to continue given the weak economic environment. Sun International will continue efforts to increase local procurement spend and proactively engage with stakeholders

Strategic objectives impacted

Protect and leverage our existing asset portfolio

Governance and sustainability

Risk management continued



Residual Risk: **WITHIN APPETITE** **MODERATE** **SERIOUS**

7 LOSS OF GRANDWEST CASINO LICENCE EXCLUSIVITY (SOUTH AFRICA)

Sun International's level of control:	Low
Primary board committee:	Risk committee
Key stakeholders:	Gaming boards, provincial government, communities and guests

Risk description

Draft legislation was published in February 2018 that allows for the relocation of casinos. If this legislation is implemented, there is a risk of diluting GrandWest Casino's gambling revenues, thereby impacting overall profits which may lead to job losses and revenue displacement – all of which have a negative impact on the local economic environment. There has been significant media reaction to this draft legislation, with most interested parties objecting to the relocation of casinos. There were no further legislation developments since objections were lodged in August 2018

Risk mitigation

- Continuing to review and challenge the proposed legislation
- Ongoing lobbying with government to discuss and consider proposal for exclusivity
- Extensive engagement with media, local municipalities and other interested stakeholders informing them of the risks of relocation in respect of revenue declines and potential job losses

RISK CATEGORY
Gaming and other operating licences

Risk movement



DECREASED
(2018:5)

Outlook

- It is unlikely that this legislation will be implemented in 2020, however, Sun International will continue lobbying with relevant stakeholders to challenge this legislation

Strategic objectives impacted



Protect and leverage our existing asset portfolio

8 ONGOING CHANGES IN LICENCE CONDITIONS (SOUTH AFRICA AND LATAM)

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

Risk description

Regulators may issue more onerous licence conditions that will impact the group's licence compliance and profitability

Risk mitigation

- Negotiating licence conditions with various gambling boards
- Proactively improving relationships with gambling boards
- Maintaining or improving current B-BBEE levels in South Africa
- Continuing to invest in local and affected communities

RISK CATEGORY
Gaming and other operating licences

Risk movement



DECREASED
(2018:6)

Outlook

- The group continues to proactively engage with the relevant gambling boards

Strategic objectives impacted



Protect and leverage our existing asset portfolio

Risk management continued

Residual Risk: **WITHIN APPETITE** **MODERATE** **SERIOUS**

9

CIVIL PROTESTS AND RIOTS (SOUTH AFRICA AND LATAM)

RISK CATEGORY
Business interruption

Sun International's level of control: **Low**

Primary board committee: **Risk committee**

Key stakeholders: **Provincial government, employees, guests, shareholders and potential investors**

Risk description
The potential risk of civil protests and riots resulting in business interruption, damage to property and restricted employee and guest access. Factors aggravating these protests and riots include lack of service delivery, poverty, high unemployment, an inequality gap and corruption


Risk mitigation

- Proactive employee engagement to determine matters of concern they face in their communities
- Ensuring business contingency plans including insurance as well as access to properties and loss of customer attraction and retention

Risk movement
●
NEW RISK

Outlook

- The weak economic conditions that persist in South Africa and the social challenges in Chile could give rise to further protests and riots and disruption to our operations. Ongoing proactive stakeholder engagement remains a focus to determine concerns within our countries of representation

Strategic objectives impacted
 Protect and leverage our existing asset portfolio

10

ILLEGAL GAMBLING (SOUTH AFRICA AND LATAM)

RISK CATEGORY
Increased competition

Sun International's level of control: **Low**

Primary board committee: **Risk committee**

Key stakeholders: **Gaming boards, CASA, South African Police Service and provincial and national government**

Risk description
The proliferation of Illegal gambling operations continues to erode gambling revenues. Companies need to constantly adapt to these invisible operators. Recently there has been improved coordination with gaming boards and law enforcement, which has resulted in the closure of some illegal operations


Risk mitigation

- Providing authorities with intelligence around illegal gaming and casino outlets
- Lobbying gaming boards for support from law enforcement agencies

Risk movement
▼
DECREASED
(2018:7)

Outlook

- The group continues to engage with relevant stakeholders to assist in combatting illegal gambling. In South Africa we expect increased action against illegal operations

Strategic objectives impacted
 Improve our existing operations and our guest experience

GAME PLAN

STRATEGIC OBJECTIVES

The information contained in our game plan section expands on the chief executive's review according to each of the five strategic objectives. Sun International's five strategic objectives are the foundation of how we operate our business as well as identify and manage risks and opportunities, based on our material issues.

Given the importance of our guests to the group, the first strategic objective has been divided into two focus areas, namely 'Improve our guest experience' and 'Efficiency and optimisation of our processes' to distinguish our progress on and priorities for guests through process and system improvements. Our governance and sustainability strategic

objective focus is primarily on the group's sustainability information, while the detailed governance section is included under the rules of the game section. The group's performance is measured against these five strategic objectives and enables shareholder value creation.

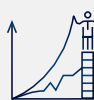
STRATEGIC OBJECTIVES



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

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

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

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

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

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

STRATEGIC OBJECTIVES

Improve our existing operations
and guest experience

Protect and leverage
our asset portfolio

Grow our business into
new areas and products

Our people

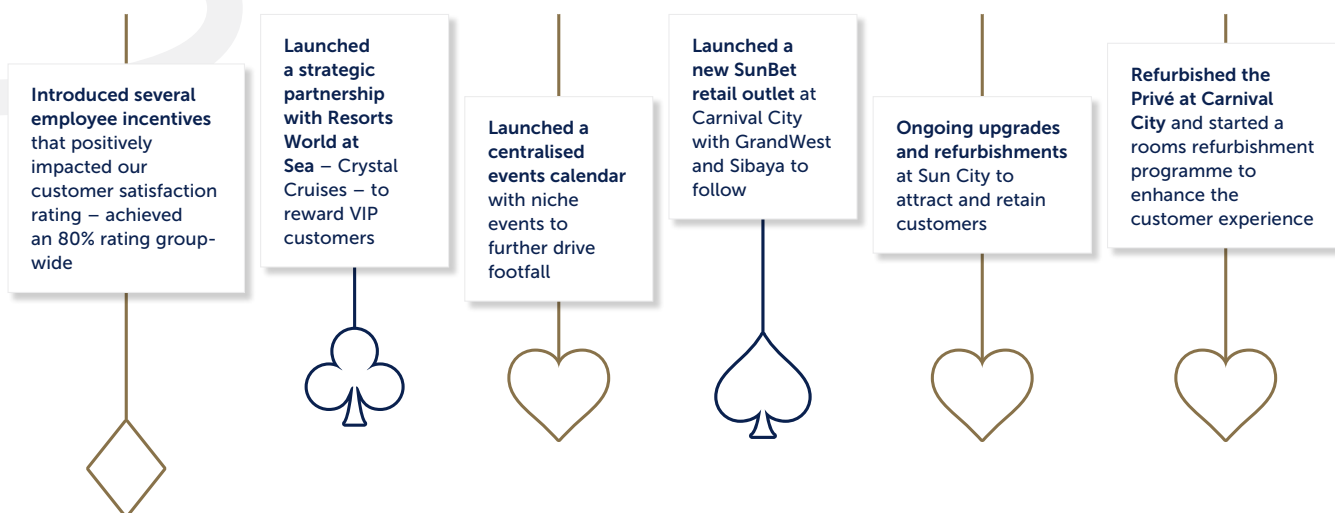
Governance and
sustainability

IMPROVE OUR EXISTING OPERATIONS AND OUR GUEST EXPERIENCE

IMPROVE OUR GUEST EXPERIENCE

Our two greatest assets are our people and our properties. By tirelessly putting these assets firsts and remaining relevant, we continue to create great memories for our guests.

IMPACTS



FOCUS AREAS IN 2019

Self-assessment:

ACHIEVED/ GOOD PROGRESS

IN PROGRESS

LIMITED PROGRESS

Continuing to improve customer service levels and create memorable experiences

WHAT WE ACHIEVED

Achieved a group-wide customer satisfaction rating of 80%

Enhancing Sun International's digital marketing strategy to improve customer communication and analytics

WHAT WE ACHIEVED

Focused on encouraging direct customer bookings using retail leisure campaigns and promotions

Exploring new ways of driving footfall at our properties

WHAT WE ACHIEVED

Established a group-wide events calendar. The sports and events division is exploring opportunities to create niche events at specific properties to drive spend at our properties

Offering our customers new experiences

WHAT WE ACHIEVED

We opened a SunBet retail outlet at Carnival City with GrandWest and Sibaya to follow shortly

Exploring opportunities to drive new Sun MVG signups

WHAT WE ACHIEVED

MVG sign ups grew by 5.2%. Continued to explore sign up opportunities, particularly with long-stay hotel guests



Improve our existing operations and guest experience continued

IMPROVE OUR GUEST EXPERIENCE

OVERVIEW

Sun International's purpose is to create memorable experiences for our customers, from their initial awareness stage, through the engagement process to the post-experience phase. We achieve this by instilling a customer-first culture at our properties, which is reinforced through our values and the SunWay formula for success. Our guest satisfaction system encourages customers to rate their experience at each unit. Their comments provide qualitative and quantitative information to help us determine areas where we can improve, and where our strengths lie. Customer satisfaction scores are aligned to relevant employees' key performance indicators (KPIs) to drive the correct behaviour. We have revised our customer questionnaires to ensure that they are still relevant, and we have a dedicated resource who directs customer satisfaction reports to appropriate managers to guarantee all complaints are closed out timeously and satisfactorily. We conduct ongoing customer service training at properties to enhance our service offering and customer experience and to empower staff in line with the group's employee value proposition. To motivate employees we have introduced several unit-specific recognition awards and a service excellence programme that rewards employees for professional and excellent service. In addition, monthly roadshows are carried out to provide leadership visibility.

On average we achieved a medium to high customer satisfaction rating for most properties. Premium properties such as The Table Bay Hotel achieved excellent satisfaction ratings. Our average group satisfaction rating for 2019 achieved the target rating of 80%. The group needs to ensure we maintain this level of service at all Sun International properties. Therefore, an across-the-board 85% customer satisfaction target has been set for 2020 (gaming and hospitality), against which all general managers will be measured to increase customer service levels. A target of 90% has been set for the gaming's Privé customer satisfaction. Our brand specialist ensures that the group provides consistent experiences across all properties to attract and retain patronage.

With the new central office structure, we anticipate improved synergies across our gaming and hospitality divisions, which should also improve customer satisfaction levels.

Customer 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. Most compliments are for exceptional service and friendly staff. Our case management system in the call centre, that pre-emptively provides a customer's history when they contact us, continues to improve customer service and satisfaction levels.

To drive footfall and gain maximum benefit from our properties, particularly in off-peak times, we continue to explore various marketing and promotion initiatives. A newly established group-wide events calendar aims to coordinate all property events to avoid crossovers and to exploit cross-sell opportunities. With the restructure our sports, events, and entertainment team will be part of sales with a focus on driving footfall and spend at our properties for banqueting, gaming and accommodation. Sun International is also a partner in the Discovery loyalty programme. While Sun City's SunPark remains operational, the SunParks at Carnival City and Sibaya were no longer cost effective and will be closed in 2020.

We have realigned our digital department, which now resides within each customer segment. This alignment enables closer cooperation with marketing, sales and management to use our data optimally and make more informed decisions. There is still a lot to do in this space and we are confident that better use of our data and digital capabilities will ensure we drive more direct bookings and are able to better engage with our customers.

It is important to continually maintain and upgrade our iconic properties to ensure they provide guests with lasting memories. Sun City, arguably the most iconic property in our portfolio, continued with refurbishments to the Cascades, which are expected to be completed in October 2020. A Palace mock-up room will be completed by the end of March 2020 and we expect that the Palace room's refurbishment will be completed over the next three years. We are also evaluating the feasibility of converting six rooms in the Palace into a spa to enhance our guests' five-star experience. With Sun City celebrating its 40th year in operation, ongoing infrastructure maintenance is taking place to future proof the property.

The Sun City Vacation Club continues to enjoy high occupancy rates in excess of 80%. Phase two of the room refurbishments were completed in 2019, with no displacement of business or customer inconvenience. Sun International has also earmarked the Vacation Club as an opportunity to expand this timeshare offering to various locations such as the Western Cape, KwaZulu-Natal and Mpumalanga. This will offer guests a variety of scenic beach, mountain and bush experiences. This will also position the group to open its own timeshare exchange, thereby making all iconic properties available to customers, and creating a rental income stream as part the group's hotel inventory.

The group's premium international online gaming software provider (Kambi) continues to enrich Sun International's online sports betting offering, SunBet. SunBet's achieved positive results, increasing 25% (2018: 81%) in the number of bets placed and 67% (2018: 42%) in active users, which resulted in a 68% (2018: 57%) increase in gross gambling revenue (GGR). Going forward, plans are in place to better leverage our iconic properties' gaming and hospitality offerings to further grow the SunBet market. In Latam, the group is in the process of launching a sports betting platform in Peru, which we expect to start trading in the second quarter of 2020.

Sun International continued to provide new products, update machines and refurbish our gambling floors to improve our customer experience and make the gambling floors more competitive. We have also reviewed our Free Play offering to

With the new central office structure, we anticipate improved synergies across our gaming and hospitality divisions, which should also improve customer satisfaction levels.



Improve our existing operations and guest experience continued

IMPROVE OUR GUEST EXPERIENCE

tactically activate customer reward usage and we introduced a timeframe to redeem Free Play rewards.

The Sun MVG tiered loyalty programme celebrated its silver anniversary (25 years) serving and rewarding our customers. This milestone was leveraged to create awareness and celebrate this loyalty programme by reiterating its benefits to both potential new and existing members through various interventions throughout the year across all properties. The programme also creates a seamless customer experience at all touchpoints. While customers were encouraged to actively engage with our digital communication platforms, the opportunity to collect accurate data, understand customer behaviour and explore opportunities for improved customer service exceeded expectations. We are focused on exploring opportunities to drive new signups, particularly with long-stay hotel guests, to encourage active participation through tiered rewards and benefits at Sun International's properties. Sun International's active MVG customer base of 408 510 at

the end of December 2019 was up 5.2% on the prior period (2018: 388 234).

Sun International launched a strategic partnership with Resorts World at Sea – Crystal Cruises – to reward our most loyal MVG members. Depending on the customers 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 in Cape Town and Durban at our iconic properties. Going forward, the group is considering prospects to expand this offering through other international operators.

During 2018, SunBet's gaming software was improved to enhance the online user experience and range, increasing its sports content and betting market offering to cover over 241 000 (2018: 100 000) live in-play sports events annually.

LOOKING AHEAD

- Improving customer service to achieve our targeted satisfaction rate of 85% (gaming and hospitality) and 90% (Privé gaming customers) group-wide
- Driving footfall through marketing, ongoing property refurbishments and new product offerings
- Exploring opportunities to expand Sun International's Vacation Club in new and complementary destinations
- Considering options to sign-up with new international cruise line operators
- Better leverage our iconic properties' gaming and hospitality offerings to further grow the SubNet market

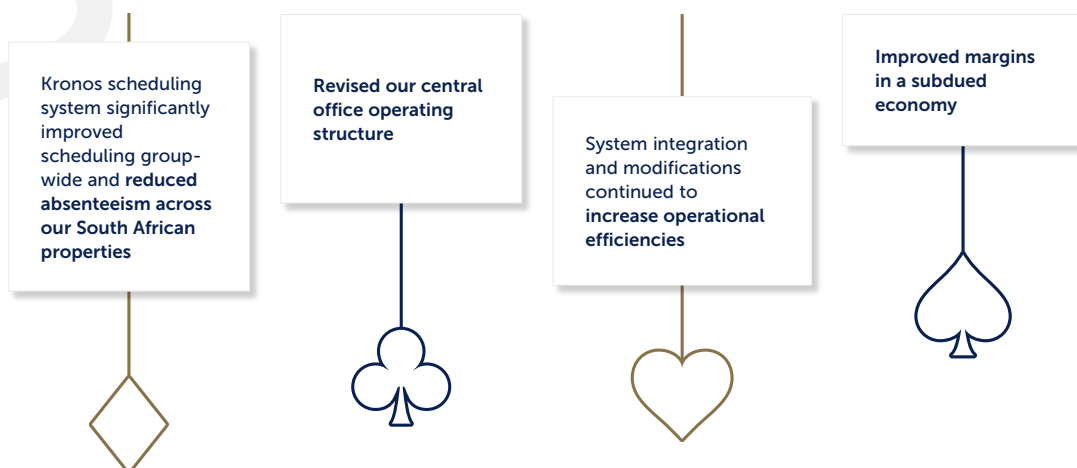


IMPROVE OUR EXISTING OPERATIONS AND OUR GUEST EXPERIENCE

EFFICIENCY AND OPTIMISATION

Optimising our processes and systems helps to contain our costs in a constrained economic environment. Through improved information quality we can make better and more informed strategic decisions, leading to improved guest experiences.

IMPACTS



FOCUS AREAS IN 2019

Self-assessment: **ACHIEVED/ GOOD PROGRESS** **IN PROGRESS** **LIMITED PROGRESS**

<p>Continuing to drive and extract efficiencies across the business and improve margins</p> <p>WHAT WE ACHIEVED</p> <p>Margins continued to improve across the business</p>	<p>Aligning the business to continually compete in our changing business environment</p> <p>WHAT WE ACHIEVED</p> <p>Implemented the group's new central office operating structure, which we have aligned to our different customer segments</p>	<p>Extracting relevant business intelligence to make informed strategic decisions around customer interaction and behaviour</p> <p>WHAT WE ACHIEVED</p> <p>Ongoing system integration resulted in informed strategic decisions around customer interaction and behaviour</p>
<p>Upskilling employees around mobile application development and data security</p> <p>WHAT WE ACHIEVED</p> <p>Ongoing awareness to encourage staff to use new mobile application</p>		

Improve our existing operations and guest experience continued

EFFICIENCY AND OPTIMISATION

OVERVIEW

The group's back to basics approach continues to translate into improved efficiencies as well as better use of systems, standards and procedures. Driving operational efficiencies and improving and benchmarking margins across the business remains a focus. We have introduced specific financial targets to monitor progress and the systems integration project, introduced in the comparative period, continues to positively impact on profitability group-wide. We also finalised the new central office operating structure in January 2020, which will further enable efficiencies group-wide and streamline business systems and processes to make Sun International more agile in an already strained operating environment. Our shared services centre continued to improve efficiencies by centralising the finance and payroll functions and enhancing economies of scale. This allowed our properties' operational management to focus on the needs of our employees and customers. The group is committed to expanding the shared services centre across the rest of the group's properties.

On-the-job training, mentoring, succession planning and emphasising the SunWay culture and CLEAR¹ principles are some key drivers to ensure our people deliver meaningful customer experiences and improve back-office efficiencies. Employee training is tracked and monitored to ensure service levels and customer offerings are constantly improved and refreshed.

Our scheduling system, Kronos, has now been implemented at all South African units. This 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 2019, the big five properties (Boardwalk, GrandWest, Sun City, The Table Bay and Time Square) have included advanced predictive scheduling. This predictive scheduling had a positive impact on operations, and we achieved a notable decrease in absenteeism. The smaller properties have also benefited from using Kronos' time and attendance scheduling and, where feasible, may be upgraded to predictive scheduling. We have also implemented this system at certain outsourced services to improve efficiencies.

Sun International's system integrations and modifications continued to result in increased operational efficiencies, improved transaction accuracy, and standardised systems across our South African operations. These improvements are geared towards strengthening customer service levels to create memorable guest experiences that ensure our properties remain a destination of choice. The focus remains around our customer-facing systems, including efficiencies and food and beverage, which includes standard operating procedures and training videos available on the group intranet.

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. The group's Park Hyatt Hotel, Casino & Spa in Mendoza Argentina, implemented a new gaming system

(Playtech) in February 2020. In determining the most suitable gaming system, we will prioritise factors such as improving customer service, enhancing cashless system abilities within regulatory constraints, and integrating marketing, rewards and promotion capabilities.

Management focused on efficiencies across food and beverage during the year, which were largely derived from cost containment initiatives and using our systems effectively. Food and beverage expenses were well controlled with significant management focus on payroll and scheduling. Effective cost control enabled improvements in the food and beverage margin. Going forward, a group-wide evaluation of all food and beverage outlets will take place to determine the feasibility of outsourcing certain food and beverage outlets.

On-the-job training, mentoring, succession planning and emphasising the SunWay culture and CLEAR¹ principles are some key drivers to ensure our people deliver meaningful customer experiences and improve back-office efficiencies. Employee training is tracked and monitored to ensure service levels and customer offerings are constantly improved and refreshed.

LOOKING AHEAD

- Continuing to extract efficiencies and relevant business intelligence to make informed strategic decisions group-wide
- Further leveraging systems integrations and continuing to improve standardised operating procedures
- Continually evaluating and enhancing gaming systems to ensure we remain competitive
- Reviewing our gaming system to determine the best way forward from a customer service perspective and overall cost of ownership
- Determining whether or not to outsource certain food and beverage outlets
- Embedding defined labour productivity standards

1 CLEAR principles: connect, listen, engage, act and reconnect.

STRATEGIC OBJECTIVES

Improve our existing operations and guest experience

Protect and leverage our asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

PROTECT AND LEVERAGE OUR EXISTING ASSET PORTFOLIO

Our diverse portfolio of assets includes world-class hotels, modern and well-located casinos, and premier resorts with event facilities. We continue to harness the full potential of our portfolio by providing memorable experiences, exploring land development opportunities, and identifying properties that either need reinvestment and upgrading, or are no longer core to our strategy.

IMPACTS

EBTs in our catchment areas continues to impact market share in the Eastern Cape and KwaZulu-Natal

Chile's operations and property impacted by recent riots

GrandWest's exclusivity still not resolved

The Table Bay Hotel lease renewal has still not been determined by the V&A Waterfront

FOCUS AREAS IN 2019

Self-assessment:

ACHIEVED/ GOOD PROGRESS

IN PROGRESS

LIMITED PROGRESS

Completing the Boardwalk restructure and commencing with construction of the Boardwalk Mall

WHAT WE ACHIEVED

Boardwalk restructure and construction of the mall in progress

Restructuring the Carousel

WHAT WE ACHIEVED

Reviewing the operating model to improve profitability

Pursuing land development opportunities at certain properties

WHAT WE ACHIEVED

Ongoing – handed over Wild Coast Sun's vacant land and exploring land development opportunities at Carnival City

Protecting GrandWest's exclusivity

WHAT WE ACHIEVED

Ongoing as discussed in the risk section

Continuing with maintenance across our properties

WHAT WE ACHIEVED

Ongoing maintenance in line with central maintenance schedule

Managing our Latam operations to ensure they meet expectations

WHAT WE ACHIEVED

Completed room refurbishments at Temuco, Valdivia and Punta Arenas

Bid proposals for SCJ licence renewals

WHAT WE ACHIEVED

Process to start in 2020

Continually monitoring the risk of cyber attacks across the business

WHAT WE ACHIEVED

Enhanced cyber security monitoring and detection capabilities

Renewal of the Table Bay Hotel lease

WHAT WE ACHIEVED

Submitted Sun International's lease renewal proposal



Protect and leverage our asset portfolio continued

OVERVIEW

South Africa



Boardwalk's income decreased by 1% with adjusted EBITDAR down by 14%. We are busy implementing our LA10 restructuring, following gaming board approval in February 2020. The shopping mall development is progressing well, with Site Development Plan approval having recently been received and leasing commitments in place from major retailers. Construction is expected to commence in the second quarter of the year. We are leveraging our tables business as a key differentiator and will be reducing slot machines after the restructure to optimise gaming floor space. Boardwalk's food and beverage offering will also be reviewed to determine the feasibility of keeping all outlets due to decreased gaming demand.



Carnival City's income was in line with the prior year and adjusted EBITDAR was up by 1%. The Privé refurbishment was completed in September 2019 to coincide with Carnival's 20th birthday celebrations. It has been well received by our guests and has shown a marked improvement in income generated since its opening. Refurbishment of the first 15 hotel rooms was also completed. Due to unforeseen circumstances we are seeking a new development partner for the proposed land development.



The Carousel, which has been severely impacted by the opening of Time Square, was restructured at the end of May 2019 following receipt of gaming board approval. The Carousel was significantly downscaled resulting in a significant headcount reduction. In addition, slots were reduced to 400 and the tables department together with the hotel were closed. Sun International continues to explore land development opportunities.



GrandWest's income and adjusted EBITDAR were down 3% and 5% to R2.1 billion and R831 million respectively. Although slots handle remained in line with the prior year, the win percentage decreased, resulting in slots gross income decreasing by 3%. Tables' performance was impacted by a challenging environment. GrandWest's exclusivity remains under threat, with no resolution to the draft legislation (released in February 2018) from the Western Cape to establish three zones for casinos in the Cape Metropole, and to allow for the relocation of casino licences from the Western Cape to the Cape Metropole.



Sibaya's income increased by 6% with adjusted EBITDAR up 14%. The refurbished Privé and food and beverage offering has been well received by guests. A continuous focus on the guest experience as well as tactical marketing interventions have ensured that Sibaya has maintained its market share, following the opening of EBTs in KZN and the Sun Coast expansion, which was completed in August 2018.



Protect and leverage our asset portfolio continued

South Africa



Sun City experienced difficult trading conditions, with income down 4%. Trading for the period was volatile with a difficult start to the year following the December 2018 hailstorm, which resulted in us being unable to capitalise on the peak season. Occupancy for the year at 63% was down 6% on the prior year, with the average room rate remaining in line with the prior year at R 1 825. The Sun City Resort is in the early stages of a full operational turnaround plan with a new leadership team.

The decline in business from groups and conventions and lower room occupancies negatively impacted Sun City's food and beverage income. Gaming income at R505 million was down 1% from the prior year. As a result of the difficult trading conditions and the high fixed cost base, adjusted EBITDAR was down by 32% compared to the prior year.



The Table Bay's income increased by 4% with adjusted EBITDAR up by 5%. Occupancy at 70% improved from the prior year and the average room rate increased by 2% to R3 247. The property is slowly recovering from the drop in foreign tourists due to the drought in the Western Cape in 2018. We have submitted our proposal in response to a request for proposal issued for the renewal of the Table Bay lease, which expires in May 2022, and remain in ongoing discussions with the lessor. We anticipate a final decision will be made by the end of March 2020.



Maslow Time Square continues to show steady improvement with income increasing by 15% to R1.4 billion and adjusted EBITDAR increasing by 42% to R452 million. Its casino market share for the year ended 31 December 2019 was 15.7%, up from 14.2% as reported at 31 December 2018. The hotel continues to improve occupancy and room rate, with the aim to improve our market share of the transient and group government business into the Menlyn node. As a result of a focus on costs and efficiencies the adjusted EBITDAR margin of 32% improved throughout the period from the 26% achieved in 2018.



Wild Coast Sun's income decreased by 5% to R474 million, with adjusted EBITDAR down from R98 million to R84 million. The current casino licence, which expired in August 2019, has been extended to 31 March 2020 while the gaming board finalises its adjudication of our bid. The land settlement claim was finalised in the prior period and the official handover of land took place in 2019. Community engagement was enhanced to address concerns over local procurement opportunities. Focus for the year was on VIP activations to increase footfall during the week and over weekends.



SunSlots has delivered consistent double-digit EBITDAR growth over the last three years and has now reached critical scale as 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 increased by 13% and EBITDAR by 14%. In the Western Cape, we were granted a further 500 machine licences by the Western Cape Gambling and Racing Board during the latter part of 2019.



SunBet, our South African online sports betting business, continues to trade extremely well. Having invested in a new platform in August 2018, income increased by 82% from R77 million to R140 million, while adjusted EBITDAR increased from R8 million in the prior year to R44 million at 31 December 2019.



Protect and leverage our asset portfolio continued

Latam



Monticello's income was up by 4% while adjusted EBITDAR decreased by 6%. The decrease in adjusted EBITDAR was due to the impact of the civil protests and increased marketing and promotional activity. The income and the EBITDAR from the remaining SCJ licences declined by 1% and 6% respectively. Iquique, which is located in a copper mining region, was negatively impacted by a stagnant local economy as well as a flood in February 2019, damaging approximately 200 slot machines that were out of service for a prolonged period.



The **Peruvian operations'** (excluding Thunderbird Resorts) income increased by 5% while adjusted EBITDAR was up from R68 million to R74 million. The adjusted EBITDAR was impacted by the introduction of a new gaming tax equal to approximately 4.8% of revenue. The gaming industry is challenging the imposition of this new tax on the basis that it is unconstitutional and illegal. An additional R14 million was incurred relating to this tax. The adoption of IFRS 16: Leases, has resulted in a R48 million increase in depreciation.



Thunderbird Resorts, which was acquired effective April 2018, generated income of R299 million and adjusted EBITDAR of R31 million. The new Peruvian tax has also negatively impacted adjusted EBITDAR by R13 million.



The Park Hyatt Hotel, Casino & Spa in Mendoza, Argentina, acquired in July 2018, generated R466 million in income and R77 million in adjusted EBITDAR. Despite the weak Argentinian economy and depreciating currency, the property has benefited from dollar-based income in the hotel operation.



Panama and Colombian losses have reduced significantly, with a combined EBITDA loss of R5 million. We continue to pursue opportunities to exit Panama. In October 2019, the Colombian operations were merged with a local operator who manages the operations. Sun Dreams hold 60% of the combined operation which are accounted for as an associate.



Protect and leverage our asset portfolio continued



Sustainable water solutions

Management continues to look at implementing sustainable water solutions to ensure our guests are not negatively impacted should the water crisis escalate. Details of these solutions are discussed in the environmental section.

Maintaining our assets

We continue improving the aesthetics of our casinos and hotels through a scheduled maintenance plan that prioritises the upkeep across our operations. Ongoing maintenance assists in driving footfall to our properties and improving customer service and satisfaction levels. A group engineer will be appointed to coordinate all property maintenance.

Cyber security

Cyber security remains one of the group's top risks and preventing cyber and ransomware related attacks is a group priority. During 2019, we enhanced security monitoring

and detection capabilities with all service providers to co-ordinate responses and ensure support is available in the event of a significant cyber attack. Our revised information security and cyber strategy focuses on an intelligence-led security capability, with increased emphasis on detecting malicious activity. We also invested in new technologies and capabilities that focus on early detection and rapid response using intelligence and early warning analytics to mitigate cyber threats.

Business continuity

Business continuity management includes specific response measures relating to physical security, health and safety, surveillance, political and social uncertainty as well as IT recovery. We adopted a unit-specific risk-based approach to ensure we are capable of effective response measures, with increased awareness and simulations conducted across all units. The group also aligns with best practice ISO 22301 and ISO 27031 standards.

LOOKING AHEAD

- Continuing to protect and leverage properties through ongoing refurbishments and maintenance (operational and environmental)
- Protecting GrandWest's exclusivity
- Pursuing land development opportunities at certain properties
- Managing South African and Latam operations to ensure expectations are met
- Monitoring and enhancing cyber risk security

STRATEGIC OBJECTIVES

Improve our existing operations and guest experience

Protect and leverage our asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

GROW OUR BUSINESS INTO NEW AREAS AND PRODUCTS

We continue to seek strategic growth opportunities and implement new products group-wide to strengthen our balance sheet, reduce debt levels and enrich our customer experience.

IMPACTS

Increased our equity interest in Sibaya to 87.2% and will shortly increase our interest in Sun Slots to 100%

Continued delivering investment returns and growing our business in a challenging economic environment

Continued offering new sports betting products to cater for this rapidly growing market

Secured additional LPMs licences in the Western Cape and KwaZulu-Natal

FOCUS AREAS IN 2019

Self-assessment:

ACHIEVED/ GOOD PROGRESS

IN PROGRESS

LIMITED PROGRESS

Continuing to manage our assets efficiently to provide acceptable returns on investment

WHAT WE ACHIEVED

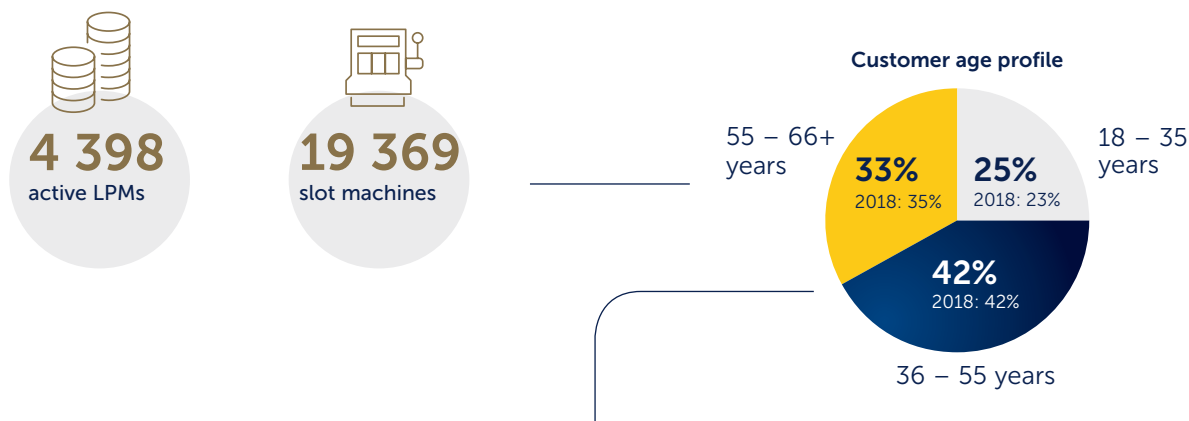
Strategic transactions in Sibaya (87.2%)



Grow our business into new areas and products continued

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 eight countries where we operate.



Sun International increased its equity interest in Sibaya from minorities **to 87.2%** by effectively acquiring a **23.9%** equity interest for **R593 million**.



The group will increase its equity interest in SunSlots to 100% by effectively acquiring GPI's 30% interest in SunSlots for R504 million. The acquisition is still subject to the approval of the gaming board and GPI's shareholders.

Earlier in 2019 we announced a transaction involving the disposal of a **14.94%** equity interest in Sun Dreams to Pacifico Sur Limitada (Pacifico) for **US\$86 million**, which would have resulted in each party holding a 50% equity, however, the transaction did not close.

Sun Dreams' Thunderbird Resorts, acquired in 2018, includes four gambling operations. It generated a positive EBITDAR, however earnings were marginally lower than anticipated. The operations have been impacted by the introduction of a new gaming tax, which amounts to approximately 5% of revenue. The gaming industry in Peru is challenging the imposition of this new tax.

Sun Dreams' Park Hyatt Hotel, Casino & Spa

in Mendoza, Argentina, acquired in 2018, performed according to expectations.

The Park Hyatt Hotel, Casino & Spa comprises **186 rooms**, **695 slot machines** and **19 tables**. The casino licence is valid for a 20-year period.



Grow our business into new areas and products continued



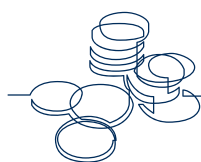
The online sports betting market is rapidly increasing as customers prefer the convenience of electronic accessibility (e.g. mobile devices). In South Africa, our **SunBet sports betting platform** showed excellent growth and the group continues to look at offering new products based on research and to meet growing demand. These offerings include video games, e-sports and virtual games. During 2019, we refurbished an area at Carnival City to create a SunBet retail outlet and are currently converting the sports bar at GrandWest to a SunBet retail outlet and bar. Sibaya will likewise aim to secure a retail licence and open a SunBet outlet. In Peru we will shortly be launching our online sports and gaming business under the brand SolBet.

We are exploring opportunities to optimise all SunSlot 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 LSM market by allowing bets on sites through vouchers as opposed to credit cards.

SunSlots is part of the group's alternative gaming strategy. SunSlots holds six licences in four provinces: Gauteng, KwaZulu-Natal, Mpumalanga and the Western Cape.

It has over **4 300 LPMs across 840 sites**. In 2019, SunSlots increased its gross gambling revenue (GGR) by **13% to R1.3 billion (2018: R1.2 billion)**. The average GGR per machine per day of was up **5% to R873 (2018: R833)**, largely due to product improvements at existing outlets and additional revenue from new sites.

During 2018, over 400 machine licence applications were submitted to the gaming boards for approval across our various SunSlots units. Encouragingly the bulk of type B licences were approved (secured) for the first time in KwaZulu-Natal, which will allow for the roll-out of up to 40 LPMs. This will fill the demand for additional gameplay and improve LPM revenues. In the Western Cape we secured an additional 500 LPM licences, bringing the total allocation to 1 500.



LOOKING AHEAD

- Continuing to drive organic growth and exploring expansion opportunities
- Securing alternative LPM products and improving relations with regulators
- Continuing to explore new product offerings

STRATEGIC OBJECTIVES

Improve our existing operations and guest experience

Protect and leverage our asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

OUR PEOPLE

Our employees enable the group's ability to achieve its strategic objectives. We operate in a highly governed and competitive service-oriented industry. It is important that we continually develop and reward our employees to perform well and provide memorable guest experiences.

IMPACTS

Achieved 93.2% black employment in our South African operations

Standardised our scheduling system (Kronos) operating procedures across all South African units, which resulted in significant time and cost efficiencies

56.1% female representation across our South African operations (95.3% of whom are black females) and 51.9% for the group

Relaunched our CLEAR principles to improve overall customer satisfaction

Piloted Sun International's mentorship programme at our central office

FOCUS AREAS IN 2019

Self-assessment:

ACHIEVED/ GOOD PROGRESS

IN PROGRESS

LIMITED PROGRESS

Tracking proposed amendments to the Employment Equity Act and ensuring that current practices are aligned

WHAT WE ACHIEVED

Implemented amendments to the Employment Equity Act and the Regulations of the EEA4 Income Differential Report

Integrating the new employment equity plans with our processes and practices

WHAT WE ACHIEVED

Completed employment equity plan integration

Embedding a multi-level succession roadmap

WHAT WE ACHIEVED

Succession management plans and processes were reviewed for senior management across the organisation.

Introducing a dynamic and innovative approach to talent management and skills development

WHAT WE ACHIEVED

Conducted bi-annual talent engagement discussions with unit general managers and operational managers as part of our talent management review

Enhancing the employee experience to improve customer service

WHAT WE ACHIEVED

Relaunched a refreshed CLEAR principles (connect, listen, engage, act and reconnect) approach to all employees through the leadership engagement roadshows. Incorporating CLEAR principles in customer services training to embed the principles

Continuing to provide a balanced working environment for employees, conducive to a healthy lifestyle

WHAT WE ACHIEVED

Partnership with LifeAssist continues to show growth in utilisation

Continuing to manage human resources risks and leverage opportunities for optimising people-driven business performance

WHAT WE ACHIEVED

Promptly implemented the onboarding of all temporary employee service staff to ensure compliance with the recent labour law changes regarding temporary staff
Launched a group reward and recognition programme based on Sun International's values, CLEAR principles, SunWay and unit-specific requirements

Our people continued



KEY PERFORMANCE INDICATORS

		December 2019	December 2018
Total group employees	Number	14 706	14 632
– South Africa including SunSlots	Number	9 340	9 001
– Other Africa	Number	550	543
– Latam	Number	4 816	5 088
Employee turnover	%	20.1	23.3
Female representation	%	51.9	51.17
Black representation ¹	%	93.2	92.2

1 South African operations.

OVERVIEW

Our employees are key value drivers to achieving the group's strategy and providing memorable guest experiences. While it is essential that we continue to operate efficiently in this difficult economic environment it is essential to be cognisant of any uncertainty this may create among employees. Following various surveys and major operational changes over the past few years, the group's central office was restructured during 2019. This restructure was necessary to improve collaboration across the business, avoid silo thinking and duplication of efforts; all to achieve positive financial outcomes. During this process about 80 employees were impacted.

Workforce profile

At 31 December 2019, we had **14 706 (2018: 14 632) employees across our operations**. Despite 996 temporary employee service staff employees appointed at Sun City, Table Bay and Time Square, the overall headcount only grew by 74, due to headcount reduction at other units

Our permanent employees in South Africa comprise:

- permanent full-time employees
- 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 2019 refer to Annexure A.

Employment equity at our South African operations

Our approach is 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 included in line managers' performance contracts. The social and ethics committee is responsible for monitoring our progress against set targets.

During 2019 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.

The Department of Labour introduced amendments to the Regulations governing the income differential report (EEA4) in 2019. 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 the 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 the 10% of the highest earners, and the corresponding 10% of lowest earners. As this process is relatively new, there has not been feedback from the Department of Labour as to the whether the methodology followed for calculating the income differentials is consistent across all companies. There may be some anomalies.

We marginally increased our South African (including SunSlots) black employee representation to 93% (2018: 92%), exceeding the distribution of the national economically active population. The management team is made up of 84% (2018: 82%) black people, and 45% (2018: 46%) are females. Challenges remain at middle and senior management levels, where representation of black people, particularly black females is lower than white people.

To mitigate our previous challenges in retaining persons with disabilities, we introduced disability capacity building workshops and disability awareness days. This resulted in the retention of persons with disabilities and provides us with an opportunity to increase representation.

Our people continued

Workforce profile by gender

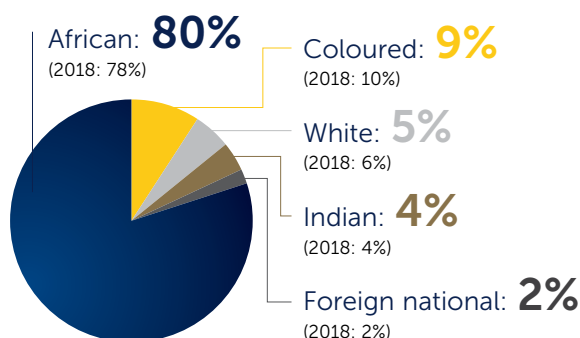
Male: **44%**
(2018: 45%)



Female: **56%**
(2018: 55%)



Workforce profile by race



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	2	6	1	1			2			8
	Senior management	18	4	26	38	86	11	6	9	17	43	6		135
	Middle management	88	33	32	86	239	97	25	15	42	179	12	8	438
	Skilled technical/supervisor/junior management	688	158	88	102	1 036	664	155	68	83	970	25	6	2 037
	Discretionary decision-making	2 193	202	53	33	2 481	3 519	272	53	40	3 884	73	39	6 477
Permanent total		2 989	398	200	261	3 848	4 292	459	145	182	5 078	116	53	9 095
Temporary		165	27	3	20	215	224	21	5	10	260	1		476
TOTAL		3 154	425	203	281	4 063	4 516	480	150	192	5 338	117	53	9 571

1 Including SunSlots' headcount of 245.

Employee turnover

During the year under review there were 2 951 (2018: 3 257) employment terminations employment group-wide, and group turnover was 20.1% of the total headcount (2018: 23.3%).

The tables below provide the reasons for employment termination by region and by age.

Reason for termination by region

Reason	South Africa	South Africa SunSlots	Swaziland	Nigeria	Argentina	Chile	Colombia	Panama	Peru	Group
Death	41		2	3		1				47
Dismissal – Incapacity/health	10									10
Dismissal – Incapacity/poor work performance	1								55	56
Dismissal – Misconduct	388	3	2	6	9	490	2	49	70	1 019
Dismissal – Voluntary	22						5		483	510
Dismissal – Voluntary early	6				1				1	8
Dismissal – Operations requirement	51				2				113	166
Mutual agreement separation	5				11	69		17	97	102
Resignation	547	25	6	11	34	307	8	10	359	948
Retirement	79	1	5							85
TOTAL	1 150	29	15	20	57	867	15	76	1 737	2 951

Our people continued



Reason for termination by age band

Reason	18 – 20	21 – 30	31 – 40	41 – 50	51 – 70	Total
Death	0	5	14	17	11	47
Dismissal – Incapacity/health	0	1	1	3	5	10
Dismissal – Incapacity/poor work performance	1	31	16	6	2	56
Dismissal – Misconduct	34	410	376	139	60	1 019
Dismissal – Operations requirement, voluntary	37	317	120	27	9	510
Dismissal – Operations requirement, voluntary early retirement	1	3	2	0	2	8
Dismissal – Operations requirement	18	60	30	23	35	166
Mutual agreement separation	0	18	48	19	17	102
Resignation	43	389	367	130	19	948
Retirement	0	0	0	0	85	85
TOTAL	134	1 234	974	364	245	2 951

Improving our organisational culture

SUNWAY FORMULA FOR SUCCESS

Sun International implemented a progress assessment against the SunWay culture across our South African operations. Employees provided feedback on how they identified with the formula and gave ideas on how to improve process and efficiencies. The SunWay culture has been integrated and embedded in learning interventions to reinforce the message. In 2020, we will commence with a group-wide SunWay measurement to gather feedback from our employees, service providers and concessionaires.

EMPLOYEE VALUE PROPOSITION

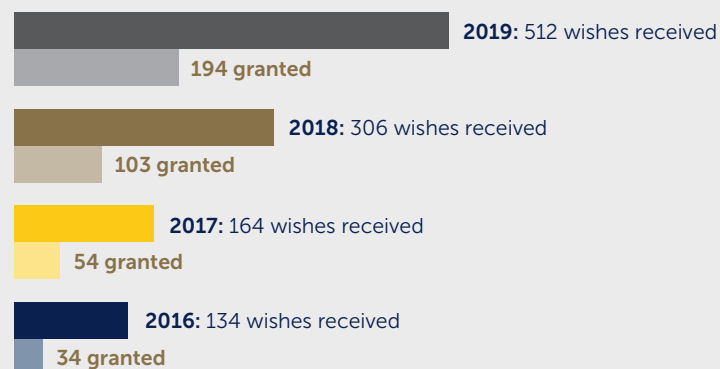
The Employee Value Proposition (EVP), 'The Home of The Game Changers' is continually reinforced within the group through our employee processes. Sun International's EVP incorporates various components such as development opportunities as well as a challenging and an enabling work environment. We positioned our EVP externally to showcase Sun International's brand and attract talent.

Sun International won an award from the Community of Human Resources Officers under the category 'Celebrating Excellence in Human Resources'. This award recognised how Sun International's EVP programme shaped the organisations culture and rewarded employees through various incentives and benefits.

SHARING THE SUN CAMPAIGN

Our Sharing the Sun campaign is a senior leadership initiative that grants wishes, at the end of each year, to some employees who give a lot of themselves to our business every day. The senior leadership team personally gave something back and realised 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.

Wishes were granted for: medical assistance, shelter, food, education and security. The initiative commenced in December 2016 and wishes are granted in January of the following year:





Our people continued

Employee and union relations

EMPLOYEE COMMUNICATION

We engage with our employees in an open, honest and transparent manner through our SunTalk platform. This mobile communication platform continues to gain traction, with 7 088 employees having registered to date. To enhance the SunTalk platform it was included on the Apple App and Play store in February 2020, with improved digital functionality. The App is also used to create awareness around the group's various campaigns and initiatives.

UNIONS AND EMPLOYEE RELATIONS

67% (2018: 64%) of our South African workforce (excluding SunSlots) is covered by collective agreements. It is imperative to maintain healthy relationships through meaningful engagements with the various unions. During 2019, we shifted our employee relations landscape from a reactive approach (industrial relations) to a proactive approach (employee relations). Sun International's employee relations goals include:

- Strengthening the employer employee relationship to create a more productive and successful organisation
- Improving the employee employer relationships and engagement of all employees
- 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.

HUMAN RIGHTS AND FREEDOM OF ASSOCIATION

The group recognises that it 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, and in our recognition agreements with the trade unions in South Africa and other countries where we operate.

CREATING A HIGH-PERFORMANCE CULTURE

Talent management is a critical enabler to the business strategy. During 2019, talent reviews were held with exco to discuss senior management roles in the business units.

Talent management initiatives

SUCCESSION MANAGEMENT

- An integrated approach to succession management was followed whereby a select number of employees attended development programmes to assist in transitioning to new roles.
- Launched a 'Partners for Possibility' programme to develop high-performing employees as part of our talent management initiatives.

PERFORMANCE MANAGEMENT

- Piloted performance management training for employees across the business.
- Developed and implemented a performance management programme for all line managers to enhance effective performance management by setting objectives and incorporating coaching.

RECRUITMENT AND ASSESSMENT

- Focused on streamlining recruitment practices to ensure that the group attracts and retains the best talent in the market.

MENTORSHIP

- Piloted a mentorship programme at central office that focused on women development. It included women from different job levels being mentored by women in senior leadership roles. This programme will be rolled out in 2020 focusing on the mentorship of high potential talent group-wide.

ORGANISATIONAL DESIGN

- Around 97% reprofiled jobs were completed and aligned to the business strategy with defined roles and responsibilities.
- Various structural changes have been supported and implemented across various properties in 2019 to ensure enhanced efficiencies and synergies.

Learning and development

To ensure that our employees are equipped to carry out their responsibilities, Sun International has several learning and development initiatives aimed at empowering and developing our talent group-wide. Several of these initiatives were developed, implemented or piloted during the financial year.

FOOD AND BEVERAGE TRAINING

The food and beverage executive team launched a training manual that is available in three languages (English, Zulu and Xhosa) on the Sun International Intranet. They partnered with the International Hotel Training School to produce training videos, featuring Sun International employees, to create an accredited Sun Academy programme.

Our people continued



LEARNING AND DEVELOPMENT INITIATIVES

Managing the SunWay

We continued to embed the Managing the SunWay initiative that offers foundational management skills and knowledge customised to the SunWay of leading and managing.

Coaching for performance

Rolled out a coaching for performance programme with the University of Stellenbosch Business School for senior to middle managers, that includes practical application to create maximum impact.

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 2019, the interactive customer service training was launched. It incorporates a best practice approach to delivering memorable experiences to all our guests while upholding the Sun Values. Learners are exposed to the importance of customer interaction at all touchpoints by literally 'walking in their shoes' and role-playing a variety of typical customer experiences. The CLEAR theme is included throughout this training to reinforce excellent customer service.

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

We launched the Sun Academy training journey that incorporates face-to-face training as well as virtual training (blended learning) for specific functions within the group. In 2019, the food and beverage, gaming and managers learning offering was made available. Going forward, this offering will be expanded to include other core functions within the organisation such as front of house, financial gaming and shared services.

Group training spend was R116 million (2018: R133 million), a decrease of 13%. The total number of employees trained was down 5%. Our skills development spend across our South African operations, excluding SunSlots, decreased by 13% to R100 million (2018: R117 million). This investment included formal and informal learning interventions, with 4 100 South African employees (2018: 4 714) 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 2019 R million	Total learners December 2019 Number
SOUTH AFRICA	South Africa	100.3	4 100
	SUNSLOTS South Africa	2.1	245
SUN DREAMS LATAM	Argentina	0	840
	Chile	12.7	2 737
	Colombia	0	0
	Panama	0	193
	Peru	0.4	764
AFRICA	Nigeria	0.1	40
	Swaziland	0.4	172
TOTAL		116.00	9 091

TRAINING COSTS AS A PERCENTAGE OF LEVIABLE PAYROLL (SOUTH AFRICAN UNITS ONLY EXCLUDING SUNSLOTS)

Leviable payroll
R1 861 million

(December 2018: R1 753 million)

Training costs
R100 million

(December 2018: R117 million)

% of leviable payroll
5.4%

(December 2018: 6.7%)



Our people continued

Grants and levies

To access skills development grants from the Culture, Art, Tourism, Hospitality and Sport Sector Education and Training Authority 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 changes in company registration numbers at three business units as well as outstanding tax payments to SARS in respect of Wild Coast Sun.

SOUTH AFRICA: GRANTS AND LEVIES

<p>Skills development levy paid</p> <p>R18.6 million</p> <p>(December 2018: R17.5 million)</p>	<p>Mandatory grants received</p> <p>R3.1 million</p> <p>(December 2018: R3.5 million)</p>
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Remuneration and benefits

We participate in and consider market remuneration surveys and align our pay decisions to the principles set out in our remuneration policy. We made progress in aligning our 'equal pay for equal work of value' legislative requirements following an extensive benchmarking exercise. We have again addressed anomalies in the March 2019 increase process. We continue to conduct an annual 'equal pay for equal work of value' process to ensure that we remove any disproportionate income differentials over time.

RETIREMENT BENEFITS

Following a detailed process, which was approved by the remuneration committee, management moved from the in-house restricted membership provident fund to a large commercial umbrella provident fund, while retaining its bespoke investment strategy and insured benefits. Contributions to the umbrella fund commenced in July 2019 and we anticipate Financial Sector Conduct Authority approval to transfer the assets across in due course.

Performance management

We accurately measure and provide feedback on performance by linking employee performance 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

In 2019, the case utilisation increased and reached 11.5% of headcount, which is above the employee wellness programme norm. This confirms that there is a continued need in our business operations for support in psycho-social matters and through proactive interventions, the propensity for referrals to the programme is likely to increase.

Current utilisation levels confirms that the business operations are responding to the needs identified within the workplace and therefore positioning activities that are relevant to the employees. The five top reasons that impacted on our employee wellness are:

- Personal stress
- Bereavement
- Couple/marital counselling
- HIV/AIDS
- Legal

Focus areas for 2020 include obesity, hypertension, mental health, HIV management and financial wellbeing.

Workplace absenteeism management (WAM)

The WAM programme is available to all South African units. Contact was made with 3 048 employees who were flagged for being absent. Most employees contacted by WAM had musculoskeletal, respiratory, digestive or HIV issues. Employees who identified with domestic and personal issues that resulted in absenteeism were referred to the employee wellbeing programme for further counselling and advice. The WAM service assists with sick note verification to ensure that sick leave is managed appropriately. The most prevalent absenteeism reasons relate to musculoskeletal, respiratory, digestive and domestic/personal matters.

Primary healthcare cover

Commencing in 2018, Sun International rolled-out comprehensive primary healthcare cover to all employees (in South Africa) that were not already covered by a compulsory medical aid membership. During 2019, we conducted extensive awareness campaigns resulting in a significant uptake in benefit utilisation. This is a clear indication of the need for quality, private medical services provided by the programme.

HIV management programme

In South Africa we rolled out an improved HIV management programme commencing in January 2018, applicable to employees who are not members of a medical aid scheme. The purpose of the programme is to: assist HIV-positive employees on primary healthcare with maintaining ARV treatment adherence; help them overcome any barriers; and ensure they live a healthy and productive life. This improved programme had significant success in its first year. Since inception, 131 Sun international employees have been enrolled onto the LifeSense HIV Disease Management programme. Currently 121 members are active. Members of medical aid schemes are covered by their specific scheme's HIV rules.

Our people continued**Onsite testing**

The onsite testing service is active at all units. A total of 2 296 onsite tests were conducted (which includes HIV and health risk assessments) during the year. The prevalence of HIV is approximately 2%, while TB symptoms are low at 1.65%. Ongoing awareness campaigns on employees knowing their HIV and TB status continued. Post exposure prophylaxis cover is also provided which can prevent employees contracting HIV through accidental exposure.

FINANCIAL ASSISTANCE PROGRAMME

We acknowledge that employees are impacted by the difficult economic climate. To assist employees with financial literacy training and retirement planning, we rolled out financial literacy workshops, in conjunction with the ASISA Foundation, to employees earning R20 000 or less per month. Over the past two years (2018 and 2019) 97 Saver Waya Waya WageWise sessions were held and attended by approximately 3 000 employees.

LOOKING AHEAD

- Completing the roll-out of Sun International's Sun Academy learning platform
- Developing and implementing additional training modules on the Sun Academy platform for other core functions
- Continuing to implement the CLEAR principles to improve customer satisfaction levels
- Rolling out Sun International's mentorship and coaching programme across all South African units as part of our succession strategy

ANNEXURE A: EMPLOYEE STATISTICS**Regional employee statistics**

		SOUTH AFRICA		SUNSLOTS		AFRICA		SUN DREAMS LATAM	
		December 2019	December 2018	December 2019	December 2018	December 2019	December 2018	December 2019	December 2018
Permanent full-time employees	Number	4 501	4 773	244	229	550	543	4 229	4 512
Permanent part-time employees	Number	4 594	3 997	1	2	0	0	587	576
Skills development spend	R million	100.3	117	2.1	1.8	0.05	0.27	13.1	13.17
Female management employees	%	46	45	37	38	39	38	34	32
Employee turnover	%	13	11	12	19	8	10	35	44
Employees in bargaining unit	%	67	64	0	0	19	21	37	35

Number of employees

		DECEMBER 2019				DECEMBER 2018			
Region	Country	Female	Female (%)	Male	Total	Female	Female (%)	Male	Total
South Africa	South Africa	5 131	56.42	3 964	9 095	4 847	55.27	3 923	8 770
SunSlots	South Africa	105	42.86	140	245	100	43.29	131	231
South African total		5 236	56.06	4 104	9 340	4 947	54.96	4 054	9 001
Other Africa	Nigeria	104	29.13	253	357	105	30.88	235	340
	Swaziland	77	39.9	116	193	78	38.42	125	203
Africa total		181	32.91	369	550	183	33.70	360	543
Sun Dreams	Argentina	199	42.16	273	472	295	48.36	315	610
	Chile	1 529	48.22	1 642	3 171	1 562	48.20	1 679	3 241
	Colombia	30	54.55	25	55	23	50.00	23	46
	Panama	71	41.04	102	173	71	39.89	107	178
	Peru	383	40.53	562	945	406	40.08	607	1 013
Sun Dreams Latam total		2 212	45.93	2 604	4 816	2 357	46.32	2 731	5 088
GROUP TOTAL		7 629	51.88	7 077	14 706	7 487	51.17	7 145	14 632

STRATEGIC OBJECTIVES

Improve our existing operations and guest experience

Protect and leverage our asset portfolio

Grow our business into new areas and products

Our people

Governance and sustainability

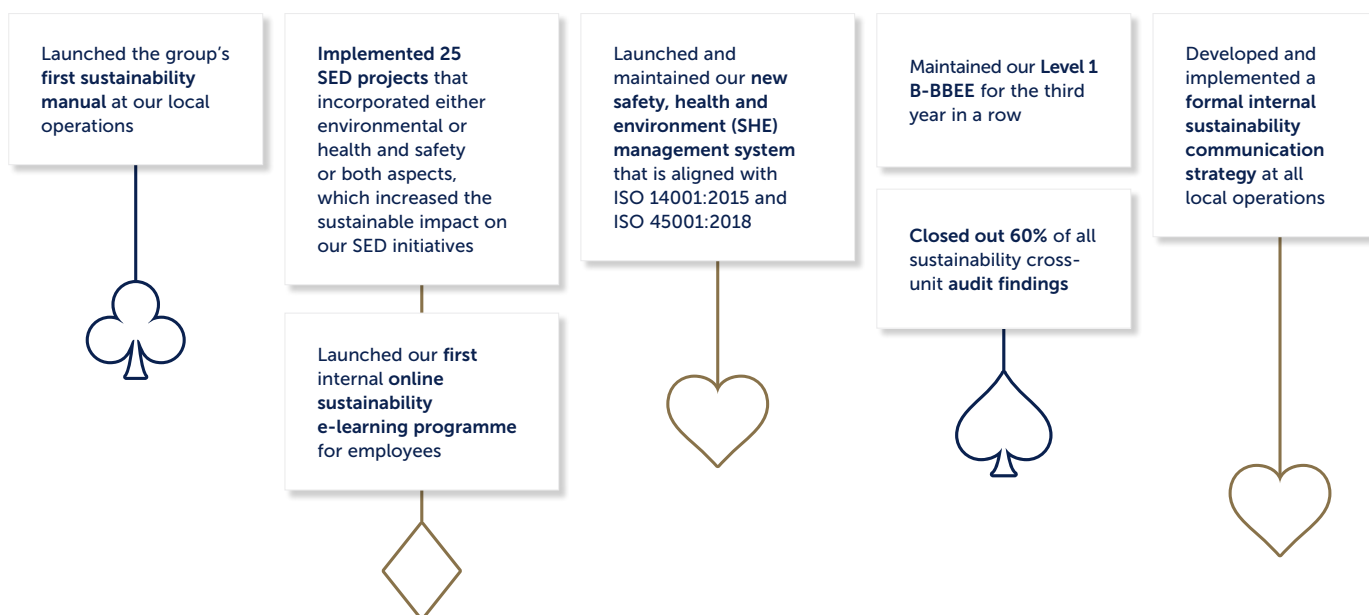
GOVERNANCE AND SUSTAINABILITY

Our sustainability strategy and commitments ensure Sun International maintains its operational and social licence to operate. Doing business sustainably is a competitive business necessity. When we integrate our business decisions and operate in line with our strategy, we create long-term shared value and ultimately create lasting memories for our guests, employees and other stakeholders.

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

The group's governance is comprehensively covered under the 'rules of the game' section in this report. The narrative that follows focuses on the group's sustainability strategy and performance for the year under review, including the environment, health and safety, socio-economic development (SED), enterprise and supplier development (E&SD) and group's broad based black economic empowerment (B-BBEE).

IMPACTS





Governance and sustainability continued

FOCUS AREAS IN 2019

Self-assessment:

ACHIEVED/ GOOD PROGRESS

IN PROGRESS

LIMITED PROGRESS

<p>Launching and implementing Sun International's sustainability manual (locally and internationally)</p> <p>WHAT WE ACHIEVED</p> <p>Launched and implemented the manual at all local operations. Our Latam operations' implementation depends on their specific sustainability requirements</p>	<p>Identifying integrated SED projects that incorporate social, environmental and health and safety initiatives</p> <p>WHAT WE ACHIEVED</p> <p>Identified and implemented 25 SED projects that incorporated either an element of environmental and/or health and safety initiatives</p>	<p>Implementing and maintaining our new safety, health and environment (SHE) management system based on ISO 14001:2015 and ISO 45001:2018</p> <p>WHAT WE ACHIEVED</p> <p>Launched our new integrated SHE management system</p>
<p>Launching our internal sustainability SharePoint site</p> <p>WHAT WE ACHIEVED</p> <p>Launched the sustainability SharePoint site that has enhanced our reporting processes, standardised communication and improved overall efficiencies</p>	<p>Implementing our sustainability culture programme, including our e-learning and behavioural change programmes</p> <p>WHAT WE ACHIEVED</p> <p>Continued with our monthly awareness and culture change initiatives and launched our first internal online e-learning programme for all employees</p>	<p>Achieving our sustainability (SHE and SED) group targets</p> <p>WHAT WE ACHIEVED</p> <p>Achieved most of our sustainability group targets</p>
<p>Increasing internal and external communication around Sun International's sustainability strategy</p> <p>WHAT WE ACHIEVED</p> <p>Released our sustainability manual, conducted various internal and external presentations and continued with monthly internal awareness campaigns</p>	<p>Aligning our Latam and African operations with the new group sustainability strategy</p> <p>WHAT WE ACHIEVED</p> <p>The group sustainability strategy was communicated to all local and international operations. International operations will be responsible for the alignment and/or implementation of the strategy depending on their local requirements and unit specific strategy</p>	<p>Continuing to improve our overall B-BBEE score</p> <p>WHAT WE ACHIEVED</p> <p>Maintained our Level 1 B-BBEE status for the third year in a row</p>

SUSTAINABILITY STRATEGY

Sustainability is interwoven into 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, health and safety and social-economic development. 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 throughout every level of our business to create value, improve efficiencies and ultimately maintain memorable guest experiences.

The group's B-BBEE and E&SD forms part of the group's overall sustainability business strategy, despite not being specific portfolios under sustainability. 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://ir2019.suninternational.com/DownloadManager/2019_B-BBEE_Commissions_Report_for_Sun_International.pdf

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 further demonstrates Sun International's commitment to advancing its financial capital, productive capital, human capital, intellectual capital, social and relationship capital, and natural capital through the continued improvement of our sustainability performance. The group sustainability policy underpins our sustainability strategy.

Sun International embraces the United Nations Sustainable Development Goals (SDGs), and we endeavour to help achieve them through our operations and business strategy. During 2019, we conducted an in-depth review of all 17 goals to determine those that best align with our business strategy and business model. Following an internal review and approval process, the group will be focusing on six SDGs most relevant to the group.

Governance and sustainability continued



SDG focus areas

To prioritise Sun International's most relevant SDGs, the board, exco, senior management and group sustainability teams identified the most applicable SDGs. Following feedback, a weighting was applied to the selected SDGs, based on each stakeholder group's business knowledge and insights. Exco received the highest weighting, followed by the board, senior management and sustainability teams. This review process identified the six SDGs depicted below in order of priority. These SDGs align with the group's strategy. Progress against these SDGs will be regularly monitored by relevant board and management governance committees and reported on internally and externally. These prioritised goals may vary depending on changes in our business strategy or external environment.



Progress against Sun International's prioritised SDGs

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

SDGs	Progress in 2019	Relevant strategic objective(s)
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education</p>	<p>Our SED policy specifies education as a key pillar for projects. R25.4 million (2018: R23.7 million) was invested in SED projects in 2019</p> <p>25 of the schools included in our 'Adopt a School' group project also includes aspects of SHE improvements</p> <p>R116 million (2018: R133 million) was spent on employee training in 2019 and contributes to the improvement of our employees' education</p> <p>Bursaries and learnerships offered by the group to provide quality education opportunities to employees and learners</p>	 Our people  Governance and sustainability
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure availability and sustainable management of water and sanitation</p>	<p>Robust environmental policies and systems ensure we operate in an environmentally responsible and proactive manner</p> <p>Several group projects (and training and awareness campaigns) are in place to reduce water consumption and ensure clean water is provided to employees and guests</p> <p>Our group water reduction targets and environmental minimum requirements aim to continually reduce our water impact</p> <p>Maintenance and infrastructure upkeep considers sustainable and safe technologies to improve water efficiencies and ensure clean water and sanitation is maintained across our operations</p> <p>The group has an environmental specialist and a team of SHE officers to implement, monitor and report on environmental matters</p> <p>Internal and external audits ensure compliance with all water regulations and requirements</p> <p>SED projects include an element of environmental awareness and protection where possible</p>	 Improve our existing operations and our guest experience  Protect and leverage our existing asset portfolio  Governance and sustainability
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work</p>	<p>Sun International employs 14 706 (2018: 14 632) employees groupwide</p> <p>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</p> <p>The group committed R44.4 million (2018: R46 million) in supplier development during 2019</p> <p>The group contributed R25.4 million (2018: R23.7 million) in SED spend that positively impacted communities in the areas we operate in</p> <p>Sun International is a major tax contributor in eight of the nine provinces and contributed R625 million to taxes in the year under review</p> <p>Strategic acquisitions</p> <p>Time Square market share grew to 15.7%</p>	 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



Governance and sustainability continued

SDG focus areas

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Ensure healthy lives and promote well-being

Ongoing health and safety training and awareness for our employees and guests creates 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 safety audits, and sustainability cross-unit audits

Sun International complies with all health and safety legislation and continues to monitor compliance and, where relevant, implement best practices

Conduct medical surveillance audits

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

Recently signed a contract with a local service provider to provide on-site medical support to units. This medical assistance is available to employees and guests

Continued to integrate elements of health and safety into our SED projects



Improve our existing operations and our guest experience



Our people



Governance and sustainability



Achieve gender equality and empower all women and girls

Sun International's three-year employment equity plan supports transformation at all levels within the group

A gender diversity policy is in place for the board, focusing on race and gender. In 2019, we exceeded our race target (50%) with 57% black representation and narrowly missed our female director target (30%) with 29% female directors

Dedicated board and management governance committees ensure oversight of gender equality progress



Our people



Governance and sustainability



Responsible consumption and production

Environmental reduction targets and minimum requirements in place for water, waste, energy and emissions

Ongoing maintenance and infrastructure upkeep across operations includes sustainable and safe technologies for resource efficiencies

The group continues to aim for a zero-waste-to-landfill at all local units in the next 2 – 3 years

Alternative waste disposal projects are being considered

The group conducts regular internal and external SHE audits to minimise our environmental footprint

The group continued to integrated elements of environmental management into our SED projects

Our group water reduction targets and environmental minimum requirements aim to minimise our impact on water on an ongoing basis

By-products from waste such as bricks, compost and other materials are used at our own operations



Improve our existing operations and our guest experience



Protect and leverage our existing asset portfolio



Grow our business into new areas and products



Governance and sustainability

Governance and sustainability continued

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. This is important as the environment impacts on our local communities, guests, employees, reputation and bottom line. We have developed and implemented water and energy reduction targets and remain committed to zero-waste-to-landfill (ZWTL) for all South African units. In Latam, the next key steps are to assess the accuracy, completeness and reliability of environmental data to establish a reliable baseline for setting environmental targets.

ADDITIONAL INFORMATION



[Environmental policy](#)



[Sustainable seafood policy](#)



[2019 CDP report](#)



[2019 CDP water report](#)



Primary environmental objectives

Developing, implementing and maintaining an Integrated Management System (IMS) aligned with ISO 14001 and 45001 standards

Improving efficiencies, standardising environmental management approaches and ensuring compliance with relevant environmental legislation, regulations and standards

Setting and regularly reviewing environmental objectives and targets

Improving our IMS to enhance the group's environmental performance and reduce our environmental footprint

Promoting efficient use of materials and natural resources throughout our facilities through 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

HEALTH AND SAFETY



The health and wellbeing of our employees, guests and communities is integral to how we do business. Our health and safety 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 OHS strategy enables Sun International to identify, manage and oversee our health and safety performance, risks and opportunities. This ensures we remain socially and ethically responsible and prevent harm to our stakeholders.

ADDITIONAL INFORMATION



[Health and safety policy](#)



[Smoking policy](#)



[Cannabis policy](#)



[Substance abuse policy](#)



[Medical surveillance policy](#)



[Substance abuse policy](#)



Primary health and safety objectives

Maintaining compliance with applicable occupational health and safety legislation

Fully integrating health and safety into all aspects of the business

Identifying, implementing and achieving health and safety targets set for the group

Reducing incident rates and improve our guest experience

Standardising and managing our activities, operations, processes and risks in an integrated, efficient and controlled manner

Positioning Sun International as an industry leader in health and safety

Fostering a proactive and caring health and safety culture and workforce that lives by the SunWay culture

Preventing harm, reputational damage, and reducing our risk and claims through implementing health and safety initiatives



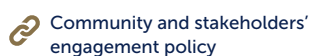
Governance and sustainability continued

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

ADDITIONAL INFORMATION



Primary SED objectives

Making a positive, sustainable and measurable impact on communities

Investing and empowering communities through our core SED focus areas

Transparently and inclusively engaging with surrounding communities and other stakeholders

Continuing to enhance the group's reputation as a caring and responsible corporate citizen

Building and improving relationships with surrounding communities

Demonstrating responsible behaviour through strategic objectives, targets, good governance, targeted engagement and SED investment

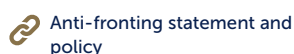


ENTERPRISE AND SUPPLIER DEVELOPMENT



The group's E&SD strategy creates procurement opportunities across a broad-based supply chain, aiding socio-economic development in the countries and communities where we operate. In South Africa, our procurement focus remains on B-BBEE compliant suppliers, where our target spend is 45%. 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, and mitigating harmful environmental impacts.

ADDITIONAL INFORMATION



Primary E&SD objectives

Making a positive, sustainable and measurable impact on our supply chain

Transparently and inclusively engaging with suppliers in communities where we operate

Investing and empowering suppliers through local procurement spend

Maintaining ethical procurement standards that align with our supplier code of conduct

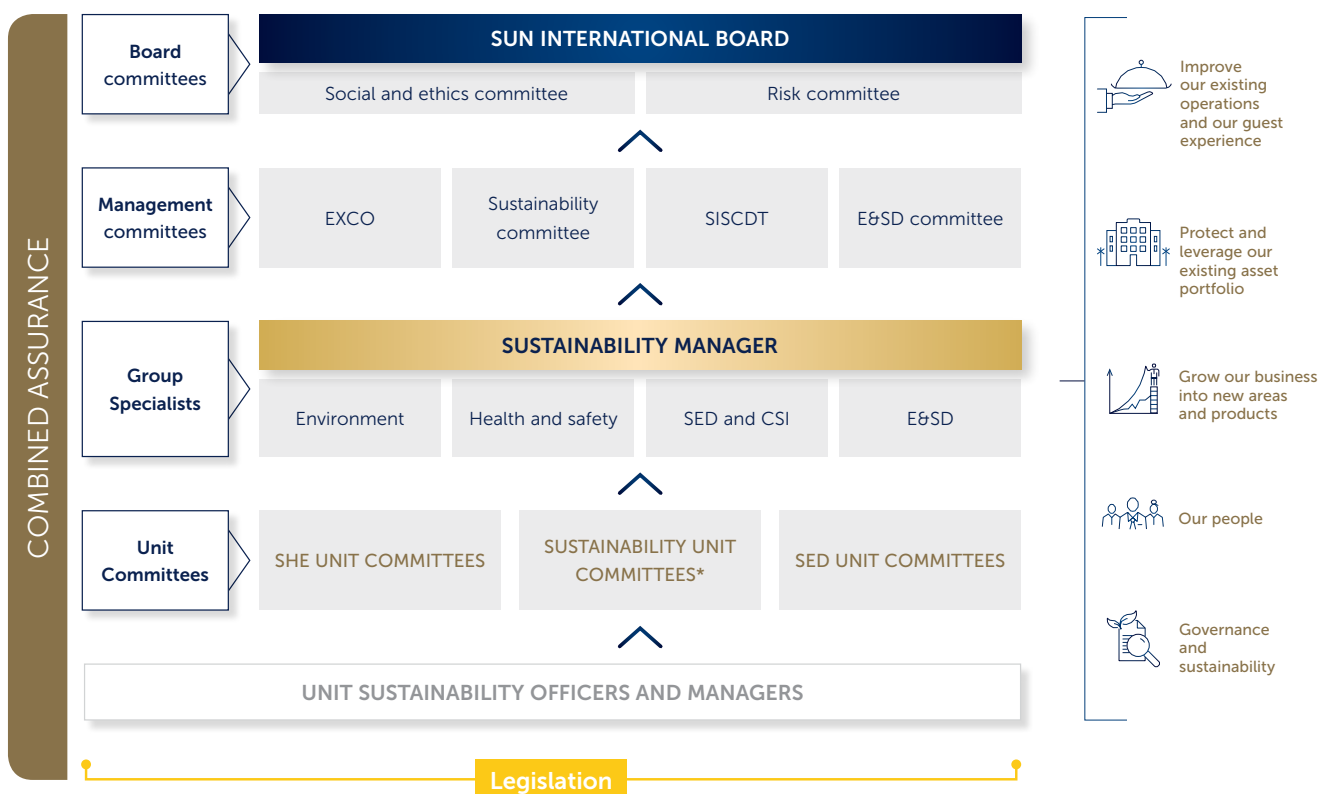
Governance and sustainability continued



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 committee including exco, the sustainability committee, Sun International's Social Community Development Trust (SISCDT) and the enterprise and supplier development committee. Our governance process also assists the group to monitor relevant sustainability legislation standards and frameworks. The group's assurance process further incorporates an integrated audit compliance programme across all sustainability portfolios.

Sustainability governance structure



* Only at Central Office, Sun City and GrandWest

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, Swaziland and Latam. 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.

Governance and sustainability continued

Key legislation and frameworks in South Africa

 ENVIRONMENTAL <p>National Environmental Management Act 107 of 1998</p> <p>National Water Act 36 of 1998</p> <p>National Environmental Management: Waste Act 59 of 2008</p> <p>Carbon Tax Act 2019</p> <p>National Environmental Management: Biodiversity Act 10 of 2004</p> <p>National Environmental Management: Air Quality Act 39 of 2004: National Greenhouse Gas Emission Reporting Regulations</p>	 HEALTH AND SAFETY <p>Occupational Health and Safety Act 85 of 1993 and regulations</p> <p>Compensation for Occupational Injuries and Diseases Act 130 of 1993 and regulations</p> <p>Safety at Sports and Recreational Events Act 2 of 2010</p> <p>National Health Act 61 of 2003 and regulations</p> <p>National Building Regulations and Building Standards Act 103 of 1997</p> <p>Tobacco Products Control Act 83 of 1993</p>
 SED <p>Broad-Based Black Economic Empowerment Amendment Act 46 of 2013</p> <p>Provincial and National Gaming Board requirements and licence conditions</p>	 OTHER FRAMEWORKS, STANDARDS AND BEST PRACTISE <p>Carbon Disclosure Project (CDP) and CDP Water</p> <p>SDG</p> <p>ISO 45001</p> <p>ISO 14001</p> <p>OHSAS 18001</p>

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 continuously 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.

Audits are conducted to verify compliance with applicable SHE legislation. By training and employing dedicated SHE professionals at our South African units, we developed a SHE cross-unit audit programme whereby our internal SHE professionals were trained to serve as lead internal compliance auditors. This creates an environment conducive to sharing SHE knowledge and experience across our business, resulting in improved process and cost reductions. The group's compliance department ensures that any non-compliances identified during internal and or external audits are rectified within the specified closeout period, and escalated to the necessary management committees if required.

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

Group SHE management system

An IMS aligned with ISO 45001:2018 and ISO 14001:2015 was developed to standardise, monitor and enhance SHE management approaches and improve reporting. The IMS was approved and implemented across our South African properties in 2019 and is hosted and managed through our compliance management platform. Further system improvements are planned for 2020 to ensure a more holistic approach to sustainability.

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.

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 competition, a video or a practical demonstration.

MONTH	AWARENESS EVENT
February	Health Lifestyle Awareness Day
March	World Water Day
April	World Day for Safety and Health at Work
May	International Biodiversity Day
June	World Environment Day
July	Corporate Wellness Week
August	Socio-economic development – projects
September	Recycling (Clean-up) Week
October	Mental Health Awareness Month
November	Sustainability
December	Prevention of injuries



Governance and sustainability continued

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 2019, we successfully launched our first sustainability culture e-learning programme for employees. The programme aims to create awareness and address some of the group's most pressing sustainability issues including water, energy and waste management, slip trips and falls, staff wellness and employee involvement in SED projects. Sun International's awareness campaign is aligned with our e-learning initiative, which reinforces the importance of having a sustainability culture in the group.

GROUP B-BBEE SCORECARD

The group maintained its Level 1 rating with a total B-BBEE score of 103.81 out of a possible 111 points. For more detail view our B-BBEE Commission Report online at https://ir2019.suninternational.com/DownloadManager/2019_B-BBEE_Commissions_Report_for_Sun_International.pdf

Scorecard information	Actual score	Target score	Actual score	Target score
	1 July 2019 – 31 June 2020		1 July 2018 – 31 June 2019	
Ownership	22.16	27.00	26.44	27.00
Management control	13.31	19.00	13.34	19.00
Skills development	18.70	20.00	18.13	20.00
Enterprise and supplier development	41.64	40.00	38.11	40.00
Socio-economic development	8.00	5.00	8.00	5.00
TOTAL SCORE	103.81	111.00	104.02	111.00
Empowering supplier	Yes		Yes	
Level	1		1	

PERFORMANCE OVERVIEW

Sun International is committed to ongoing improvement in our sustainability performance. Detailed information on each sustainability portfolio is provided in this report.

LOOKING AHEAD

- Integrating the relevant SDGs into the sustainability and overall business strategy to ensure a focused approach
- Developing a fully integrated management system that includes environment, health and safety, SED and CSI to improve the current reporting and management platforms
- Increasing the number of SED projects that include a holistic sustainability approach
- Developing a sustainability communication plan to promote sustainability initiatives internally and externally
- 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
- Reporting on the social and economic impacts of our E&SD interventions within our local communities
- Maintaining our current B-BBEE level 1 status

RULES OF THE GAME

BOARD OF DIRECTORS



JA (JABU) MABUZA 62
INDEPENDENT CHAIRMAN

DCom (h.c.)

Appointed in 2018

Experience

- Gaming and hospitality
- Sound business knowledge and entrepreneurship
- Public and private sector leadership
- Wide-spread knowledge in black economic empowerment investment and small business development

Committee membership

Chairman of the nomination committee and member of the investment and remuneration committees



AM (ANTHONY) LEEMING 50
CHIEF EXECUTIVE

BCom, BAcc, CA(SA)

Appointed in 2013 (board)

Appointed in 2017 (chief executive)

Experience

- Gaming and hospitality
- Financial and corporate finance
- Governance and IT

Committee membership

Chairman of the IT governance and executive committees and a member of the risk and social and ethics committees.



N (NORMAN) BASTHDAW 52
CHIEF FINANCIAL OFFICER

BCompt (Hons), CTA, CA(SA), MCom, HDip (Company Law)

Appointed in 2017

Experience

- External and internal audit
- Financial management
- Corporate finance advisory and private equity

Committee membership:

Member of the IT governance, executive and risk committees



Board of directors continued



PL (LEON) CAMPHER 71
LEAD INDEPENDENT DIRECTOR

BEcon

Appointed in 2002

Experience

- Investment management
- Sound stock exchange knowledge in equity property funds and clearing
- Sound business knowledge

Committee membership

Chairman of the remuneration committee and a member of the audit, nomination, and social and ethics committees.



PDS (PETER) BACON 73
INDEPENDENT NON-EXECUTIVE

FIH

Appointed in 2013

Experience

- Hospitality and gaming
- Sound business knowledge

Committee membership

Chairman of the risk committee and a member of the audit committee



E (ENRIQUE) CIBIE 66
INDEPENDENT NON-EXECUTIVE

BA, CPA, MBA

Appointed in 2014

Experience

- International gaming
- Sound business knowledge

Committee membership

Member of the audit, remuneration and risk committees and chairman of the Sun Dreams financial review and risk as well as remuneration and nominations committee



GW (GRAHAM) DEMPSTER 64
INDEPENDENT NON-EXECUTIVE

BCom, CTA, CA(SA), AMP

Appointed in 2017

Experience

- Banking and finance (local and international)
- Sound business knowledge

Committee membership

Chairman of the investment committee and a member of the risk committee



Board of directors continued



DR NN (LULU) GWAGWA 60
INDEPENDENT NON-EXECUTIVE

BA, MTRP, MSc, MPhil, PhD

Appointed in 2005

Experience

- Sound business knowledge
- Public sector leadership and governance
- Community development

Committee membership

Member of the risk, remuneration and nomination committees



CM (CAROLINE) HENRY 53
INDEPENDENT NON-EXECUTIVE

BCom, B Compt (Hons), CA(SA)

Appointed in 2016

Experience

- Finance, treasury, debt capital markets, and pension and provident funds
- Sound business knowledge

Committee membership

Chairperson of the audit committee, and a member of the risk and social and ethics committees



VP (VUSI) KHANYILE 69
INDEPENDENT NON-EXECUTIVE

BComm (Hons) in Accounting and Finance

Appointed in 2018

Experience

- Investment and investment management
- Business development and leadership
- Sustainability and community development

Committee membership

Member of the social and ethics committee



BLM (TUMI) MAKGABO-FISKERSTRAND 45
INDEPENDENT NON-EXECUTIVE

BA (International Relations)

Appointed in 2010

Experience

- Extensive skill in investment opportunities throughout the African continent
- Sound business knowledge and leadership skill
- Expertise in communications

Committee membership

Chairperson of the social and ethics committee



Board of directors continued



S (SAM) SITHOLE 47

NON-EXECUTIVE

BAcc (Hons), CA(SA), CA(Z)

Appointed in 2018

Experience

- Finance and investment industries expertise
- Sound business knowledge and leadership skill
- Auditing expertise

Committee membership

Member of the investment and remuneration committees



Z (ZIMKHITHA) ZATU 36

INDEPENDENT NON-EXECUTIVE

BCom, HDipAcc, CA(SA)

Appointed in 2018

Experience

- Expert in entrepreneurship and strategic insights
- Strong financial and operational expertise
- Consulting in commercial and business practices
- Sound governance knowledge, business and leadership skill
- Driving innovation in financial services

Committee membership

Member of the audit committee



TR (TAPIWA) NGARA 38

ALTERNATE NON-EXECUTIVE DIRECTOR

BBusSc, PGDA, CA (SA), MBA

Appointed in 2019

Experience

- Finance and investing expertise
 - Investment banking and corporate finance
 - Sound business knowledge, investor relations and leadership skill
-

EXECUTIVE LEADERSHIP GROUP



AM (ANTHONY) LEEMING 50

CHIEF EXECUTIVE

BCom, BAcc, CA(SA)

Experience

- Gaming and hospitality
- Financial and corporate finance
- Governance and IT



N (NORMAN) BASTHDAW 52

CHIEF FINANCIAL OFFICER

BCompt (Hons), CTA, CA(SA), MCom, HDip (Company Law)

Experience

- External and internal audit
- Financial management
- Corporate finance advisory and private equity



THABO MOSOLOLI 50

CHIEF OPERATING OFFICER: GAMING

BCom (Hons), CA(SA), EDP, MAP, NDip (Project Management), Certificate (International Business Studies)

Experience

- Financial and corporate finance
- Gaming and hospitality
- Audit and advisory services



GRAHAM WOOD 50

CHIEF OPERATIONS OFFICER – HOSPITALITY

B Com, B Compt (Hons), CA(SA)

Experience

- Strategic leadership
- Commercial and operational expertise in the gaming, hospitality and tourism industry



Executive leadership continued



ANDREW JOHNSTON 54

DIRECTOR: CORPORATE SERVICES AND GROUP COMPANY SECRETARY

BA, LLB, FCIS, PGDip (Environmental Law), Certificate in Advanced Corporate Law and Securities Law

Experience

- Legal, secretarial, compliance, sustainability and corporate and remuneration governance
- Corporate finance and investor relations
- Admitted attorney and certified ethics officer



VERNA ROBSON 48

DIRECTOR: GROUP HUMAN RESOURCES

BProc, Certificate (Advanced Human Resources Management), MBA Core

Experience

- Labour relations
- Human resources



KHATI MOKHOBO 54

DIRECTOR: STRATEGIC PROJECTS

BCom, BAcc, ACMA, CA(SA)

Experience

- Financial management
- Forensic investigations
- New business development
- Commercial projects execution
- Gaming and hospitality
- Stakeholder management



CATHERINE NYATHI 38

CHIEF AUDIT EXECUTIVE

BCom (Hons), CA(SA), PGDip (Banking Law)

Experience

- External and internal audit
- Financial and forensics
- Governance, risk and compliance
- Banking and insurance, gaming and hospitality industries



Executive leadership continued



ZAINE MILLER 54
CHIEF INFORMATION OFFICER

Electrical, Electronic Engineering NTC, CIO Certificate, MBA Core,
Digital Strategy & Design Thinking PD

Experience

- Enterprise architecture and IT strategy
- IT governance, IT operations, information security and cyber practice
- Hospitality systems, gaming platforms, ERP, online platforms



MELVILLE VOGEL 59
GROUP MANAGER EFFICIENCY

Experience

- Business finance
- Developing, opening and managing new casinos and hotels
- Organisational restructuring
- Gaming and hospitality



MIKE WILSON 49
DIRECTOR BUSINESS SUPPORT

B Com, B Com (Hons), PGDA, CA(SA)

Experience

- Business finance
- Business process optimisation
- Project management
- Shared service centre

OPERATIONS



ANNEMIE TURK 49
GENERAL MANAGER: CARNIVAL CITY

NDip (Business Management)

Experience

- Gaming, technical and hospitality
- Business finance
- Developing and opening new casinos as well as property upgrades and refresh



BRETT HOPPÉ 51
GENERAL MANAGER: SUN CITY RESORT

NDip (Hotel Management), EMDP

Experience

- Gaming and hospitality operations
- International sales and marketing
- Events and entertainment



Executive leadership continued



FELIX MTHEMBU 48
CHIEF OPERATION OFFICER SUNSLOTS
NDP: Operations Management

Experience

- Manufacturing – textiles, food and petrochemicals
- Fuel retail and convenience store operations
- Organisational restructuring
- Gaming and hospitality



MERVYN NAIDOO 53
REGIONAL GENERAL MANAGER: WESTERN CAPE
NDip (Hotel Management), Certificate (Strategic Management)

Experience

- Gaming, technical and hospitality
- Business finance
- Developing and opening new casinos as well as property upgrades and refresh



MIKE VAN VUUREN 57
GENERAL MANAGER: BOARDWALK
BCOM(Hons), EMDP

Experience

- Business finance
- Developing, opening, refurbishing and managing new casinos and hotels
- Property restructuring
- Gaming and hospitality



MYAN MOODLEY 48
GENERAL MANAGER: SIBAYA
Certificate (Advanced Management programme)

Experience

- General management of casinos and hotels
- Opening and closing of hotels and casinos
- Business finance



RUBEN GOORANAH 53
ACTING GENERAL MANAGER: SUN TIME SQUARE
BCom (UNISA), EMDP

Experience

- General management in gaming and hospitality
- Management of operations and gaming systems
- Casino design and gaming operations

Executive leadership continued



LATAM



JAIME WILHELM 53
CHIEF EXECUTIVE: SUN DREAMS S.A.
Business Administration and Economics, MBA

Experience

- Strategic planning, development and implementation
- Finance and accounting
- Casino design and operations



CLAUDIO TESSADA 49
CHIEF FINANCIAL OFFICER: SUN DREAMS S.A.
BA, MBA

Experience

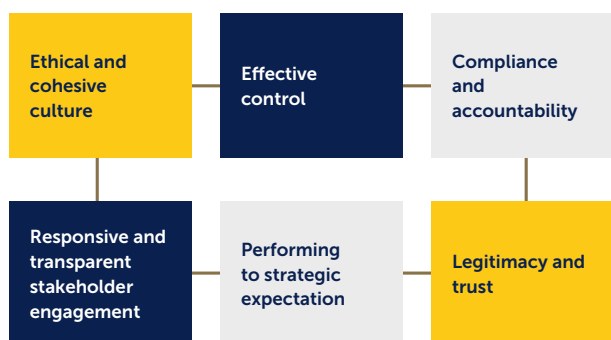
- Financial and insurance
- Marketing
- Casino operations

CORPORATE GOVERNANCE REPORT

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

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

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



The group's corporate governance and sustainability approaches embrace ethical practices that are responsive to stakeholders and the environment in which we operate. Good corporate governance and sustainability are important enablers in managing the group's reputation, making strategic progress and creating stakeholder value.

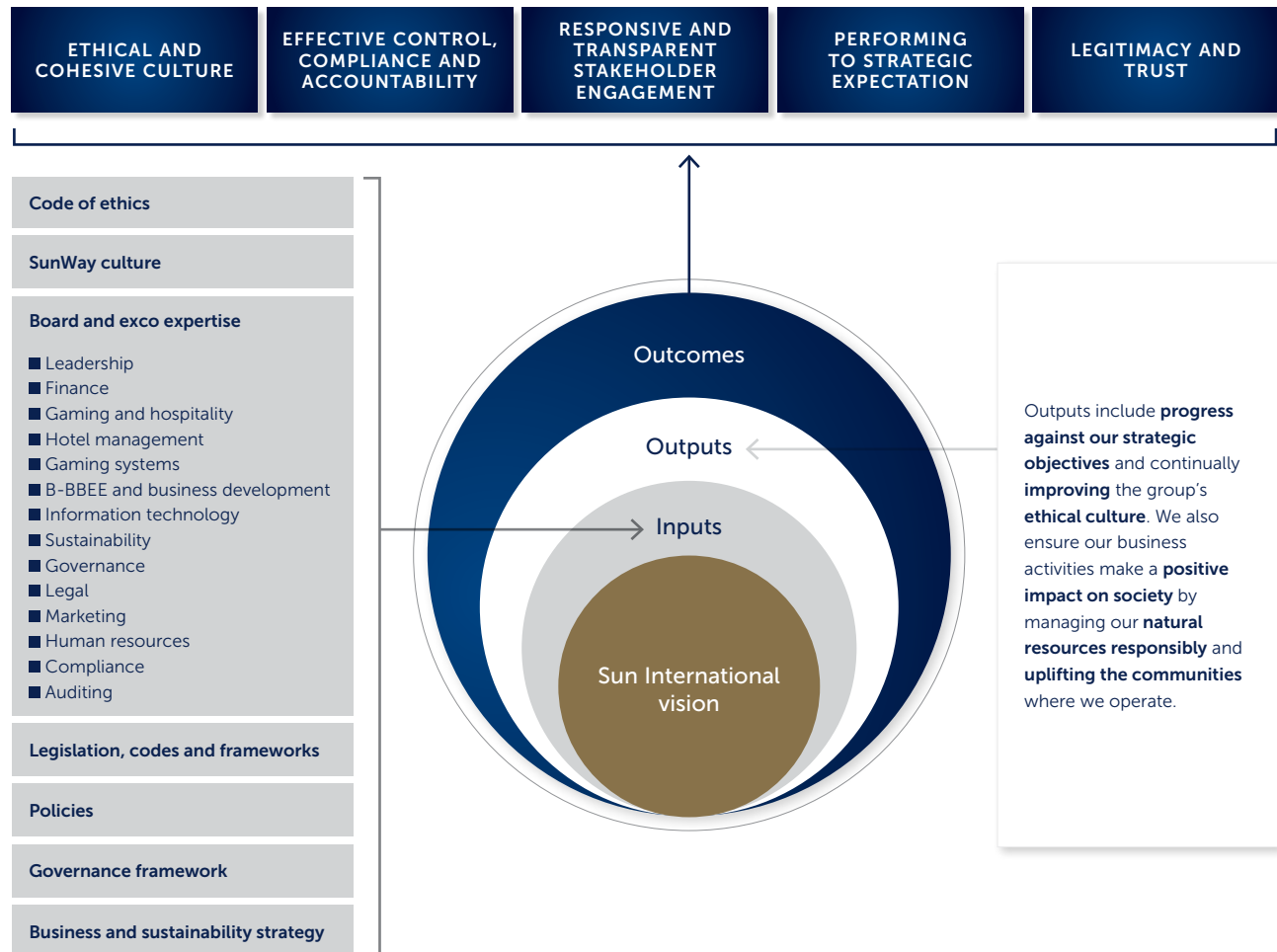
Sun International's board and executive management collectively have a wealth of knowledge that spans across South Africa and internationally to provide the necessary expertise to guide the group towards achieving its strategic objectives and ultimately create great memories for our guests, people and stakeholders. The SunWay culture and code of ethics further reinforce positive behaviours to ensure a cohesive ethical culture group-wide.

Sun International's governance framework and policies are the foundation of responsible, accountable and transparent reporting. Through the various inputs and outputs, the board achieves specific outcomes that support the group's sustainable value creation. These outcomes include maintaining an ethical culture from the top down and demonstrating our commitment to responsible corporate citizenship. Through effective control of our risk universe, material matters and responsive stakeholder relations, the group maintains compliance with relevant legislation, codes and frameworks. These enable performance according to strategic expectations to enhance its legitimacy and trust among its stakeholders.

"The board provides ethical leadership from the top and directs the group based on the fundamental principles of integrity, transparency, honesty, accountability, fairness and responsibility. It also maintains a zero-tolerance approach towards unethical conduct."



GOVERNANCE AND SUSTAINABILITY VALUE CREATION

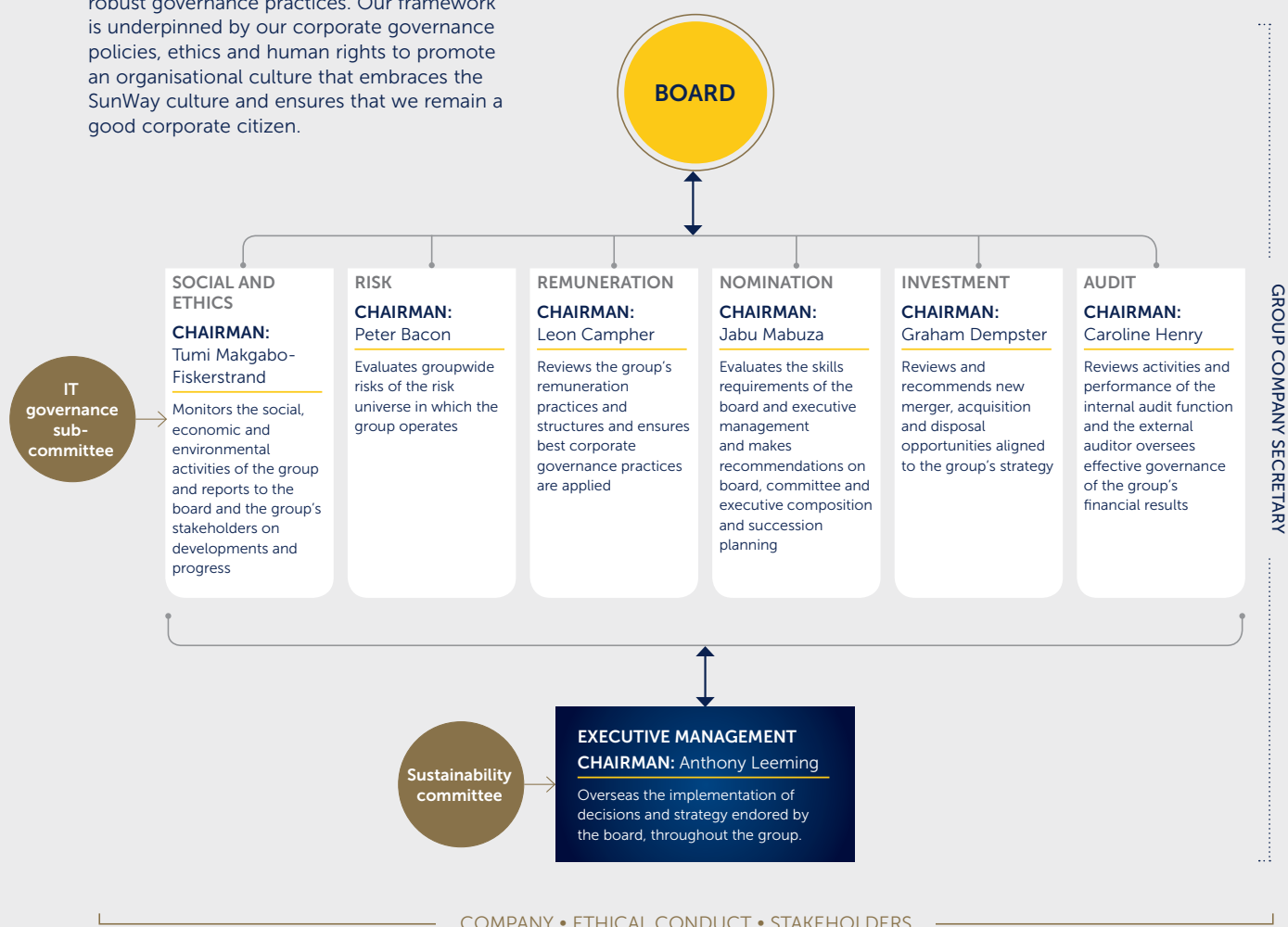


Corporate governance report continued



GOVERNANCE FRAMEWORK

Sun International's governance framework provides clear direction for implementing robust governance practices. Our framework is underpinned by our corporate governance policies, ethics and human rights to promote an organisational culture that embraces the SunWay culture and ensures that we remain a good corporate citizen.



KING IV™ APPLICATION AND GOVERNANCE OUTCOMES

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

BOARD OVERVIEW

The board's role is to exercise effective and ethical leadership, and sound judgement in directing Sun International and thereby the group, to achieve sustainable growth in the best interests of all its stakeholders.



Corporate governance report continued

BOARD COMPOSITION

Sun International's unitary board structure comprises both executive and non-executive directors, with the latter being predominantly independent non-executive directors. The non-executive directors have the necessary skills, qualifications, industry experience and diversity to provide judgement independent of management on material board issues. The nomination committee has planned a robust assessment of the board composition in March 2020 to ensure it is aligned with the group's strategy and complies with best international corporate governance practices.

Age

(at 31 March 2020)



Average age = 56 years

INDEPENDENCE

The board, through the nomination committee, annually assesses the independence of the non-executive directors against the criteria set out in King IV™ and the JSE Listings Requirements. During 2019 and prior to the date of this report, the nomination committee agreed that 10 non-executive directors satisfy the independence criteria. These directors are: Messrs Bacon, Campher, Cibie, Dempster, Khanyile, Mabuza, and Mesdames Gwagwa, Henry, Makgabo-Fiskerstrand and Zatu. In particular the board confirmed that Dr Gwagwa's reclassification from a non-executive director to an independent director of Sun International was appropriate given that Dr Gwagwa had previously been classified as a non-independent director solely by virtue of her having served on the board of Dinokana Investments, a subsidiary company of Sun International which holds previously held approximately 6% of Sun International's issued shares. Having resigned as a director from this board in 2015 and having served an appropriate cooling off period and considering that she does not hold a material equity interest in Sun International, the board confirmed and endorsed her re-classification as an independent non-executive director. Mr Sithole and his alternate, Mr Ngara, are not classified as independent non-executive directors as they represent a major shareholder of the group.

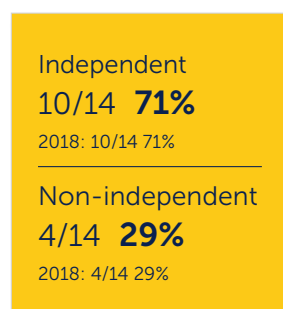
Notwithstanding that the chairman, Mr Mabuza previously provided certain key strategic hospitality and gaming services to the group in terms of a consultancy agreement with Sun International Management Limited, following his

appointment as the chairman of the company in May 2019, this consultancy agreement was terminated on 14 May 2019. Aside from presently receiving a composite annual fee for serving as a non-executive director of Sun International and having a small personal shareholding in the company (less than 5%), Mr Mabuza has no other direct or indirect interest in Sun International and consequently has been classified by the board as an independent non-executive director and chairman of the company.

During 2019, the nomination committee conducted a rigorous independence assessment of the retiring directors, particularly those independent non-executive directors who had served on the board for nine years or longer (these being Messrs Campher and Dr Gwagwa) and concluded that these directors retained their independence in character and judgement, notwithstanding their length of service, and that there were no relationships or circumstances that were likely to affect or be perceived to affect their independence. The board concurred with these findings and is of the view that these non-executive directors continue to be effective and bring valuable experience and skills to the board, and that they will continue to exercise independent judgement.

Independence

at 31 December 2019



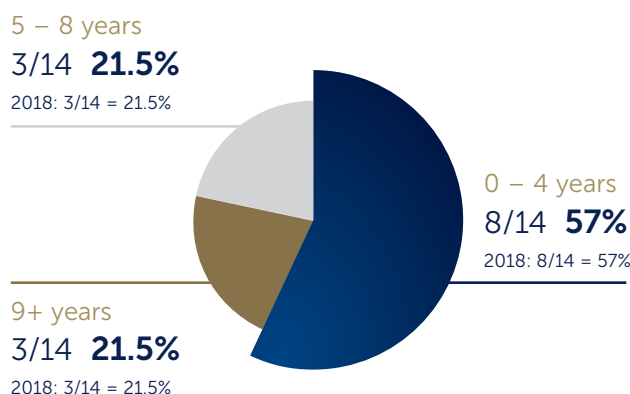
Executive and non-executive directors

at 31 December 2019



Tenure of directors

% at 31 December 2019





Corporate governance report continued

Group diversity policy

Sun International's board-approved gender and race diversity policy was revised in line with the JSE Listings Requirements changes (effective December 2019) to include diversity requirements broader than just gender and race – namely age, skills and experience, to name a few. These requirements help maintain the group's competitive advantage and optimal composition. The board applied this policy in respect of race and gender in the appointment of the new directors during the year under review. The group is only required to report against the wider diversity JSE Listings requirements in the 2020 financial year.

Factors considered in ensuring appropriate gender and race targets included: the current composition and expected changes in the board, the B-BBEE Codes of Good Practice, the sectoral charter for the tourism industry, the gaming board licences and their respective requirements, and the group's employment equity plan. Although the board marginally missed achieving its 30% target for female directors (29%), it achieved and exceeded its race target of 50% black directors with 57% black representation.

Gender

at 31 December 2019

4 females
2018: 4%



10 males
2018: 10%



Ethnicity

at 31 December 2019

8 black
2018: 8%

6 white
2018: 6%

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, five board committees.

The board approved the strategy developed and presented by management and oversees that management implements the strategy. This is supported by committees that focus on specific areas within the business. The committees' composition and committee member attendance during the year is detailed in the online IAR in the **Corporate Governance section**.

Each committee comprises three or more members, the majority of whom are independent. All committees operate in accordance with their terms of reference, which are reviewed and updated annually where applicable, to ensure alignment with the latest developments in legislation, King IV™, the JSE Listings Requirements and business requirements. Key senior management members are invited to attend certain meetings as invitees and to provide input on matters for discussion.

Sun International's audit and social and ethics committees perform the same function for all Sun International's subsidiary and associate companies, which in terms of the Companies Act would otherwise be required to have their own audit and social and ethics committees. This is subject to annual confirmation.

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



Corporate governance report continued

SUPPORTING SUSTAINABLE BUSINESS PRACTICES

The group is aware of its responsibility to be a good corporate citizen as it considers sustainability and the potential business impact on all stakeholders and the environment. Sustainability is interwoven into Sun International's business strategy and decision-making process, from board and management level to our employees at each unit.

Achieving the group's key strategic imperatives is underpinned by the group's sustainable business practices; and is often an enabler by ensuring that a sound corporate reputation and the group's brand are synonymous. Two strategic objectives, our people and governance and sustainability, ensure that sustainability remains at the heart of our business operations. The group's sustainability agenda also influences three other strategic objectives: improving our existing operations and our guest experiences, protecting and leveraging our existing asset portfolio, and growing our business into new areas and products.

The group's sustainability approach continues to evolve and includes, among others, measurable sustainability practices that engage all our stakeholders through relevant internal and external sustainability reporting, face-to-face community engagement, health, safety and environmental initiatives, and sustainability campaigns.

During 2019, the board engaged the services of an external assurance provider to provide an independent assurance statement on the group's sustainability reporting and ethics as advocated by King IV™. This external review also helps identify areas for improvement. Furthermore, 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 (available online). The board confirms that the group applied the 16 principles of King IV™ and that the spirit of King IV™ is preserved and embedded in the way the group operates.
Local and international legislation	Sun International is committed to complying with all relevant legislation and best practices in the jurisdictions it operates in. The group identified the main areas of legislation that materially affect its operations and regularly engages with key regulators to make public comments and submissions on proposed new industry and other relevant legislation.
License conditions issued by the various gambling boards	The gaming industry is highly regulated and subject to significant probity and external regulatory monitoring both locally and internationally. In addition, the casino licence conditions contain their own requirements, which must be adhered to.
WHAT WE CHOOSE TO COMPLY WITH	
Carbon Disclosure Project (CDP) – water and energy	Sun International participates annually in the CDP.
International Integrated Reporting Council's (IIRC) <IR> Framework	Sun International applies the IIRC's <IR> Framework in compiling its integrated annual report.

LOOKING AHEAD OUR KEY FOCUS AREAS INCLUDE:

- continuing to embed an ethical culture through regular ethics awareness campaigns and regularly monitoring incidents and providing feedback on findings
- maintaining a permanent central policy repository, which will track the reading of policies, alert employees to updates on any of the policies, and provide competence testing on policies with reporting capabilities
- continuing to remain resilient to cyber threats by developing robust IT systems and processes
- continuing work on the integration of Latam's and Nigeria's governance structures with South Africa

CONTACTS

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)

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Waterfall City

Jukskei View

2090

South Africa

Telephone: +27 (0)11 797 4000

Telefax: +27 (0)11 797 5800

BANKERS

ABSA Bank Limited

First National Bank Limited

Investec Bank Limited

Nedbank Limited

Rand Merchant Bank (a division of FirstRand Bank Limited)

The Standard Bank of South Africa Limited

CORPORATE LAW ADVISOR

Cliffe Dekker Hofmeyr Inc.

(Registration number: 2008/018923/21)

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Telefax: +27 (0)11 780 7716

Website: www.suninternational.com

TRANSFER SECRETARIES

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Braamfontein

2000

(PO Box 4844, Johannesburg, 2000)

Telephone: +27 11 713 0800

Telefax: 086 674 4381 or 086 674 1990

Website: www.linkmarketservices.co.za

RESERVATIONS AND NATIONAL SALES

Telephone: +27 (0)11 780 7810

INVESTOR RELATIONS

Telephone: +27 (0)11 780 7762

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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)