



**BOITUMELO MAKGABO-FISKERSTRAND**  
Chairman of the social and ethics committee

## SOCIAL AND ETHICS COMMITTEE REPORT

Sun International is committed to ethical and responsible leadership. Being a good corporate citizen includes driving an ethical culture group-wide; ensuring our customers' and employees' health, safety and wellbeing; engaging with local communities; providing opportunities for shared socio-economic value; protecting our environment; monitoring our transformation progress; and complying with relevant legislation and codes.

### MESSAGE FROM THE CHAIRMAN

#### Dear stakeholders

I am pleased to present Sun International's social and ethics committee (the committee) report for the year ended 31 December 2020. The purpose of this report is to inform our stakeholders on the discharge of our duties as set out in the Companies Act as supplemented by the committee's terms of reference.

Our ethical and responsible commitment is driven by the board and the executive committee approved ethics declarations, as well as the group's code of ethics (the code) which commits management and employees to the highest ethical conduct and standards. The board and executive committee members will be signing renewed declarations during 2021, reflecting their personal commitment to the Sun International code. Ongoing awareness ensures all employees understand how to contribute to the group's ethical conduct, brand reputation and integrity. The group's whistleblowing and fraud response policies, which are disseminated group-wide, contain clear guidelines for reporting any criminal, illegal, discriminatory or other inappropriate behaviour without fear of discrimination, intimidation or occupational detriment. Employees can contact the Deloitte Tip-Offs hotline anonymously through a 24/7 toll-free number. The ethics officer oversees ethics throughout the group and receives regular feedback on any matters of concern. Employees can email a secure and private address with any ethics concerns or dilemmas, which will be handled confidentially. Closed sessions are held between the chairman of the social and ethics committee and the ethics officer after each social and ethics committee meeting, to discuss any material ethical issues reported.

The committee performs the requisite statutory functions on behalf of all subsidiary companies across the group, including those that score above 500 points in terms of Regulation 26(2) as contemplated in Regulation 43(1)(c) of the Companies Regulations, 2011. This ensures that group-wide practices are consistent and aligned, and that our ethical practices are applied irrespective of the jurisdiction we operate in. Meropa, an associate company, has established

its own social and ethics committee. While we continued to review Sun Dreams' operations from a social and ethics perspective, Sun Latam sold its remaining 64.94% stake in Sun Dreams S.A. during November 2020. In Nigeria, TCN has its own code of conduct and regularly reports any ethical issues to the TCN nomination and governance committee as well as the board. Furthermore, the Sun International director: corporate services attended all committee meetings in Latam and chairs the nomination and governance committee in Nigeria in his capacity as a director of TCN, which reinforces the group's governance structures framework and practices.

#### Composition, meetings and assessment

During the year under review there were changes to the social and ethics committee's composition. Effective 8 June 2020, Ms Zimkhitha Zatu was appointed as a committee member. Mr Leon Campher, who retired from the board effective 12 May 2020 (as lead independent director) and Mr Vusi Khanyile, who resigned from the board effective 29 October 2020, are no longer members of the social and ethics committee. Following these changes, the committee's composition includes three non-executive directors, all of whom are independent directors, and one executive director. The committee met three times during the year, which was adequate to deal with the various matters contemplated in the Companies Act as well as the committee's mandate and terms of reference. In addition, Sun International executives whose areas of discipline are covered by the committee, and who have rights of attendance on the committee include the chief financial officer, chief executive (who is now a member), director: corporate services, director: human resources, and the sustainability manager. As per the mandate of the committee, its terms of reference were reviewed and approved, and we achieved a 96% meeting attendance for the year under review.

Ongoing stakeholder participation from various areas within the group assures that appropriate feedback on all matters is provided. The mix of committee experience allows for robust debate on topics put forward to the committee. Furthermore, we are satisfied that initiatives undertaken by the group are adequately challenged when tabled at committee meetings.

## Roles and responsibilities

The committee is required, among other duties, to:

- monitor the social, economic, employment and environmental activities of the group and report to the board and stakeholders in terms of development and progress
- assist the board in assessing aspects of governance applicable to the committee's function and terms of reference
- ensure that Sun International remains a socially committed corporate citizen
- monitor the group's six prioritised sustainable development goals (SDGs).



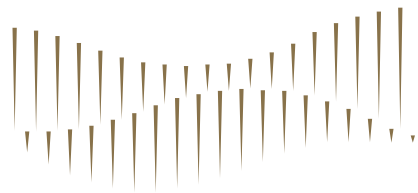
We operate in a highly regulated industry and our corporate credentials and socially responsible behaviour are critical in terms of our licence to operate. To guide us in this oversight role, we task management with implementing principles contained in relevant legislation, regulations and prescribed legal requirements or prevailing codes of best practice. This includes the group's standing in terms of the goals and purpose of the:

- 10 principles set out in the United Nations Global Compact (UNGC) principles
- Organisation for Economic Cooperation and Development (OECD) recommendations regarding anti-corruption
- Employment Equity Act
- B-BBEE Act and amended B-BBEE Codes of Good Practice
- Six SDGs prioritised by the group.

Management discharges this duty by reporting to the committee on the group's:

- good corporate citizenship, including the company's promotion of equality and the prevention of unfair discrimination
- implementation of its sustainable business strategy
- contribution to the development and upliftment of the communities around which it operates
- environmental, health, safety, wellness and procurement initiatives across all relevant areas
- progress on the group's contribution towards the six prioritised SDGs
- consumer relationships and marketing initiatives
- implementing the National Responsible Gambling Programme (NRGP)
- labour and employment activities, including the company's standing in terms of decent work and working conditions, and our relationships with our employees
- contribution towards the educational and skills development of our employees.

"As part of our independent assurance scope, IBIS ESG Assurance conducted a review of the group's environmental, health, safety and wellness as well as SED portfolios."



These reports correlate with the committee's mandate and the areas mentioned above are reported on at each meeting. As chairman of the committee, I also provide regular feedback at board meetings regarding the committee's activities and provide feedback to the shareholders at the annual general meeting (AGM). The 2019 social and ethics report was tabled at the Sun International AGM held on 12 May 2020.

The group's sustainability committee, a sub-committee of the group's executive committee, includes several senior and executive managers from relevant areas within the group. In 2020 the sustainability committee met quarterly to discuss relevant sustainability matters – particularly environmental; health, safety and wellness; socio-economic development (SED) and enterprise and supplier development (E&SD) matters. Any areas of concern identified at these meetings are elevated to the group's social and ethics committee.

As part of our independent assurance scope, IBIS ESG Assurance conducted a review of the group's environmental, health, safety and wellness as well as SED portfolios. Based on the corporate social investment (CSI) readiness audit conducted in the prior year, the group embarked on a full CSI assessment for 2020. Due to Covid-19 the assurance audits were conducted online and by way of a desktop review, with additional evidence provided and interviews conducted to ensure a fair and transparent process. The 2020 assurance audits were conducted on Meropa, Sun Time Square, Carnival City, Flamingo and Central Office. No material issues were identified during the assurance audit that needed to be brought to the attention of the committee, the board or other stakeholders.

### Salient matters of interest

Several matters dealt with by the committee during the period under review are highlighted as items of interest to our stakeholders.

The committee continues to review the group's standing and progress in accordance with the 10 principles of the UNGC and the OECD recommendations regarding anti-corruption. The company monitors compliance with its policies in relation to bribery and corruption; gifts, entertainment and tips; and responsible gambling. The committee concluded that the group substantially complied with the requirements of the UNGC principles, and that there were no material areas of concern. Sun International remains committed to improved reporting practices and transparency around



activities and performance in combating corruption. During 2020, Sun International participated in the survey by Transparency in Corporate Reporting (TRAC) 2020 prepared by Corruption Watch and the Overseas Development Institute (ODI) in London, with support from the National Business Initiative (NBI). TRAC 2020 was a follow-up to TRAC 2016. TRAC 2020 included an expanded survey drawing on both Transparency International and on the Global Reporting Initiatives (GRI) Standards. Sun International fared well in terms of anti-corruption reporting transparency and remains focused on continual improvement thereof, as detailed in the [corporate governance report](#).

Sun International's SunWay culture and employee value proposition (EVP) are critical in embedding the group's culture as well as attracting and retaining top-performing employees. All SunWay icons are consistently integrated into Sun International's people practices such as learning and development, wellness and recruitment and selection. The EVP reinforces the world-class employee benefits and positive working environment in Sun International. While a group-wide culture survey based on the SunWay was planned for 2020, this was delayed due to pertinent matters arising from Covid-19. Matters addressed during the year under review included employee health, safety and wellness, Covid-19 training, communication and counsel on reduced wages, the complexities associated with the Temporary Employer/Employee Relief Scheme (TERS) applications and the staggered return to work, resulting in some employee layoffs.

Transformation is integral to Sun International's sustainability and is entrenched in our South African operations. The committee monitors appointments, retirements and resignations to ensure we achieve a demographic workforce in line with both internal targets and commitments to legislation. During 2020, our overall black employee representation was 92% (2019: 93%), exceeding the distribution of the national economically active population. The management team is made up of 84% (2019: 84%) black people, and 46% (2019: 45%) are females. The group exceeded its employment equity targets at all levels except middle management, and it achieved its targets for black (African, Coloured and Indian) females at all management levels.

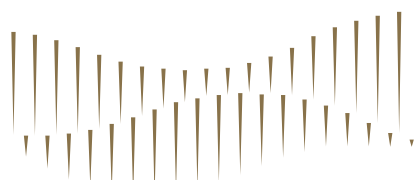
The disability capacity-building workshops and disability awareness days continue to remove the stigma and fear of victimisation experienced by employees living with disabilities.

The committee is reviewing the gender pay gap throughout the group and plans to address inequality by implementing a diversity and inclusion strategy. This review aims to ensure that appropriate processes and procedures of equal pay for work of equal value are in place and adhered to when new appointments and promotion decisions are made. Specific factors which may have contributed towards the pay gap were historical organisational restructures that did not focus on equal pay for work of equal value principles, and unintentional regional pay differences for similar sized casinos and units. All new appointments of employees are being monitored to ensure that the principles of equal pay for work of equal value are adhered to when reviewing new recruits, promotions, gender and possibly retarding of increases for high earners. Data further revealed that female

gaming employees were not stepping up for promotions and that more males were being promoted. The reason for this appeared to be that the gaming environment was not very accommodating for those with children and other family responsibilities when it came to long working hours with unpredictable shifts. Management is in the process of conducting further research on how best to create an environment where females can step up, in order to create an environment of women with more seniority in their roles and responsibilities.

Considering the impact that Covid-19 has had on the group's employees, employee wellbeing remains a priority for management and the committee. The One Sun Wellness programme provides a range of independent professional services to employees and members of their households to attend to mental, social, emotional and financial wellbeing, and physical health. This support was instrumental in helping people to deal with the impact of the Covid-19 pandemic on their lives and livelihoods, and to guide them as they adjust to a new normal. This was particularly relevant during the Sun International restructuring processes. The programme also addressed the parallel pandemics of violence, in particular gender-based violence and abuse, as well as HIV wellness.

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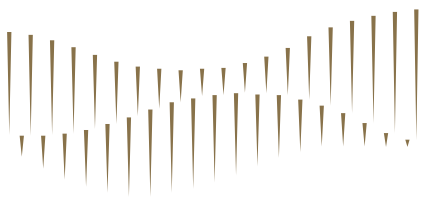
Sun International's board diversity policy recognises and embraces the benefits of having a diverse board, as increasing board diversity is essential in maintaining a competitive advantage. In accordance with the JSE Listings Requirements, Sun International's board diversity policy incorporates additional diversity elements including, among others, skills and experience, regional and industry experience and age. Good progress was noted against the board's race and gender targets. In 2020, the board exceeded its black director target of 50%, with 58% black representation, and exceeded the female director target of 30%, with 33% female representation. The board's and committee's composition, collective skills (industry knowledge, experience, technical skills and governance competencies) and competency are documented and monitored in terms of a board skills matrix. This assists with assessing what the future composition of the board should look like from a skills and experience perspective and assists in terms of identifying key gaps. The board skills matrix aligns with the group's strategy and complies with best international corporate governance practices.



Governance competencies are considered in terms of strategy and strategic planning, policy development, financial performance, risk and compliance oversight, gaming and hospitality strategy, commercial experience, stakeholder engagement and knowledge, and experience in companies with international operations.

In 2020, Sun International was externally rated and maintained a Level 1 B-BBEE rating in accordance with the Tourism Sector Codes as at 31 July 2019. Sun Slots was the only unit to be verified under the Generic Codes of Good Practice and achieved a Level 1 B-BBEE rating compared to a Level 5 rating in the prior year. Going forward, the committee will be monitoring the proposed amendments to the Tourism Sector Code, which has been submitted to the Department of Trade and Industry (dti) and is expected to be gazetted during 2021.

“The group’s SED strategy continued to positively impact the communities with whom we interact, especially during Covid-19.”



Communities’ concerns about inequality in certain operational areas remain an issue, especially around securing local procurement spend and local employment to provide socio-economic upliftment. Going forward, each unit has been tasked with working closely with local communities to develop their local supply chain. To do this units are using an e-portal to advertise for services and suppliers in and around the area the unit operates in. Local communities then get the opportunity to respond directly to these advertisements online, making the process transparent and allaying their fears of responses getting lost or not being considered for specific services. In addition, central procurement will continue to assist units in implementing these and other initiatives.

The group continues to make progress in the areas of procurement and enterprise and supplier development, notwithstanding the fact that some areas were negatively impacted by Covid-19 during 2020. Sun International invested R30.9 million (2019: R44.4 million) and R6.9 million (2019: R12.3 million) in supplier development and enterprise development, respectively, during 2020. Ten beneficiaries (2019: 15) were supported through Sun International’s formal business development support process and the online tender bulletin board, which received positive stakeholder feedback. This bulletin board also provides prospective suppliers with sourcing opportunities to further enhance value sharing and economic upliftment. Sun International’s supplier code of conduct ensures all suppliers adhere to minimum best practice ethical standards.

The group’s SED strategy continued to positively impact the communities with which we interact, especially during Covid-19. Our units worked diligently on SED and CSI projects with a specific focus on addressing the needs of the community, as identified through our community stakeholder engagement process. To further support our communities’ specific needs during the pandemic, the group revised the SED policy to include special projects as opposed to simply focusing on education, sports, and arts and culture projects. A total of R18.8 million (2019: R25.4 million) was invested in making a difference in the lives of communities, as well as employees who were severely impacted by the Covid-19 pandemic. We continue to improve the reporting of our CSI and invested R7.1 million (2019: R3.6 million) in CSI initiatives, of which R1.6 million was invested in education funding for employees and their families.

Sun International is the largest corporate partner of the Stop Hunger Campaign initiated in celebration of Mandela Day. Since 2017, the group has sponsored over 1.2 million meals, which have been packed at nine different units, including at the central office. This equates to providing more than 4 800 children with five nutritious meals a week for an entire year.

The group is committed to, and financially supports, the South African Responsible Gambling Foundation (SARGF), a leading global programme for promoting responsible gaming. The SARGF, through the NRGF, creates awareness around public initiatives undertaken in the industry, which include prevention, treatment and counselling initiatives, training for regulators and industry employees, research audits, and life skills programmes for schools. Sun International reports progress on these NRGF principles across all gambling operations to relevant governance committees. In addition, the group reports to relevant governance committees on matters such as crèche utilisation statistics, which remain strictly monitored at all units. Training employees in the different stages of the NRGF is also reported.

Group internal audit is responsible for conducting various internal audits and reports its findings to the social and ethics committee. In 2019, the National Gambling Bill (including its draft regulations) proposed the implementation of a national exclusion programme. Sun International, through the Casino Association of South Africa (CASA), has engaged with the National Gambling Board (NGB) regarding the practical aspects of implementing this programme in its current form. There have been no further developments since 2019. However, Sun International continues to monitor proceedings. In addition, the Western Cape Gambling and Racing Board (WCGRB) responded to the comments received from its licensees regarding the draft research report on a proposed pre-commitment system, to further assist problem gamblers and to prevent the risk of persons becoming problem gamblers. The WCGRB indicated that it will conduct local research, through third-party researchers, on the impact this proposed system will have on the gaming industry. Sun International has confirmed that its Western Cape gaming entities will participate in this research.

Covid-19 hampered the group’s environmental project implementation during 2020, however, the pandemic had a positive impact on the group’s resource consumption. Water, waste and energy aspects showed a reduction due to the closure of units during stringent lockdown levels. Therefore, the group is re-evaluating the pandemic’s effect on existing targets for carbon emissions and waste. The group did not achieve its 2020 zero-waste-to-landfill (ZWTL) target due to





a combination of service delivery issues, budget constraints and the impact of Covid-19 had on the recycling initiatives on site. It was therefore decided to set new waste reduction targets for the period 2021 – 2025. The group envisages setting milestone recyclable rate targets for units based on 2019 waste statistics, while accounting for any significant contract changes and waste disposal cost elements. The group continues its quest to be a ZWTL organisation. The group has two years remaining on the medium-term carbon emission target of 15% by 2023 and we are confident these targets can be achieved through the group's back-to-basics energy management approach.

The group continues to explore innovative environmental initiatives to address pressing resource concerns facing South Africa. These concerns include water quality and availability, sustainable energy supply and rising energy costs, as well as increased concerns over the lack of certified waste facilities in South Africa. Sun International will launch its ENVIRO-AMBITION 2025 in 2021, which will outline the key performance indicators (KPIs) and mechanisms for the group to instil an environmentally responsible culture among our employees, guests and stakeholders; to ensure a sustainable future for all.

The health, safety and wellbeing of our employees and guests remain a key focus for the group, which was accentuated by our rapid Covid-19 response. Sun International supported government's initiatives to flatten the curve when lockdown was introduced in March 2020, and continues to drive these efforts through industry-leading interventions. These interventions include a comprehensive Covid-19 risk prevention and control programme that encompasses a risk assessment and control methodology, training and awareness as well as policies and procedures, all of which were aligned to relevant Covid-19 legislation. Encouragingly, Sun International received two accolades from the Institute of Risk Management South Africa for its Covid-19 response. It is, however, with great sadness that despite our efforts, five employees passed away in 2020.

As a result of Sun International's intensive focus on managing the risks associated with Covid-19, a large majority of

the health and safety projects planned for 2020 were not completed. Sun International did however revise the group's health, safety and wellness strategy alongside a revised set of KPIs that will measure the group's health, safety and wellness performance until 2025. The revised KPIs cover a broader measurement scope, enable an assessment of our performance and ensure improvement against several internal benchmarks. We are further pleased to report that there were no fatalities for the year under review, except for the three Covid-19-related deaths.

Based on the committee's performance during the year, it is satisfied that it has fulfilled its mandate in terms of Regulations 43 of the Companies Regulations, 2011. There were no known instances of material non-compliance with legislation or regulations, or non-adherence with codes of best practice in terms of the areas within the committee's mandate during the year under review or repeated regulatory penalties, fines, censures or compliance orders. As such, we are satisfied that the group has operated as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development. During the 2020 financial year, Sun International was compliant in all material respects of the Companies Act, Companies Regulations 2011, the JSE Listings Requirements, King IV™ and its memorandum of incorporation.

The stewardship of customer information and data protection is paramount. The group engaged with an external service provider to assist with the implementation action plan to ensure compliance with the Protection of Personal Information Act (POPIA) and the General Data Protection Regulation (GDPR). During the year under review, Sun International received no applications in terms of POPIA.

Three applications in terms of the Promotion of Access to Information act, 2000 (PAIA) were received requesting certain commercial information relating to Sun International Management Limited, Sun City and Boardwalk.

The committee conducted and considered the findings of the self-evaluation exercised conducted in September/October 2020, which noted no material deficiencies which needed to be addressed.

## LOOKING AHEAD

Going forward, the committee will focus on:

- Overseeing the group's corporate citizenship and ensuring it continues to improve on its already embedded principles of carrying out its actions as a responsible and ethical corporate citizen, and having a positive impact on the communities in which we operate
- Monitoring the proposed changes set out in the Companies Amendment Bill, 2018 as they pertain to the social and ethics committee
- Monitoring the proposed JSE Listings Requirements amendments as they pertain to the social and ethics committee
- Ensuring that the committee continues to review its mandate as prescribed by Regulation 43 of the Companies Regulations, 2011 and whether there is any material non-compliance that requires disclosure

- Ensuring that the group pays its employees fairly and responsibly in accordance with the equal pay for work of equal value principle and addressing the gender pay gap
- Increasing training and communication with employees through the Sun Talk platform, and engaging with employees in terms of their wellness through the employee wellness programme
- Monitoring Covid-19 protocols, policies, and procedures group-wide

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31 March 2021