

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



BOITUMELO MAKGABO-FISKERSTRAND
Chairman

Dear stakeholders

I am pleased to present Sun International's social and ethics committee (the committee) report for the year ended 31 December 2021. The purpose of this report is to inform our stakeholders on the discharge of our duties as set out in the Companies Act read with Regulation 43 of the Companies Regulations, 2011 as supplemented by the committee's terms of reference.

Our ethical and responsible commitment is driven by the board and the executive committee, as well as the group's code of ethics (the code) which commits management and employees to the highest ethical conduct and standards. The executive committee members signed renewed declarations during 2021, reflecting their personal commitment to the 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 unethical 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 are handled confidentially.

The ethics office meets with members of the senior executive management to discuss trends arising from the matters reported through the incident reporting facilities and material incidents of ethical misconduct reported to management group-wide. Closed sessions are held between the social and ethics committee chairman, independent directors, chief executive and the ethics officer after each social and ethics committee meeting, to discuss any material ethical issues reported group-wide.

The committee performs the requisite statutory functions on behalf of all subsidiary companies across the group, including those that score above 500 points as contemplated in Regulation 43 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. 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 to the board. Furthermore, the Sun International director: corporate services 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 no changes to the social and ethics committee's composition. 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 read with Regulation 43 of the Companies Regulations, 2011 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, director: corporate services, director: human resources, environmental, social and governance manager and risk manager. As per the mandate of the committee, its terms of reference were reviewed and approved, and we achieved a 100% (2020: 93%) 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 and responsible 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, fair and transparent labour practices and our contribution towards the educational and skills development of our employees.

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 2020 social and ethics report was tabled at the Sun International AGM held on 11 May 2021.

The group's sustainability department includes several senior managers from relevant areas within the group. As our sustainability journey matures, we reassessed our approach in 2021 to incorporate and focus on environmental, social and governance (ESG) elements to ensure a more integrated sustainable business strategy for the group. The shift towards ESG will allow us to measure, monitor and evaluate our contribution towards minimising our impact on the natural and social environments we operate in, while ensuring that there is sustainable value creation for all our stakeholders.

As part of our independent assurance scope, Integrated Reporting and Assurance Services (IRAS) conducted a review of the group's environmental, health, safety and wellness as well as socio-economic development (SED) portfolios. A Type 1 (moderate) assurance approach was adopted by way of a desktop review, with additional evidence provided and interviews conducted, to ensure a fair and transparent process. The 2021 assurance audits were conducted on data supplied by all operations. 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, on a voluntary basis, to review the group's standing and progress in accordance with the 10 principles of the UNGC and reviews 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.

Sun International's SunWay culture and employee value proposition (EVP) continues to embed the group's culture as well as attract and retain top-performing employees. The EVP reinforces the world-class employee benefits and positive working environment in Sun International. Matters addressed during the year under review included talent management and succession, training, employee engagement and employee health, safety and wellness.

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 2021, our overall black employee representation was maintained at **92%**, exceeding the distribution of the national economically active population. The management team is made up of **84%** (2020: 84%) black people, and **46%** (2020: 46%) are females. Challenges remain at middle and senior management levels, where representation of black people, particularly black females, is lower than that of white people.

Most units have also developed their employment equity plans for the period August 2021 to July 2024 and the consolidated group employment equity plan has been approved. A further review will occur in 2022 when the new Employment Equity amendments are operational, which set sector targets. We have implemented policies such as the Employment Equity (EE) Policy, Elimination of Sexual Harassment Policy and the Disability Management Policy to protect employees' rights in the workplace, by ensuring fair treatment and equality in employment processes.

In 2021, Sun International was externally rated and scored a Level 3 B-BBEE rating in accordance with the Tourism Sector Codes as at 31 July 2021. Sun Slots was the only unit to be verified under the Generic Codes of Good Practice and scored a Level 3 B-BBEE rating. Due to the impact of Covid-19 on our operations, our B-BBEE scores under skills development

During 2021 talent management processes were refined, with a focus on succession management to ensure business continuity. Potential talent was identified, who then went through rigorous psychometric and competency assessments to identify development gaps and fast-track development.

and enterprise and supplier development pillars dropped. This resulted in an overall B-BBEE ratings level drop from level 1 in 2020, to level 3 in 2021.

Sun International's recruitment of persons with disabilities remains challenging. The disability capacity building workshops and disability awareness days continue to remove the stigma and fear of victimisation experienced by employees living with disabilities. A significant focus during 2021 was on the effects of Covid-19, which could result in a disability.

The group continues to focus on fair, ethical and responsible remuneration. In 2019, the Department of Labour introduced amendments to regulations governing the income differential report (EEA4). These amendments assess the remuneration gap between the highest and lowest income earner (vertical gap), as well as revise the reporting on remuneration to include not only the fixed remuneration, but also the variable remuneration. A further requirement included an assessment of the income gap between 10% of the highest earners, and the corresponding 10% of lowest earners. The group conducts a quarterly review on these employment levels so that the principles of equal pay for work of equal value are adhered to for new recruits, promotions and gender diversity. This process now applies to all bargaining unit employees. During 2021, the group developed a fair remuneration framework.

Covid-19 continued to impact on the group's operations and employees as intermittent lockdown restrictions were imposed. Sun International remains vested in employee wellbeing and our commitment is reinforced by the positive impact of One Sun Wellness over the past two years. The efficacy of the integrated model is being pressure tested under extreme circumstances and is proving to be robust and relevant. Regrettably, there were ten Covid-19 related deaths in the workforce during 2021, which also affected employee morale. The group extends its condolences to the families and loved ones affected.

Gender-based violence (GBV) has been declared a national social pandemic and Sun International has zero tolerance for all forms of violence and abuse. We support the government's national strategic plan to eradicate GBV and femicide; and ensure human dignity and healing, safety, freedom and equality. At Sun International, we launched our 365 days of GBV activism campaign, to tackle this social pandemic. The group also has policies and procedures in place and also provides support to all employees, through our One Sun Wellness and community-based initiatives.

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 over and above gender and race, skills field of knowledge and experience, regional and industry experience, age and culture. Good progress was noted against the board's race and gender targets. In 2021, the board achieved its black director target of 50%, with 50% (2020: 58%) black representation, and exceeded the female director target of 30%, with 33% (2020: 33%) female representation. Going forward over the next three to five years, the board is working towards a greater than 50% female representation on Sun International's board. The board's and committees' 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.

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. Each unit works closely with local communities to develop their local supply chain. Units use a 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 continues 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. Sun International invested **R30.7 million** (2020: R30.9 million) and **R8.3 million** (2020: R6.9 million) in supplier development and enterprise development, respectively, during 2021.

Eleven beneficiaries (2020: 10) were supported through Sun International's formal business development support process and the online tender bulletin board, which 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 whom we interact. Our units' SED and CSI projects focus on addressing the needs of the community, as identified through our community stakeholder engagement process. The group's revised SED policy includes special projects as opposed to simply focusing on education, sports, and arts and culture projects. R14 million (2020: R18.6 million) was invested in making a difference in the lives of community members, as well as employees who were severely impacted by the Covid-19 pandemic. We continue to improve the reporting of our CSI and invested R13.1 million (2020: R7.1 million) in CSI initiatives, of which R2 million (2020: R1.6 million) was invested in education funding for employees and their families.

During 2021, we embarked on an impact assessment to evaluate the effectiveness of our group's flagship educational programmes – Adopt a School, Rise Against Hunger and Read to Rise. Our Adopt a School programme supports 28 schools, with an average funding of **R10.5 million** over two years and approximately 20 jobs have been created for local suppliers through this programme. Over the past two years (2020 and 2021), the Grade 12's achieved an **88.7%** average learner pass rate. Sun International has supported the Rise Against Hunger initiative for the past five years and over **1.4 million meals** have been sponsored and packaged. This equates to providing nutritious meals for over **5 300 children** per week for an entire year. Our partnership with Read to Rise has resulted in over **11 300 books** being sponsored to **17 primary schools** where over **4 700 learners** have benefited, since 2016. A database of all donations, charitable givings and sponsorships made by the group is maintained, which gets reported on at social and ethics committee meetings.

All our selected programmes align closely with the following SDGs: SDG2 (zero hunger), SDG3 (good health and wellbeing), SDG4 (quality education) and SDG6 (clean water and sanitation). Initiatives also incorporate environmental and social elements where relevant.

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 and any minors found on the gambling floors, 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 regarding responsible gambling to the social and ethics committee. Group compliance monitors the group's gaming entities for compliance with prescribed requirements and reports its observations to the social and ethics committee. In 2019, the National Gambling Bill (including its draft regulations) proposed the implementation of a national exclusion programme. In 2021, this Bill was circulated to the National Council of Provinces for a vote to enable the Bill to progress to Parliament to be enacted. The Bill did not receive sufficient votes, which prevented it from being submitted to Parliament. The Western Cape Gambling and Racing Board (WCGRB) draft research report, on a proposed pre-commitment system to further assist problem gamblers and to prevent the risk of persons becoming problem gamblers, is still under consideration. The WCGRB continues to conduct research on the impact this proposed system will have on the gaming industry. Sun International's Western Cape gaming entities continue to participate in this research.

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's ENVIRO-AMBITION 2025 five-year strategy maps our journey towards being at the forefront of sustainable environmental management in the hospitality sector and outlines our KPIs and mechanisms for realising our environmental ambition. This approach also considers the group's sustainable business strategy, the SDGs and international best practices such as the Task Force on Climate-related Financial Disclosures. Our various KPIs were updated to reflect our journey and assist in monitoring and evaluating progress in achieving our ambition.

The health, safety and wellbeing of our employees and guests continues to be a key focus area for the group. In 2021, we adopted a back-to-basics approach in line with the group's five-year health, safety, and wellness strategy to ensure that all

initiatives started prior to 2020 were being implemented. Key initiatives included the group SHE management system and medical surveillance programme implementation, aligning training requirements where possible, integrating health and safety into the group's wellness programme, and embedding a sustainability culture. We are further pleased to report that there were no fatalities for the year under review.

Sun International continues to mitigate the impact of the Covid-19 pandemic through industry-leading interventions that are aligned with global best practice and local legislation.

During 2021, the group developed a vaccination strategy that includes a vaccination policy and a vaccination rollout plan to encourage employees to have the Covid-19 vaccination. The vaccination policy focuses on a voluntary vaccination approach. It also details how risk assessments are considered, the rollout of a workplace vaccination programme, the enforcement of Covid-19 protocols, the prevention of unfair discrimination and communication on the vaccine. Community vaccination sites have been set up at Sun City and the Wild Coast and workplace vaccination sites were established at GrandWest, Carnival City and Time Square for a short period of time. A Covid-19 vaccination awareness portal was launched on the group's Sun Talk platform, to provide updated Covid-19 and vaccination-related information.

Based on the committee's performance during the year, it is satisfied that it has fulfilled its mandate in terms of the Companies Act read with Regulation 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 2021 financial year, Sun International was compliant, in all material respects, with 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 are paramount. During 2021, the IT governance sub-committee approved the new privacy policy and information office operating mandate. The information office management structure and reporting structure was also established, which includes an information officer, deputy information officers and privacy champions. We continue to enhance our controls 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 13 POPIA applications and one application was received in terms of the Promotion of Access to Information act, 2000 (PAIA).

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, 2021 as they pertain to the social and ethics committee.
- ▶ Monitoring any proposed JSE Listings Requirements amendments as may pertain to the social and ethics committee.
- ▶ Ensuring that the committee continues to review its mandate and terms of reference to ensure that it is aligned with the Companies Act and 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, ethically and responsibly in accordance with the equal pay for work of equal value principle and addresses 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.
- ▶ Monitoring any concerns relating to the group's environmental, social and governance strategy.
- ▶ Responsible online gambling programme.
- ▶ Implementing a remote hybrid work policy.

Shareholders were advised on 11 March 2022, that in accordance with paragraph 3.59 of the JSE Listings Requirements, I had indicated that I intend on retiring from the Sun International board at the 2022 AGM, which will be taking place on 10 May 2022. I will not be standing for re-election as a director. Ms ZP Zatu was appointed the new chairman of the social and ethics committee with effect from 10 May 2022.

I would like to thank Sun International for their confidence in me over the last 12 years and wish the group well in its future endeavours. I welcome Ms ZP Zatu as the committee's new chairman, with effect from 10 May 2022. It has been an honour, privilege and pleasure to serve as chairman of the social and ethics committee.

BOITUMELO MAKGABO-FISKERSTRAND

Chairman of the social and ethics committee

14 March 2022