

## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**The definitions and interpretations commencing on page 5 of this Circular apply throughout this Circular, including this front cover.**

### **Action required**

This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action required by Shareholders", which commences on page 2.

If you are in any doubt as to what action you should take, please consult your Broker, CSDP, banker, attorney or other professional adviser immediately.

If you have disposed of all your Shares, this Circular should be handed to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

Sun International does not accept responsibility, and will not be held liable, for any action of, or omission by, any Broker or CSDP including, without limitation, any failure on the part of the Broker or CSDP of any beneficial owner of Shares to notify such beneficial owner of the details set out in this Circular.



### **Sun International Limited**

(Incorporated in the Republic of South Africa)

(Registration number 1967/007528/06)

Share code: SUI & ISIN code: ZAE000097580

LEI 378900835F180983C60

("Sun International" or "the Company")

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## **CIRCULAR TO SHAREHOLDERS**

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### **regarding:**

- the adoption of the new Sun International 2020 Conditional Share Plan.

### **and incorporating:**

- a notice convening the General Meeting; and
- a form of proxy (*blue*) in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with Own-name Registration only).

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### **Financial Advisor and Sponsor**

*Out of the Ordinary*<sup>®</sup>



Specialist Bank

### **Corporate Law Advisor**



CLIFFE DEKKER HOFMEYR

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Date of issue: Thursday, 26 March 2020

Copies of this Circular, which are available in English only, may be obtained at the Company's registered office during normal business hours from 9am until 5pm, on Business Days, from Thursday, 26 March 2020 until Monday, 4 May 2020 and is also available on the Company's website [www.suninternational.com](http://www.suninternational.com) from Thursday, 26 March 2020. The addresses of the Company and the Transfer Secretaries are set out in the "Corporate Information" section.

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## CORPORATE INFORMATION

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### **Company Secretary and Registered Office**

Sun International Limited  
(Registration number 1967/007528/06)  
Company Secretary: AG Johnston  
6 Sandown Valley Crescent  
Sandton  
2196  
(PO Box 784487, Sandton, 2146)

### **Financial Advisor and Sponsor**

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

### **Meeting Specialist**

The Meeting Specialist Proprietary Limited  
JSE Building  
One Exchange Square  
Gwen Lane  
Sandown  
2196

**Date and Place of Incorporation:** 11 July 1967, South Africa

**Company website:** [www.suninternational.com](http://www.suninternational.com)

### **Corporate Law Advisor**

Cliffe Dekker Hofmeyr Incorporated  
(Registration number 2008/018923/21)  
1 Protea Place  
Sandton  
2196  
(Private Bag X36, Sunninghill, 2157)

### **Transfer Secretaries**

Link Market Services Proprietary Limited  
(Registration number 2000/007239/07)  
13th Floor  
19 Ameshoff Street  
Braamfontein  
2001  
(PO Box 4844, Johannesburg, 2000)

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## ACTION REQUIRED BY SHAREHOLDERS

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**This Circular is important and requires your immediate attention.**

**Please take careful note of the following provisions regarding the action required by Shareholders:**

- If you are in any doubt as to what actions to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.
- If you have disposed of all of your Shares, this Circular should be handed to the purchaser of such Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
- The General Meeting will be held at 09:00 on, Monday, 4 May 2020 at The Maslow Hotel, corner Grayston Drive and Rivonia Road, Sandton, Gauteng, South Africa for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions set out in the attached Notice of General Meeting and forming part of this Circular.

### 1. **DEMATERIALIZED SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALIZED SHAREHOLDERS**

#### 1.1 **Voting at the General Meeting**

- 1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 1.1.2 If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- 1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- 1.1.4 You must **not** complete the attached form of proxy.

#### 1.2 **Attendance and representation at the General Meeting**

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting and if so, your Broker or CSDP will issue the necessary letter of representation to you to attend and vote at the General Meeting.

### 2. **CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALIZED SHAREHOLDERS**

#### 2.1 **Voting and attendance at the General Meeting**

- 2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.
- 2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions contained therein and returning it to The Meeting Specialist, to be received by them, for administrative purposes only, by no later than 09:00 on Thursday, 30 April 2020, alternatively to be handed to the chairman of the General Meeting prior to its commencement.

**Sun International does not accept any responsibility, and will bear no liability, for any failure or delay on the part of a CSDP or Broker to notify a Dematerialised Shareholder of this Circular, its content, the General Meeting or otherwise.**

### 3. **DEMATERIALIZATION**

If you wish to dematerialise your Shares, please contact your Broker.

#### 4. **ELECTRONIC PARTICIPATION**

- 4.1 Please note that the Company intends to make provision for Shareholders, or their proxies, who are entitled to attend thereat, to participate in the General Meeting by way of a teleconference call, provided that the Shareholders or their CSDP or Broker (as the case may be) must give written notice to the Company, per the Company Secretary, Mr AG Johnston, either by e-mail at [andrew.johnston@suninternational.com](mailto:andrew.johnston@suninternational.com) or at the Company's registered office address (by way of physical delivery) and such notice must be received by the Company by no later than 48 hours prior to the date of the General Meeting.
- 4.2 If no notice is received by the Company at least 48 hours prior to the date of the General Meeting, then the Company shall not make provision for Shareholders to participate in the General Meeting by way of a teleconference call. However, if the Company timeously receives the above notice, then the Company will provide a teleconference facility and furnish the Shareholders or their CSDP or Broker (as the case may be) with the dial in code and pin number.

Shareholders participating in this manner will still need to appoint a proxy to vote on their behalf at the General Meeting. Access to this means of electronic communication will be at the expense of Sun International. Shareholders and their proxies will not be entitled to vote through their electronic participation at the General Meeting. Shareholders who wish to exercise their voting rights should do so as set out in paragraphs 1 or 2 above (as applicable).

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## SALIENT DATES AND TIMES

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The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this salient dates and times section.

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**2020**

Record date to determine which Shareholders are entitled to receive the Circular incorporating the Notice of General Meeting	Friday, 20 March
Announcement advising of the posting of this Circular and giving the date and place of the General Meeting released on SENS on	Thursday, 26 March
Circular and Notice of General Meeting posted to Shareholders on	Thursday, 26 March
Last day to trade in the Shares in order to participate and vote at the General Meeting	Tuesday, 21 April
Record date to participate in and vote at the General Meeting	Friday, 24 April
Last day to lodge forms of proxy for the General Meeting by 09:00, for administrative purposes only, on	Thursday, 30 April
General Meeting held at 09:00 on	Monday, 4 May
Results of the General Meeting released on SENS on	Monday, 4 May

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### Notes:

1. All times referred to in this Circular are local times in South Africa.
2. Any variation of the above dates and times will be approved by the JSE and released on SENS.
3. Shareholders should note that, as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, persons who acquire Shares after the last day to trade in order to be eligible to vote at the General Meeting, namely, Tuesday, 21 April 2020, will not be able to vote thereat.
4. A Shareholder may submit the form of proxy (*blue*) at any time before the commencement of the General Meeting (or any adjournment of the General Meeting).
5. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column, and words and expressions in the singular shall include the plural and *vice versa*, words importing natural persons shall include juristic persons and unincorporated associations of persons and *vice versa*, and any reference to one gender shall include the other gender.

<b>“AGM”</b>	the annual general meeting of the Shareholders of Sun International convened in terms of the MOI and the Companies Act;
<b>“Annual LTI Allocation”</b>	the annual LTI allocation in relation to the CSP in respect of Eligible Employees (expressed as a percentage of TCOE) determined by the Remuneration Committee from time to time and/or provided for in the Company’s Remuneration Policy;
<b>“Board” or “Directors”</b>	the board of directors of Sun International, whose names appear on page 8 of this Circular;
<b>“Bonus Share Matching Plan”</b>	the existing Bonus Share Matching Plan of Sun International, as amended from time to time;
<b>“Broker”</b>	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or official public holiday in South Africa;
<b>“Certificated Shareholders”</b>	all registered holders of Certificated Shares;
<b>“Certificated Shares”</b>	Shares represented by share certificates or other written instruments, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
<b>“CIPC”</b>	the Companies and Intellectual Property Commission, established in terms of the Companies Act;
<b>“Circular”</b>	this circular to Shareholders, dated Monday, 30 March 2020, the Notice of General Meeting and the form of proxy ( <i>blue</i> ) in respect of the General Meeting;
<b>“Companies Act”</b>	the Companies Act, 2008 (Act 71 of 2008), as amended;
<b>“CSDP”</b>	a “participant” as defined in the Financial Markets Act, being a person that holds in custody and administers securities or an interest in securities and that has been accepted by a central securities depository as a participant in terms of section 31 of the Financial Markets Act;
<b>“CSP” or “new LTI share plan”</b>	the rules of the proposed new Sun International 2020 Conditional Share Plan, to be adopted by Shareholders at the General Meeting;
<b>“Dematerialised Shareholders”</b>	all registered holders of Dematerialised Shares;
<b>“Dematerialised Shares”</b>	Shares that have been dematerialised through a Broker or CSDP in terms of the requirements of Strate and which are recorded in an uncertificated securities register forming part of Sun International’s securities register;
<b>“EGP”</b>	the existing Sun International Equity Growth Plan 2005, as amended from time to time;
<b>“EGP Rights”</b>	conditional rights granted from time to time to key employees of the Group in accordance with the EGP;
<b>“Eligible Employee”</b>	a person eligible for participation in the CSP, being senior executives and senior managers employed by the Group who are at a Hay Level of 21 or higher;

<b>“Existing Managerial Share Incentive Plans”</b>	collectively, Sun International's existing share incentive schemes excluding the CSP, namely the EGP and the Bonus Share Matching Plan;
<b>“Financial Markets Act”</b>	the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
<b>“Forfeitable Shares”</b>	Shares awarded under the CSP as STI Matching Shares and/or Performance Shares, but excluding Open Market Shares acquired by or for and on behalf of a Participant;
<b>“General Meeting”</b>	the general meeting of Shareholders to be held at 09:00 on Monday, 4 May 2020, at The Maslow Hotel, corner Grayston Drive and Rivonia Road, Sandton, Gauteng, South Africa for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions set out in the Notice of General Meeting forming part of this Circular;
<b>“Group”</b>	Sun International and its Subsidiaries;
<b>“HEPS”</b>	headline earnings per share of Sun International, as may be adjusted from time to time for exceptional items, as approved by the Remuneration Committee and confirmed by the Sun International audit committee;
<b>“Issued Shares”</b>	the total number of Sun International ordinary Shares in issue (being 136 730 964), including Treasury Shares (being 10 854 894), as at the Last Practicable Date;
<b>“JSE”</b>	either JSE Limited (registration number: 2005/022939/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and which is licensed to operate an exchange under the Financial Markets Act, or the securities exchange operated by JSE Limited, depending on context;
<b>“King IV”</b>	the King IV Report on Corporate Governance for South Africa 2016, released on 1 November 2016 and which became effective for financial years commencing from 1 April 2017;
<b>“Last Practicable Date”</b>	Wednesday, 18 March 2020, being the last practicable date prior to the finalisation of this Circular;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time;
<b>“LTI”</b>	long-term share based incentives in relation to Sun International, granted and/or awarded, as the case may be, to key employees of the Group in South Africa from time to time;
<b>“Meeting Specialist”</b>	The Meeting Specialist Proprietary Limited (registration number: 2017/287419/07) a private company duly registered and incorporated in accordance with the company laws of South Africa;
<b>“MOI”</b>	the Memorandum of Incorporation of Sun International, as amended from time to time;
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting, which is attached to, and forms part of, this Circular;
<b>“Open Market Shares”</b>	Shares acquired in the open market by or for and on behalf of Eligible Employees, using their post-tax STI proceeds, in accordance with the CSP;
<b>“Own-name Registration”</b>	Dematerialised Shareholders who have instructed their CSDP to hold their Shares in such Shareholders' own name on the uncertificated securities registers of Sun International;
<b>“Participants”</b>	Eligible Employees to whom an award has been made in terms of the CSP and who have accepted such award;
<b>“Performance Shares”</b>	Forfeitable Shares awarded to a Participant and identified as such, which are subject to, among others, the achievement of financial performance conditions in order for vesting to take place;



<b>“R”</b>	South African Rand, the official currency of South Africa;
<b>“Register”</b>	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
<b>“Remuneration Committee”</b>	The Sun International Remuneration Committee as constituted from time to time;
<b>“Restricted Shares”</b>	Shares which are the subject of the CSP, including Forfeitable Shares awarded to Eligible Employees in terms of the CSP as STI Matching Shares and/or Performance Shares and Open Market Shares acquired by, or for and on behalf of, a Participant and which have been matched by STI Matching Shares;
<b>“SENS”</b>	the Stock Exchange News Service, operated by the JSE;
<b>“Shareholders”</b>	all Certificated Shareholders and Dematerialised Shareholders of Sun International;
<b>“Shares”</b>	ordinary shares of nil par value in Sun International;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“STI”</b>	annual short-term incentive, otherwise known as the Executive Bonus Scheme, payable to an Eligible Employee in respect of the immediately preceding financial year;
<b>“STI Matching Shares”</b>	Forfeitable Shares awarded under the CSP to Eligible Employees to match the number of Open Market Shares acquired by or for and on behalf of Eligible Employees using their post-tax STI proceeds;
<b>“Strate”</b>	Strate Proprietary Limited (registration number: 1998/022242/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, and which is a registered central securities depository responsible for the electronic settlement system used by the JSE;
<b>“Subsidiaries”</b>	subsidiary companies as defined in Section 3 of the Companies Act;
<b>“Sun International” or “the Company”</b>	Sun International Limited (registration number: 1967/007528/06), a limited liability public company duly incorporated in South Africa and listed on the JSE;
<b>“TCOE”</b>	total cost of employment of an Eligible Employee;
<b>“Transfer Secretaries”</b>	Link Market Services Proprietary Limited (registration number: 2000/007239/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, the details of which are set out in the Corporate Information section of this Circular; and
<b>“Treasury Shares”</b>	Shares held by the Company's subsidiary companies



## Sun International Limited

(Incorporated in the Republic of South Africa)  
(Registration number 1967/007528/06)  
Share code: SUI & ISIN code: ZAE000097580  
LEI 378900835F180983C60  
("Sun International" or "the Company")

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## CIRCULAR TO SHAREHOLDERS

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### Directors:

#### *Executive*

AM Leeming (*Chief Executive*)

N Basthdaw (*Chief Financial Officer*)

#### *Non-executive*

JA Mabuza\* (*Chairman*)

PL Campher\* (*Lead Independent Director*)

PD Bacon\*

EAMMG Cibie\*

GW Dempster\*

Dr NN Gwagwa\*

CM Henry\*

VP Khanyile\*

SN Mabaso-Koyana\*

BLM Makgabo-Fiskerstrand\*

S Sithole (alternate –TR Ngara)

ZP Zatu\*

*\*Independent*

### I. INTRODUCTION

- I.1 Shareholders are referred to the Company's annual statutory report for the financial year ended 31 December 2018, which was released by the Company on Friday, 29 March 2019, when, among other matters, the Company advised that it would be proposing a new LTI share plan to Shareholders.
- I.2 A review of Sun International's current share-based incentive arrangements in light of evolving best practice governance as set out in King IV has resulted in Sun International concluding that the EGP currently in operation and the manner in which EGP Rights have been granted and implemented to date is sub-optimal.
- I.3 The proposed new CSP will align Sun International with current market best practice in this field and provide for the inclusion of a number of performance conditions, designed to align the interests of Participants with those of the Shareholders. The proposed new CSP will reward, motivate and retain executives and selected senior managers and encourage them to build up a personal shareholding in Sun International.
- I.4 Following the passing of ordinary resolutions numbers 1 and 2 contained in this Circular, no further EGP Rights will be granted under the EGP. The EGP will be run down until there are no further vested and unexercised EGP Rights.
- I.5 The proposed new CSP rules to be tabled to Shareholders are summarised as set out in this Circular. The Board has proposed the adoption of the new CSP to ensure that the Company's policy and strategy around its LTIs align with the interests of Shareholders and best market practice.

## 2. **PURPOSE OF THIS CIRCULAR**

- 2.1 The purpose of this Circular, and the accompanying Notice of General Meeting, is to provide Shareholders with relevant information as regards the proposed new CSP. This information will enable Shareholders to make an informed decision as to whether or not they should vote in favour of the resolutions to be proposed at the General Meeting.
- 2.2 A General Meeting has been convened in terms of the Notice of General Meeting as attached to this Circular, for Monday, 4 May 2020 at 09:00 or at any other adjourned or postponed time and date determined in accordance with the provisions of the Companies Act, as read with the Listings Requirements, at which the Shareholders can consider and if deemed fit, pass, with or without modification, the resolutions as set out in the Notice of General Meeting attached hereto.

## 3. **SALIENT FEATURES OF THE PROPOSED NEW CSP**

### 3.1 **Rationale for the Proposed New CSP**

As previously indicated to Shareholders, concerns have been expressed by investors regarding the structure and financial performance conditions applied by the Group in the award and grant of LTIs to senior executives and senior managers of the Group.

Management of the Company has consulted with certain independent remuneration consultants, as well as major investors, to better understand what would be regarded as best practice in the South African market in terms of the award of long-term share based incentives to Eligible Employees.

Taking the input of these remuneration consultants and investors into consideration, and applying the principles enunciated in King IV, management has developed and proposes a new LTI share plan known as the CSP to be implemented by Sun International to incentivise Eligible Employees.

The proposed new CSP as recommended by the Remuneration Committee and endorsed by the Board, and which requires Shareholder approval, is summarised in this Circular.

### 3.2 **Salient Features of the Proposed New CSP**

The salient features of the proposed new CSP are detailed below:

#### 3.2.1 **Purpose**

The purpose of the proposed new CSP is to attract, motivate, reward and retain Eligible Employees who are able to influence the performance of Sun International, on a basis, which aligns their interests with those of the Shareholders.

In addition, the proposed new CSP will also encourage Eligible Employees to build up a personal shareholding in the Company thereby satisfying Shareholders' requirements that senior executives build up a minimum shareholding in the Company.

#### 3.2.2 **General Description of the Proposed New CSP**

Annually the Group awards STIs to Eligible Employees who have performed and earned a STI in respect of the preceding financial year.

The maximum STI which can be earned by an Eligible Employee is calculated based on a percentage of his/her TCOE, depending on the level of seniority of the Eligible Employee in question and subject to him/her achieving the financial and non-financial targets set out in respect of the previous financial year. A table setting out these percentages is contained in the Sun International Remuneration Policy, which was approved by Shareholders at the 2019 AGM of the Company.

Furthermore and on an annual basis, the Group awards LTIs to Eligible Employees based on a pre-determined percentage of each Eligible Employee's TCOE, again depending on his/her level of seniority in the organisation. These percentages are determined by the Remuneration Committee from time to time and are published in the Sun International Remuneration Policy.

There are two components of the proposed new CSP in terms of which Shares will be awarded to Eligible Employees as set out below. These components will be influenced by whether or not a STI is paid to the Eligible Employee in respect of the immediately preceding financial year.

### 3.2.2.1 **First Component of the Proposed New CSP**

- The first component of the proposed new CSP entails an award of STI Matching Shares by Sun International to Eligible Employees who have acquired Open Market Shares (using the post-tax proceeds of their STI) and who are required to remain employed by the Group for a period of not less than three years from the date of the award of these STI Matching Shares.
- Eligible Employees shall be entitled to STI Matching Shares with a maximum aggregate value equal to the lower of 25% of their Annual LTI Allocation or the post-tax proceeds of the STI payable in respect of the immediately preceding financial year and used to acquire Open Market Shares.
- Both the Open Market Shares acquired by Eligible Employees and the STI Matching Shares awarded by Sun International will be treated as Restricted Shares for the period of not less than three years from the date of their award. Provided that Participants remain in the employment of the Group on the expiry of such period, these STI Matching Shares will vest.
- No financial performance conditions will apply in respect of Open Market Shares acquired by Participants or STI Matching Shares awarded by Sun International, which will be used predominantly as a retention mechanism and as a method for Participants to build up a meaningful shareholding in the Company.

### 3.2.2.2 **Second Component of the Proposed New CSP**

- The second component of the proposed new CSP involves the annual award of Performance Shares to Eligible Employees. The vesting of these Performance Shares will be subject to performance conditions as described below.
- Eligible Employee may be awarded Performance Shares in respect of a financial year up to that number of Shares as is equal in value, measured at the 5 trading day volume weighted average price of the Shares, to the Annual LTI Allocation of the Eligible Employee for that financial year, less the value of the award of STI Matching Shares that the Eligible Employee is entitled to for that financial year.
- Performance Shares will be awarded annually by Sun International to Eligible Employees and will be Restricted Shares.
- Performance Shares will be subject to a condition that vesting will take place after a period of not less than three years from their date of award, provided the Eligible Employee remains employed by the Group or unless the circumstances in 3.5 below apply. Vesting of any Performance Shares will in addition be subject to certain relevant financial metrics being met by the Group which will be set based on, among others, appropriate capital return metrics.
- The performance conditions will be set by the Remuneration Committee from time to time. Initially the performance conditions, which will be applied towards the vesting of the Performance Shares, will be based on the following:-
  - 50% on cash return on invested capital; and
  - 50% on HEPS.

The cash return on invested capital to be achieved over a three year period from the date of award of the relevant Performance Shares under the proposed new CSP will be based on the historical equity capital plus interest bearing debt invested in the Group and the Group's weighted average cost of capital (**WACC**). Achieving the target under this condition will result in 50% of the relevant Performance Shares attaching to this condition vesting, achieving the target plus 2% or more will result in all of the relevant Performance Shares attaching to this condition vesting, and achieving more than the target and less than the target plus 2% will result in a proportionate amount of the relevant Performance Shares vesting.

The target for HEPS will be based on inflation plus 6% real growth over a three year period calculated from the date of award of the Performance Shares.

## 3.3 **Eligibility**

Only Eligible Employees, as selected by the Remuneration Committee may participate in the proposed new CSP.

The Annual LTI Allocation of Shares to be initially awarded to Eligible Employees in terms of the proposed new CSP will be as follows:

<b>Eligible Employee</b>	<b>Annual LTI allocation expressed as a % of TCOE</b>
Sun International Chief Executive (Hay Level 28)	90%
Sun International CFO and COO (Hay Level 26)	70%
Other Sun International Senior Executives (including large unit General Managers) (Hay Levels 23–25)	65%
Remaining Unit General Managers/Senior Group Managers (Hay Levels 21 and 22)	40%

### 3.4 **Limits and Dilutionary Effect**

#### **Overall Limit**

The aggregate number of Shares at any one time, which may be utilised for awards under the proposed new CSP through the issue of Shares or transfer of Treasury Shares shall not exceed 6 836 548 Shares, being 5% of the issued Shares as at the date that the proposed new CSP is first approved.

#### **Individual Limit**

The fixed maximum number of Shares which may be allocated in respect of all awards to any one Participant in terms of the proposed new CSP through the issue of Shares or transfer of Treasury Shares shall not exceed 683 655 Shares, being 0.5% of the issued Shares as at the date that the proposed new CSP is first approved.

In the determination of the number of Shares, which may be acquired by or settled to Participants, Shares acquired as Open Market Shares or on the open market shall not be counted towards the overall or individual limits referred to above.

#### **Accounting Effect**

From an earnings perspective, financial models run by Sun International indicate that the accounting cost to be borne by the Group under the proposed new CSP will be similar to that incurred under the existing Bonus Share Matching Plan.

#### **EGP and Bonus Share Matching Plan Limits**

For the sake of clarity, Sun International will not use any of the Shares previously authorised by Shareholders to fulfil its obligations under the Existing Managerial Share Incentive Plans to meet its obligations under the proposed new CSP. No further EGP Rights will be granted under the EGP following the approval of the proposed new CSP and the EGP will be run down until there are no further vested and unexercised EGP Rights. Bonus matching shares will continue to be awarded to eligible employees between Hay Grades 18-20 in terms of the rules of the Bonus Share Matching Plan, but only to the extent as provided for in terms of those rules and subject to the limits previously approved by Shareholders in general meeting. To the extent that the Shares authorised for use under any of the Existing Managerial Share Incentive Plans are not used under those plans they will not be available for use under the proposed new CSP.

### 3.5 **Termination of Employment**

The impact of a termination of employment on Forfeitable Shares is dependent on the reason for termination. Termination of employment of a Participant by the Group by reason of:-

- death;
- injury, disability or ill health, in each case as certified by a qualified medical practitioner nominated by the relevant Group company;
- retrenchment based on operational requirements as contemplated in the Labour Relations Act, as amended from time to time;
- retirement; or
- any other circumstances which the Remuneration Committee deems appropriate,

may result in the Remuneration Committee deeming all or part of the unvested Forfeitable Shares of the relevant Participant to vest.

Any other termination of employment by a Participant will result in Forfeitable Shares, which have not yet vested being forfeited.

Participants may also in certain circumstances be required to refund Sun International any dividends paid on STI Matching Shares and Performance Shares during the restricted period.

The rules of the CSP provide for malus and clawback provisions entitling the Company to cancel awards of Forfeitable Shares and clawback benefits received by Participants in defined circumstances.

### 3.6 **Share Settlement Method**

In order to minimise volatility and earnings due to IFRS 2 and to promote tax neutrality for the Company, it is envisaged that awards made under the proposed new CSP will be settled by any one or more of the following methods:

- the allotment and issue by the Company of such Shares into the name of the Participant;
- the transfer of Treasury Shares to the Participant; or
- the relevant employer company incurring an expense by providing funding to any third party of an amount equal to the relevant amount required to acquire Shares in settlement of the award on the basis that the third party will acquire the required number of shares on the open market for and on behalf of the Participant.

The Company anticipates settling Participants under the proposed new CSP through Shares acquired in the open market for and on behalf of Participants. Participants will not be required to pay any consideration for Shares settled on them.

In effecting settlement, the Company may utilise the services of a scrip lender or any other external third party to trade and thereby settle the Shares on behalf of the Participant.

Restricted Shares will be held in escrow for and on behalf of the Participants prior to vesting.

### 3.7 **Corporate Actions and Change of Control**

In the event of a takeover (as defined in the rules of the CSP) occurring or being proposed, the Remuneration Committee shall be entitled, in its sole discretion:-

- to declare some or all of the Restricted Shares to be vested and no longer subject to restrictions at a date or dates to be determined by the Board; and/or
- to declare that the CSP will continue in respect of some or all of the Restricted Shares with accelerated vesting and/or any appropriate resetting or adjustments to the vesting conditions.

If there is an internal reconstruction or other event or corporate action which does not constitute a takeover as defined in the CSP, or in the event of a rights issue, capitalisation issue, subdivision, consolidation, unbundling, other corporate action or other event affecting the Shares, including the Shares ceasing to be listed on the JSE, a distribution in specie or a repurchase of Shares, which, in the sole opinion of the Remuneration Committee, may affect an award or awards, the Remuneration Committee shall be entitled to make any adjustments or take any such action as it considers appropriate to protect the interests of the Participants, including converting awards and/or Restricted Shares into forfeitable share awards in respect of shares in one or more other companies, provided that the Participant is not materially prejudiced by such adjustments and provided that, in the case of a subdivision or consolidation, such adjustment will give the Participants the same proportion of the equity capital as that to which they were previously entitled..

### 3.8 **General Provisions**

#### **Poor Performance and Disciplinary Procedures**

Pending the final determination of any disciplinary or poor performance procedure against any Participant, the vesting and/or settlement of any award will be suspended.

As indicated, in addition to the foregoing, the rules of the CSP include both malus and clawback provisions.

#### **Rights Attaching to Shares Awarded Under the Proposed New CSP**

In terms of the proposed new CSP and during the period that the Shares are held as Restricted Shares for and on behalf of Participants, the Participants will be entitled to vote these Shares at general meetings and will likewise be entitled to receive dividends on these Shares during such period that they are held as Restricted Shares.

## **Amendments and Termination of the Proposed New CSP**

Except as set out hereunder, the Remuneration Committee may at any time, alter, vary or add to the CSP as it deems fit. Amendments made to the CSP may only affect awards to Participants that have already been made if they do not materially prejudice such Participants and subject to the Listings Requirements.

To the extent required under the Listings Requirements, the CSP may not be amended without the prior approval of the JSE and by ordinary resolution of Shareholders of Sun International in general meeting (passed by a 75% majority of votes cast in favour of such resolution by all Shareholders present in person or by proxy at the general meeting), it being recorded that the votes attaching to Forfeitable Shares shall not be counted.

The CSP shall endure for an indefinite period until terminated by a resolution of the Board or a resolution of Shareholders of Sun International, but that termination will not affect or modify any existing rights or obligations of the Participants and the Remuneration Committee will continue to administer the CSP, for so long as it may be necessary to give effect thereto.

### **Disputes**

Any dispute arising under the CSP shall be referred to the decision of an appropriate expert, nominated by the Remuneration Committee for that purpose, who shall act as an expert and not as an arbitrator.

## **4. LITIGATION STATEMENT**

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which the Group is aware, which may have or have had a material effect on the financial position of Sun International in the last twelve months.

## **5. OPINIONS AND RECOMMENDATIONS**

A disinterested quorum of Directors have recommended that Shareholders vote in favour of all the resolutions tabled in the Notice of General Meeting which forms part of this Circular and advise that, in respect of their own shareholding in Sun International, were they able to vote their Shares under the Listings Requirements, they would vote in favour of all the resolutions contained in such notice.

## **6. GENERAL MEETING OF SHAREHOLDERS**

The General Meeting of Shareholders will be held at 09:00 on, Monday, 4 May 2020 at The Maslow Hotel, corner Grayston Drive and Rivonia Road, Sandton, Gauteng, South Africa to consider and, if deemed fit, pass, with or without modification, the resolutions contemplated in the Notice of General Meeting required to adopt the rules of the proposed new CSP.

A notice convening the General Meeting and a form of proxy (*blue*), for use by Certificated Shareholders and Dematerialised Shareholders with Own-name Registration who are unable to attend the General Meeting, forms part of this Circular. Dematerialised Shareholders without own name registration must inform their CSDP or Broker of their intention to attend the General Meeting and obtain the necessary letter of representation to attend, or provide their CSDP or Broker with their voting instructions should they wish to vote and are not able to attend the General Meeting in person. This must be done in terms of the agreement entered into between the Shareholders and the CSDP or Broker concerned.

## **7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names are given on page 8 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required by law and the Listings Requirements, as applicable.

## **8. CONSENTS**

The financial advisor, sponsor, corporate law advisor and the Meeting Specialist have consented in writing to act in the capacities stated and to their names being stated in this Circular and have not withdrawn their consent prior to its publication.

9. **DOCUMENTS AVAILABLE FOR INSPECTION**

Originals (or copies thereof) of the following documents relating to Sun International and relevant to this Circular, will be available for inspection during business hours on Business Days at the registered office of Sun International at 6 Sandown Valley Crescent, Sandown, Sandton, Johannesburg and on the Company's website on <https://corporate.suninternational.com/investors> from Monday, 30 March 2020 until Monday, 4 May 2020:

- The rules of the proposed new CSP;
- A signed copy of this Circular; and
- The consent letters referred to in paragraph 8 above.

For and on behalf of:

**Sun International Limited**

**AM Leeming**

Chief Executive  
30 March 2020  
Johannesburg





## Sun International Limited

(Incorporated in the Republic of South Africa)  
(Registration number 1967/007528/06)

Share code: SUI & ISIN code: ZAE000097580

LEI 378900835F180983C60

("Sun International" or "the Company")

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## NOTICE OF GENERAL MEETING

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In this Notice of General Meeting words and expressions defined in the Circular accompanying same, and not defined in this notice, shall have the same meanings in this notice as those ascribed to them in the Circular.

Notice is hereby given that a General Meeting of the Shareholders will be held at 09:00 on, Monday, 4 May 2020 at The Maslow Hotel, corner Grayston Drive and Rivonia Road, Sandton, Gauteng, South Africa.

### ORDINARY RESOLUTION 1: ADOPTION OF NEW LTI SHARE PLAN

"Resolved that the Sun International 2020 Conditional Share Plan (the "new LTI share plan"), a copy of which has been initialled by the Chairman of the General Meeting for purposes of identification and tabled at this General Meeting, the salient features of which are set out in Section 3 of the Circular, be and is hereby approved and that the Directors of the Company be and they are hereby authorised to take all such steps as may be necessary for the establishment and carrying into effect of the new LTI share plan, including, to the extent necessary the allotment and issue of Shares on the terms and conditions set out in the new LTI share plan to Participants, including executive Directors of the Company."

The reason for ordinary resolution number 1 is that the Directors of the Company consider it to be in the best interests of the Company that a new LTI share plan be adopted so as to ensure that appropriate incentives are granted to employees of the Company and its subsidiaries, to encourage and motivate continued growth and profitability within the Company and to promote the retention of the Company's employees.

*In terms of the Listings Requirements, the approval of at least 75% of the voting rights exercised on ordinary resolution number 1 by Shareholders present or represented by proxy at this General Meeting will be required to pass this ordinary resolution.*

### ORDINARY RESOLUTION 2: PLACING OF THE AUTHORISED BUT UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS

"Resolved that, subject to the passing of ordinary resolution 1 above, the Shares in the authorised but unissued share capital of the Company be and are hereby placed under the control of the Directors of the Company, with the power to allot and issue these Shares in accordance with and for the purposes of the new LTI share plan, subject to the maximum overall limit of 6 836 548 Shares, and subject further to the provisions of the Companies Act, the Listings Requirements and the Company's MOI".

*For ordinary resolution number 2 to be passed, votes in favour of the resolution must represent more than 50% of the voting rights exercised at the General Meeting.*

### RECORD DATE

The record date for the purpose of determining which Shareholders are entitled to receive Notice of the General Meeting was Friday, 20 March 2020.

The record date for purposes of determining which Shareholders are entitled to participate in and vote at the General Meeting is Friday, 24 April 2020. Accordingly, only Shareholders who are registered in the register of members of the Company on Friday, 24 April 2020 will be entitled to attend, speak and vote at the General Meeting.

### VOTING

The Shareholders will be entitled to attend the General Meeting and to vote on the resolutions set out above. All voting at the General Meeting will take place by way of a poll and every Shareholder shall have one vote for every Share held or represented. All the issued Shares rank *pari passu* with each other.

In terms of, among others, the Companies Act and the Listings Requirements, no voting rights attaching to the Treasury Shares may be exercised at the General Meeting. In addition to the foregoing, Shares held by an employee share incentive trust or plan or by persons who are existing participants in the Bonus Share Matching Plan, incorporating Bonus Matching Shares and Restricted Shares, will not be entitled to exercise any voting rights attached to them at the General Meeting in respect of ordinary resolutions numbers 1 and 2.

## **IDENTIFICATION**

All participants at the General Meeting (whether Shareholders or proxies) are required in terms of section 63(1) of the Companies Act to provide satisfactory identification.

## **ELECTRONIC PARTICIPATION**

Please note that the Company intends to make provision for Shareholders of the Company, or their proxies, who are entitled to attend thereat, to participate in the General Meeting by way of a teleconference call, provided that the Shareholders or their CSDP or Broker (as the case may be) must give written notice to the Company, per the Company Secretary, Mr AG Johnston, either by e-mail at [andrew.johnston@suninternational.com](mailto:andrew.johnston@suninternational.com) or at the address given below (by way of physical delivery) and such notice must be received by the Company by not later than 48 hours prior to the date of the General Meeting.

If no notice is received by the Company at least 48 hours prior to the date of the General Meeting, then the Company shall not make provision for Shareholders to participate in the General Meeting by way of a teleconference call.

However, if the Company timeously receives the above notice, then the Company will provide a teleconference facility and furnish the Shareholders or their CSDP or Broker (as the case may be) with the dial in code and pin number.

Shareholders and their proxies will not be entitled to vote through their electronic participation at the General Meeting. Shareholders who wish to exercise their voting rights should do so as provided for in the Circular.

## **PROXIES**

A Certificated Shareholder or an Own-name Registration Dematerialised Shareholder may appoint one or more persons as its proxy to attend, speak, participate in and vote in its stead. A proxy need not be a Shareholder.

A form of proxy (*blue*) is attached for the convenience of Certificated Shareholders and Own-name Registration Dematerialised Shareholders who are unable to attend the General Meeting, but who wish to be represented thereat. Duly completed forms of proxy must be received by the Meeting Specialist, namely The Meeting Specialist Proprietary Limited, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196, by no later than 09:00 (South African time) on Thursday, 30 April 2020, for administrative purposes only. Notwithstanding the foregoing, a duly completed form of proxy for any Certificated Shareholder or Own-name Registration Dematerialised Shareholder may nevertheless be delivered to the Chairman of the General Meeting at any time prior to the start of the meeting.

Dematerialised Shareholders, other than with Own-name Registration, who have not been contacted by their CSDP or Broker with regard to how they wish to cast their votes, should contact their CSDP or Broker and instruct their CSDP or Broker as to how they wish to cast their votes at the General Meeting in order for their CSDP or Broker to vote in accordance with such instructions. If such Dematerialised Shareholders wish to attend the General Meeting in person, they must request their CSDP or Broker to issue the necessary letter of representation to them. This must be done in terms of the agreement entered into between such Dematerialised Shareholders and their CSDP or Broker.

By order of the Board

### **AM Leeming**

Chief Executive  
30 March 2020

### **Registered office:**

6 Sandown Valley Crescent  
Sandton  
2196  
(Private Bag 700, Sandton, 2146)

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**FORM OF PROXY**

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**Sun International Limited**

(Incorporated in the Republic of South Africa)  
(Registration number 1967/007528/06)  
Share code: SUI & ISIN code: ZAE000097580  
LEI 378900835F180983C60  
("Sun International" or "the Company")

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**FORM OF PROXY FOR THE GENERAL MEETING TO BE HELD AT THE MASLOW HOTEL, CORNER OF GRAYSTON DRIVE AND RIVONIA ROAD, SANDTON, JOHANNESBURG ON MONDAY, 4 MAY 2020 AT 09:00 – FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH 'OWN NAME' REGISTRATION ONLY**

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The definitions and interpretations commencing on page 5 of the Circular to which this form of proxy is attached also apply to this form of proxy.

Holders of Dematerialised Shares other than Own-name Registration must inform their CSDP or Broker of their intention to attend the General Meeting and request their CSDP or Broker to issue them with the necessary authorisation to attend the General Meeting in person or provide their CSDP or Broker with their voting instructions should they not wish to attend the General Meeting in person but wish to be represented thereat.

I/We \_\_\_\_\_ (Please print)

of (address) \_\_\_\_\_

Telephone number \_\_\_\_\_ Cell Phone number \_\_\_\_\_ E-mail address \_\_\_\_\_

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

the chairman of the General Meeting as my/our proxy to act for me/us and on my/our behalf at the General Meeting of the Company which will be held on Monday, 4 May 2020 at 09:00 and at any adjournment thereof for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name/s, in accordance with the following instructions:

	Number of Shares		
	For	Against	Abstain
Ordinary resolution 1: Adoption of new LTI share plan			
Ordinary resolution 2: Placing the authorised but unissued Shares under the control of the directors			

**Please indicate with an 'X' in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.**

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2020.

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

### **Notes to Form of Proxy and summary of applicable rights established by section 58 of the Companies Act:**

1. A Shareholder holding Dematerialised Shares by Own-name Registration, or who holds Shares that are not dematerialised, is entitled to appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a Shareholders meeting on behalf of the Shareholder. Such Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting 'the chairman of the General Meeting', provided that any such deletion must be signed in full by the Shareholder. The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the General Meeting. A proxy need not be a Shareholder of the Company.
2. All resolutions put to the vote shall be decided by way of a poll. A Shareholder is entitled on a poll, to 1 (one) vote per Share held. A Shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the Shareholder in the appropriate box(es). An 'X' in the appropriate box indicates the maximum number of votes exercisable by that Shareholder. Failure to comply with the above will result in the proxy not being authorised to vote or to abstain from voting at the General Meeting in respect of the Shareholder's votes, except in the case where the chairman of the General Meeting is the proxy. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder; or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Shareholder.
3. A proxy appointment must be in writing, dated and signed by the relevant Shareholder.
4. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatory.
5. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form, unless previously recorded by the Company or waived by the chairman of the General Meeting.
6. A minor must be assisted by his/her parent/guardian and the relevant documentary evidence establishing his/her legal capacity must be attached to this form of proxy unless previously recorded by the Company or waived by the chairman of the General Meeting.
7. When there are joint holders of Shares, any one holder may sign the form of proxy.
8. The chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A proxy may not delegate his/her authority to act on behalf of the Shareholder, to another person other than the chairman of the General Meeting.
10. The appointment of a proxy or proxies:-
  - a. is suspended at any time to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder;
  - b. is revocable in which case the Shareholder may revoke the proxy appointment by:
    - i. cancelling it in writing or making a later inconsistent appointment of a proxy; and
    - ii. delivering a copy of the revocation instrument to the proxy and to the Company.
11. Should the instrument appointing a proxy or proxies have been delivered to the Company, as long as the appointment remains in effect, any notice that is required by the Companies Act or the Company's MOI to be delivered by such Company to the Shareholder, must be delivered by such Company to:-
  - a. the Shareholder; or
  - b. the proxy or proxies, if the Shareholder has directed the Company to do so in writing and has paid any reasonable fee charged by the Company for doing so.
12. The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
13. It is requested that this form of proxy should be completed and returned to The Meeting Specialist Proprietary Limited, JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 (P O Box 62043, Marshalltown, 2107), so as to reach them, for administrative purposes only, by not later than 09:00 on Thursday, 30 April 2020, alternatively to be handed to the chairman of the General Meeting prior to its commencement at 09:00 on Monday, 4 May 2020.

### **ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE MEETING SPECIALIST ON REQUEST**



