CORPORATE GOVERNANCE REPORT

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

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

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

Ethical and cohesive culture	Effective control	Compliance and accountability
Responsive and transparent stakeholder engagement	Performing to strategic expectation	Legitimacy and trust

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

Sun International's board and executive management collectively have a wealth of knowledge that spans across South Africa and internationally to provide the necessary expertise to guide the group towards achieving its strategic objectives and ultimately create great memories for our guests, people and stakeholders. The SunWay culture and code of ethics further reinforce positive behaviours to ensure a cohesive ethical culture group-wide.
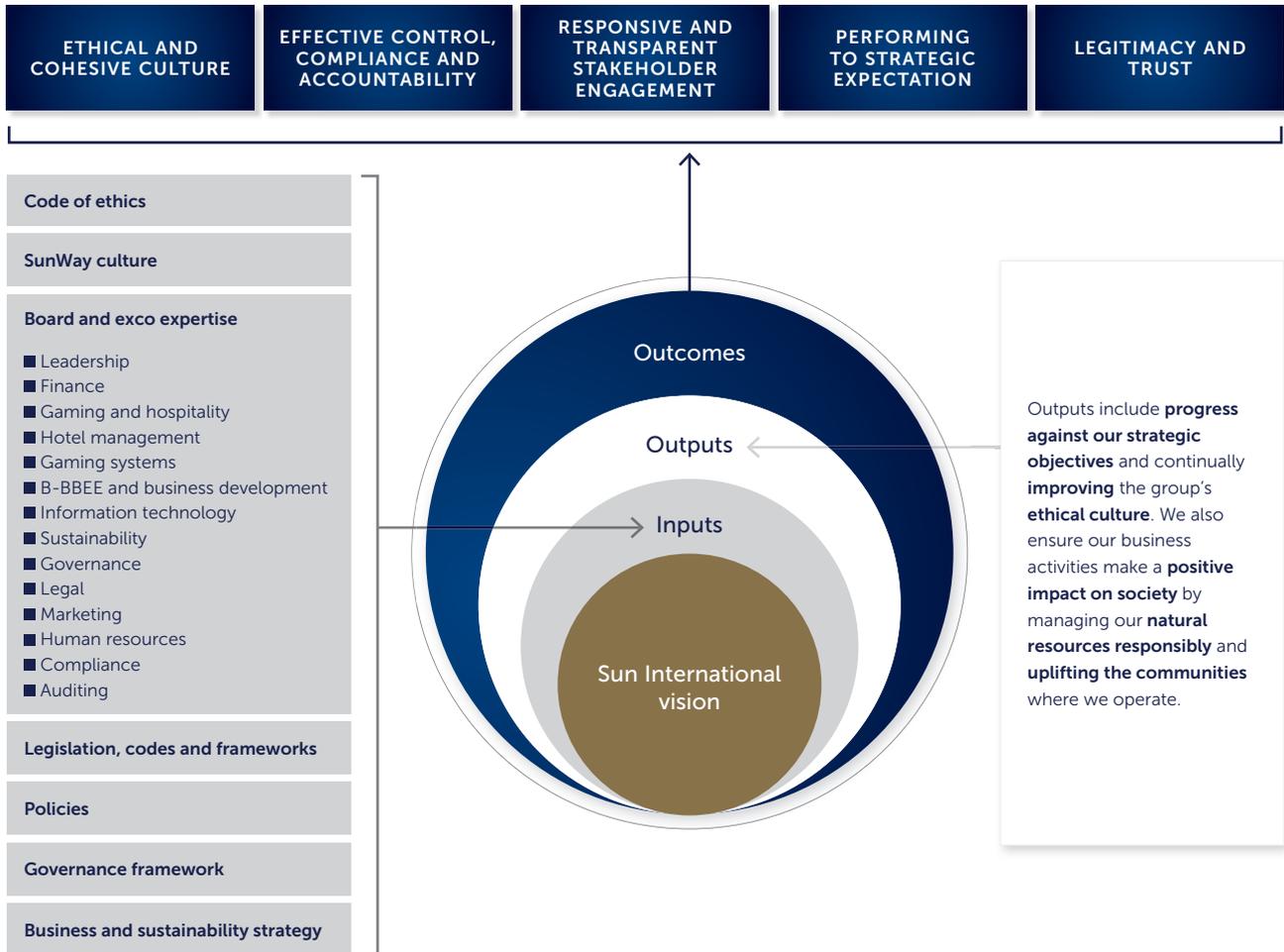
Sun International's governance framework and policies are the foundation of responsible, accountable and transparent reporting. Through the various inputs and outputs, the board achieves specific outcomes that support the group's sustainable value creation. These outcomes include maintaining an ethical culture from the top down and demonstrating our commitment to responsible corporate citizenship. Through effective control of our risk universe, material matters and responsive stakeholder relations, the group maintains compliance with relevant legislation, codes and frameworks. These enable performance according to strategic expectations to enhance its legitimacy and trust among its stakeholders.

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

Corporate governance report continued

GOVERNANCE AND SUSTAINABILITY VALUE CREATION

ETHICAL AND COHESIVE CULTURE	EFFECTIVE CONTROL, COMPLIANCE AND ACCOUNTABILITY	RESPONSIVE AND TRANSPARENT STAKEHOLDER ENGAGEMENT	PERFORMING TO STRATEGIC EXPECTATION	LEGITIMACY AND TRUST

Code of ethics

SunWay culture

Board and exco expertise

- Leadership
- Finance
- Gaming and hospitality
- Hotel management
- Gaming systems
- B-BBEE and business development
- Information technology
- Sustainability
- Governance
- Legal
- Marketing
- Human resources
- Compliance
- Auditing

Legislation, codes and frameworks

Policies

Governance framework

Business and sustainability strategy

Outcomes

Outputs

Inputs

Sun International vision

Outputs include **progress against our strategic objectives** and continually **improving** the group's **ethical culture**. We also ensure our business activities make a **positive impact on society** by managing our **natural resources responsibly** and **uplifting the communities** where we operate.
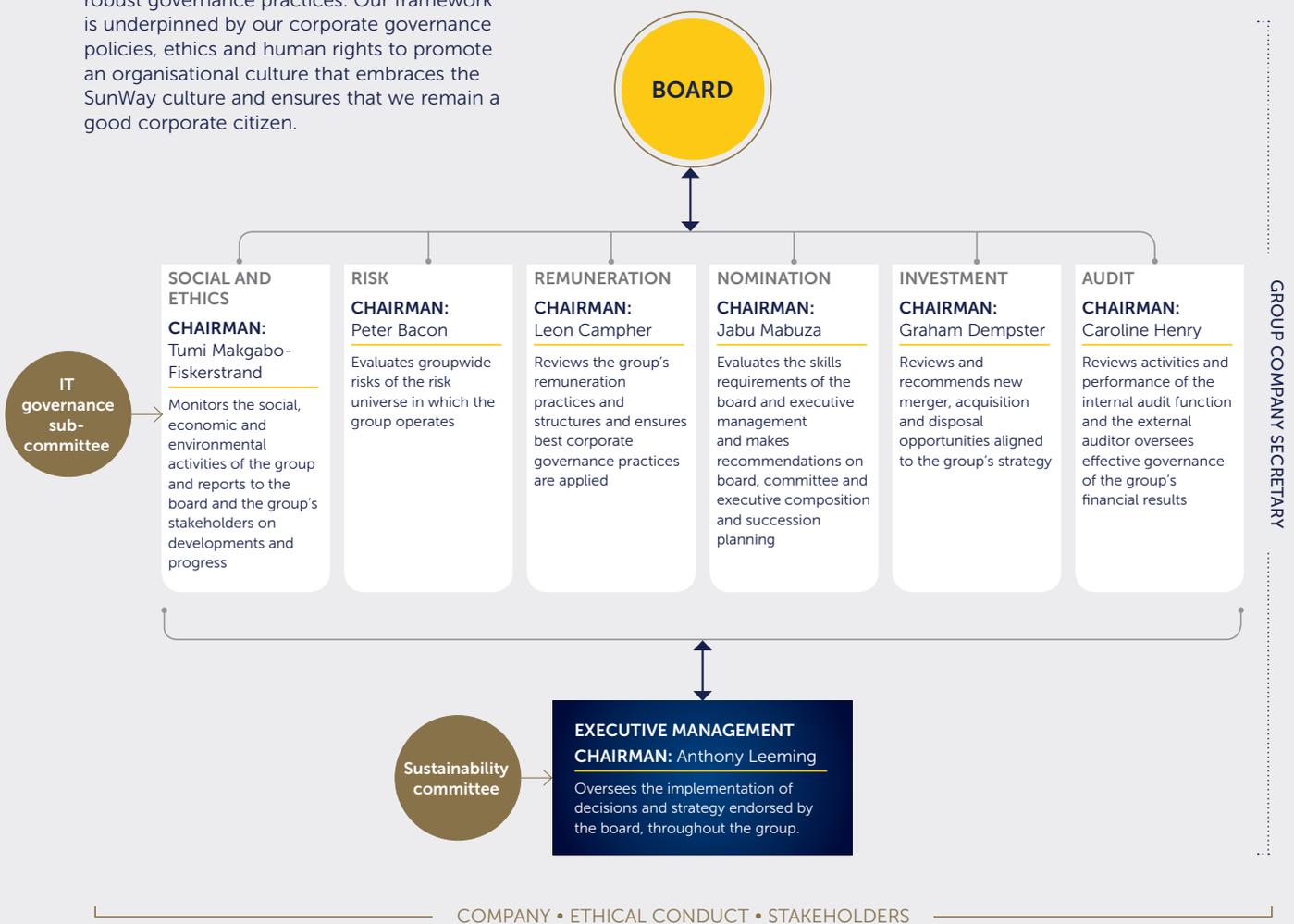
Corporate governance report continued

GOVERNANCE FRAMEWORK

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

BOARD

IT governance sub-committee

GROUP COMPANY SECRETARY

SOCIAL AND ETHICS
CHAIRMAN:
Tumi Makgabo-Fiskerstrand

Monitors the social, economic and environmental activities of the group and reports to the board and the group's stakeholders on developments and progress

RISK
CHAIRMAN:
Peter Bacon

Evaluates groupwide risks of the risk universe in which the group operates

REMUNERATION
CHAIRMAN:
Leon Campher

Reviews the group's remuneration practices and structures and ensures best corporate governance practices are applied

NOMINATION
CHAIRMAN:
Jabu Mabuza

Evaluates the skills requirements of the board and executive management and makes recommendations on board, committee and executive composition and succession planning

INVESTMENT
CHAIRMAN:
Graham Dempster

Reviews and recommends new merger, acquisition and disposal opportunities aligned to the group's strategy

AUDIT
CHAIRMAN:
Caroline Henry

Reviews activities and performance of the internal audit function and the external auditor oversees effective governance of the group's financial results

Sustainability committee

EXECUTIVE MANAGEMENT
CHAIRMAN: Anthony Leeming

Oversees the implementation of decisions and strategy endorsed by the board, throughout the group.

COMPANY • ETHICAL CONDUCT • STAKEHOLDERS

KING IV™ APPLICATION AND GOVERNANCE OUTCOMES

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

BOARD OVERVIEW

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

Corporate governance report continued

BOARD COMPOSITION

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

Age
(at 31 March 2020)

2	30 – 40 years
3	41 – 50 years
3	51 – 60 years
4	61 – 70 years
2	70+ years

Average age = 56 years

INDEPENDENCE

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

Notwithstanding that the chairman, Mr Mabuza previously provided certain key strategic hospitality and gaming services to the group in terms of a consultancy agreement with Sun International Management Limited, following his appointment as the chairman of the company in May 2019, this consultancy agreement was terminated on 14 May 2019. Aside from presently receiving a composite annual fee for serving as a non-executive director of Sun International and having a small personal shareholding in the company (less than 5%), Mr Mabuza has no other direct or indirect interest in Sun International and consequently has been classified by the board as an independent non-executive director and chairman of the company.

During 2019, the nomination committee conducted a rigorous independence assessment of the retiring directors, particularly those independent non-executive directors who had served on the board for nine years or longer (these being Messrs Campher and Dr Gwagwa) and concluded that these directors retained their independence in character and judgement, notwithstanding their length of service, and that there were no relationships or circumstances that were likely to affect or be perceived to affect their independence. The board concurred with these findings and is of the view that these non-executive directors continue to be effective and bring valuable experience and skills to the board, and that they will continue to exercise independent judgement.
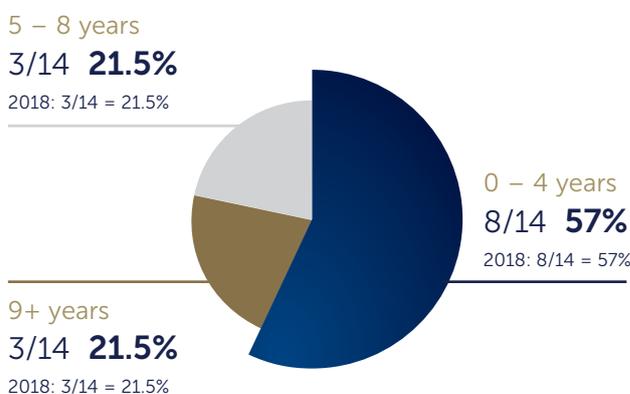
Independence
at 31 December 2019

Independent
10/14 **71%**
2018: 10/14 71%

Non-independent
4/14 **29%**
2018: 4/14 29%

Executive and non-executive directors
at 31 December 2019
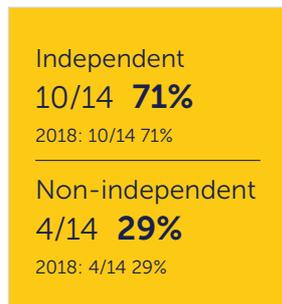
Executive directors
2/14 **14%**
2018: 2/14 14%

Non-executive
12/14 **86%**
2018: 12/14 86%

Tenure of directors
% at 31 December 2019

5 – 8 years
3/14 **21.5%**
2018: 3/14 = 21.5%

0 – 4 years
8/14 **57%**
2018: 8/14 = 57%

9+ years
3/14 **21.5%**
2018: 3/14 = 21.5%

Corporate governance report continued

Group diversity policy

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

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

Gender
at 31 December 2019

4 females
2018: 4%

10 males
2018: 10%

Ethnicity
at 31 December 2019

8 black
2018: 8%

6 white
2018: 6%

BOARD COMMITTEES AND ATTENDANCE

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

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

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

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

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

Corporate governance report continued

SUPPORTING SUSTAINABLE BUSINESS PRACTICES

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

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

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

During 2019, the board engaged the services of an external assurance provider to provide an independent assurance statement on the group's sustainability reporting and ethics as advocated by King IV™. This external review also helps identify areas for improvement. Furthermore, the group continues to use the GRI Standard as the basis for its integrated sustainability reporting.

THE ACTS, REGULATIONS, FRAMEWORKS AND LISTINGS REQUIREMENTS THAT APPLY TO SUN INTERNATIONAL

Sun International conducts business in a highly regulated industry. We have identified our legal and regulatory universe, which we continuously monitor given the increased changes in law and the varied jurisdictions we operate in. Being a responsible corporate citizen is imperative for maintaining our casino licences and we provide a snapshot of our legal and regulatory universe below.

WHAT WE COMPLY WITH	
JSE Listings Requirements	Sun International is a public company listed on the Johannesburg Stock Exchange and accordingly complies with the JSE Listings Requirements.
King IV Code on Corporate GovernanceTM for South Africa 2016 (King IV™)	King IV™ and its recommended practices are applied throughout the group as shown in our King IV™ application register (available online). The board confirms that the group applied the 16 principles of King IV™ and that the spirit of King IV™ is preserved and embedded in the way the group operates.
Local and international legislation	Sun International is committed to complying with all relevant legislation and best practices in the jurisdictions it operates in. The group identified the main areas of legislation that materially affect its operations and regularly engages with key regulators to make public comments and submissions on proposed new industry and other relevant legislation.
License conditions issued by the various gambling boards	The gaming industry is highly regulated and subject to significant probity and external regulatory monitoring both locally and internationally. In addition, the casino licence conditions contain their own requirements, which must be adhered to.
WHAT WE CHOOSE TO COMPLY WITH	
Carbon Disclosure Project (CDP) — water and energy	Sun International participates annually in the CDP.
International Integrated Reporting Council's (IIRC) <IR> Framework	Sun International applies the IIRC's <IR> Framework in compiling its integrated annual report.

LOOKING AHEAD OUR KEY FOCUS AREAS INCLUDE:

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