

# INDEPENDENT ASSURANCE STATEMENT TO THE MANAGEMENT AND STAKEHOLDERS OF SUN INTERNATIONAL MANAGEMENT LIMITED

## INTRODUCTION

IBIS ESG Assurance Proprietary Limited (IBIS) was commissioned by Sun International Management Limited (Sun International) to conduct an independent third-party assurance engagement in relation to the sustainability information in its Integrated Annual Report (the report) for the financial year that ended 31 December 2019.

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Adam Sutton-Pryce from IBIS. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 25 years' experience in sustainability performance measurement involving both advisory and assurance work. This assurance engagement is the second sustainability assurance engagement conducted for Sun International by IBIS.

## ASSURANCE STANDARD APPLIED

This assurance engagement was performed in accordance with AccountAbility's AA1000AS (2008) standard and was conducted to meet the AA1000AS Type II moderate level requirements.

## RESPECTIVE RESPONSIBILITIES AND IBIS' INDEPENDENCE

### SUN INTERNATIONAL

Sun International is responsible for preparing their Integrated Annual Report and for the collection and presentation of sustainability information within the report.

Sun International is also responsible for maintaining adequate records and internal controls that support the reporting processes.

### IBIS

IBIS' responsibility is to the management of Sun International alone and in accordance with the scope of work and terms of reference agreed with Sun International.

IBIS applies a strict independence policy and confirms its impartiality to Sun International in delivering the assurance engagement.

## ASSURANCE SCOPE

The scope of the subject matter for moderate assurance in accordance with the AA1000AS assurance standard, as captured in the agreement with Sun International is set out below:

### SUBJECT MATTERS IN THE ASSURANCE SCOPE

Alignment with the AA1000APS (AccountAbility Principles responsiveness Standard) stakeholder engagement principles of inclusivity, materiality, responsiveness

Sun International's alignment with the GRI Standards reporting requirements

The following selected disclosures relating to material sustainability risks and opportunities for South Africa

Sun International's compliance with the principles contained within the King Report on Governance for South Africa 2016 and the King Code of Governance Principles (collectively, King IV)

#### ENVIRONMENTAL:

- Total direct and indirect consumption of energy
- Total Scope 1 and Scope 2 greenhouse gas (GHG) emissions
- Total volume of fresh water consumed
- Total volume of water discharged
- Total volume of solid waste sent for disposal at landfill
- Total volume of solid waste sent for recycling

#### SAFETY:

- Total person hours worked (used as the Group's intensity measure)
- Lost Time Injury Frequency Rate (LTIFR)
- Total recordable Injury Frequency Rate (TRIFR)
- Total Injury Frequency Rate (TIFR)

#### SED:

- SED budget spent as per the BBBEE requirement of 1% NPAT

## ASSESSMENT CRITERIA

The following assessment criteria were used in undertaking the work:

AA1000APS (AccountAbility Principles Standard)	Sun International Sustainability Manual	Global Reporting Initiative (GRI) Standards	King IV Principles
AA1000APS (2008) Principles of Inclusiveness, Materiality and Responsiveness criteria	Operational Sustainability Manual that specifies definitions, reporting processes, controls and responsibilities	Alignment with GRI Standards reporting requirements	King Report on Governance for South Africa and the King Code of Governance Principles

## ASSURANCE PROCEDURES PERFORMED

Our assurance methodology included:

Site Visits	Interviews	Inspection	Assessing	Reporting
<b>Site visits</b> to Sun City, Sibaya, Wild Coast and Golden Valley, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place	<b>Interviews</b> with relevant functional managers at head office and units to understand and test the processes in place for maintaining information in relation with the subject matters in the assurance scope	<b>Inspection and corroboration</b> of supporting evidence to evaluate the data generation and reporting processes against the assurance criteria	<b>Assessing</b> the presentation of information relevant to the scope of work in the Integrated Annual Report for consistency with the assurance observations	<b>Reporting</b> the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process

## ENGAGEMENT LIMITATIONS

IBIS planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a moderate level of assurance in accordance with AA1000AS (2008).

The procedures performed in a moderate assurance engagement vary in nature from, and are less in extent, than for a high assurance engagement. As a result, the level of assurance obtained for a moderate assurance engagement is lower than for high assurance as per AA1000AS (2008).

It should be noted that international operations outside of South Africa were excluded from the assurance engagement scope.

## ASSURANCE CONCLUSION

In our opinion, based on the work undertaken for moderate assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined criteria and are free from material misstatements.

## KEY OBSERVATIONS AND RECOMMENDATIONS FOR IMPROVEMENT

Based on the work set out above, and without affecting the assurance conclusion, the key observations and recommendations for improvement are set out below.

### IN RELATION TO AA1000APS

**Inclusivity:** Sun International has followed formal board-approved stakeholder engagement processes during the reporting period. Evidence observed pointed to inclusive stakeholder engagement where collective decision-making is performed. Through the group's stakeholder engagement process, Sun International annually assesses their stakeholder universe. Stakeholder engagement processes are formalised through the group Community & Stakeholder Engagement (C&SE) Policy and guided by the C&SE Standard Operating Procedure (SOP). The risk committee and social and ethics committee provide oversight of the group's

stakeholder engagement and are responsible for keeping the board abreast of material matters arising. During 2019 Sun International provided training to dedicated SED managers and officers on the community engagement approach.

**Materiality:** Evidence observed confirmed that Sun International has maintained due process in mapping and disclosing its material stakeholder matters in a transparent and balanced manner. The materiality determination process performed in 2019 followed a more structured approach and considered Sun International's operating environment, stakeholder engagement, risk management and strategy. Material matters were discussed and prioritised by the executive committee before being presented to the board for approval. The Integrated Annual Report sets out matters of concern to stakeholders, mitigating actions as well as associated risks and opportunities.

**Responsiveness:** Sun International's responses to stakeholder issues observed across different stakeholder groups and case studies sampled indicate a high level of accountability to stakeholder issues raised. Responses to stakeholders were found to be directly related to the stakeholder concerns and were conducted in a timely, fair and appropriate manner without prejudice to any one stakeholder group. There are dedicated platforms for engagement for each stakeholder group, but not necessarily a formal overarching platform for recording and tracking of engagement with all stakeholders. An electronic database to capture key stakeholder information is currently being investigated by Sun International.

#### **IN RELATION TO THE <IR> FRAMEWORK**

A review of the report against the IIRC's recommendations for Integrated Reporting (<IR> Framework) indicated that Sun International effectively reports in line with the <IR> Framework by describing its value creation activities from input to outcomes for the relevant capitals reported.

#### **IN RELATION TO SUN INTERNATIONAL'S ALIGNMENT WITH THE GRI STANDARDS**

Although Sun International does not claim reporting to any GRI reporting option, a review of the report against the GRI Standards indicated alignment with the GRI Standards reporting requirements.

#### **IN RELATION TO SUN INTERNATIONAL'S ALIGNMENT WITH KING IV AND THE JSE LISTING REQUIREMENTS RELATED TO PUBLIC REPORTING**

Evidence observed during interviews with the Company Secretary as well as inspections of Board minutes, policy and other related documents, confirmed due application of King IV as reported, as well as the JSE Limited Listings Requirements related to public reporting.

#### **IN RELATION TO THE SELECTED DISCLOSURES**

It was observed that appropriate measures are in place to provide reliable source-data related to the selected disclosures assessed. The general control environment for sustainability information has improved with the introduction of the group sustainability manual, which is intended to ensure consistent interpretation of definitions across the group and provide guidance on the implementation of key internal controls. Data inconsistencies identified during the assurance process were subsequently corrected and IBIS is satisfied with the accuracy of the final data in the assurance scope.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to Sun International management for consideration.



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Licensed Assurance Provider

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Johannesburg

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