

STAKEHOLDER ENGAGEMENT

Sun International actively engages with our key stakeholders in a transparent manner. We encourage all shareholders to provide constructive feedback and to voice legitimate concerns, comments and suggestions through our various communication channels. This engagement process ensures we continue to add value for our key stakeholders.

STAKEHOLDER ENGAGEMENT APPROACH

Every aspect of our business interacts with stakeholders, and our relationships with them impact directly and indirectly on our business and its reputation. Our reputation, or social and relationship capital, has a direct impact on our financial capital, as it influences whether consumers decide to become our guests; whether suppliers want to be vendors; whether employees want to work for us; and whether government believes that we comply with regulations; give back to communities and drive economic development.

Achieving our five strategic objectives depends on our ability to engage with and respond to our stakeholders. Our various methods of engagement include face-to-face interactions, formal and informal communication platforms, results presentations, reports and our annual general meetings. We also engage through our marketing campaigns, advertising, electronic media, newsletters and roadshows. We regularly conduct surveys among our guests and employees with the aim of continually improving service delivery, guest experience and employee satisfaction. We obtain positive and constructive feedback and respond to it appropriately.

ENGAGEMENT PROCESS

Through the group's stakeholder engagement process, we annually assess our stakeholder universe based on their influence on the group, and the group's impact on stakeholders. We identify any material concerns and opportunities that may exist, and purposefully engage to resolve and build on these matters and develop a better understanding of our stakeholders' needs. The risk and social and ethics committees provide oversight of the group's stakeholder engagement and are responsible for keeping the board abreast of material matters arising.

Focused engagement within the communities in which we operate is particularly important, as most of our properties are situated within or close to surrounding communities. Cultivating relationships with stakeholders such as community leaders, NGOs, NPOs and PBOs ensures that Sun International offers shared value and sustainable SED opportunities. During 2019, communities (particularly in the North West and Eastern Cape) raised concerns around the lack of local procurement opportunities which, in return, create job opportunities and provide socio-economic upliftment in these communities.

The group's community engagement methodology ensures that all engagement and interventions are aligned with the group's sustainable business strategy and, more broadly, with provincial and national growth and development plans. This engagement methodology involves the identification and classification of our relevant communities and stakeholders. This is followed by assessing various social aspects related to the wellbeing of these communities, as well as identifying the collective needs of these communities. Based on these assessments, possible interventions are identified and discussed with the affected stakeholders. It is anticipated that the engagement methodology will continue to be rolled out to all South African units in 2020.





Stakeholder engagement continued

2019 STAKEHOLDER ENGAGEMENT



COMMUNITIES

Communities form an integral part of our operating environment as they provide our social licence to operate. It is imperative to create shared value for these communities to sustain our operations

VALUE ADD

- Empowering/uplifting communities
- SED spend R25.4 million
- 25 SED projects that included sustainability elements
- CSI spend R3.6 million

KEY STAKEHOLDER CONCERNS

- Limited procurement opportunities in the local and regional communities
- Perception of community upliftment
- Limited job opportunities
- Ageing infrastructure and no shared value

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- SED specialist and unit SED practitioners proactively engage with communities on pertinent issues
- Financial investment in SED and CSI initiatives across our focus areas
- Increasing local supplier procurement and development in most of our communities
- Introducing a formal business development support initiative
- Implementing a community engagement strategy to improve dialogue over community concerns



CUSTOMERS AND GUESTS

Our livelihood depends on our customers and guests, as they have a direct impact on our financial sustainability. We constantly need to innovate and create memorable experiences to remain relevant and attract and retain our customers and guests

VALUE ADD

- Creating lasting memories
- Active MVG customers base increased by 5.2%
- Achieved a customer satisfaction target rating of 80% at most properties

KEY STAKEHOLDER CONCERNS

- Customer segmentation
- Customer service
- Perception of value
- Discretionary spending under pressure
- Inconsistent and conflicting customer communication

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Ongoing learning and development programmes for employees to improve skills and customer service
- Ongoing customer surveys
- Proactively managing customer feedback
- Enhanced business analytics to improve customer segmentation
- Ongoing property upgrades and refurbishments
- Improving brand and marketing campaigns
- Continually enhancing the MVG (most valued guest) offerings
- Continue to improve direct communication with MVGs



EMPLOYEES

Employees are the heart of our business. They are the primary interface with our guests and the custodians of the memorable experience we strive to offer our guests

VALUE ADD

- Rewarding employees – salaries, bonuses and incentives
- Training spend R116 million
- Employee remuneration R3.6 million

KEY STAKEHOLDER CONCERNS

- Fair remuneration and recognition
- Learning and development
- Talent and performance management
- Succession planning
- Transformation
- Restructuring

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Robust SunWay culture programme and employee value proposition
- Ensuring compliance with the tenets of 'equal pay for work of equal value' through our South African operations
- Ongoing learnings and development initiatives
- Annual performance reviews
- Employee satisfaction surveys to determine overall employee satisfaction
- Robust employment equity plan in place to track transformation progress
- Best practice employment policies, standards and procedures in place
- Increased staff wellness initiatives and programmes
- Code of ethics, ethics officer and ethics hotline in place



Stakeholder engagement continued

2019 STAKEHOLDER ENGAGEMENT



EQUITY PARTNERS, SHAREHOLDERS AND DEBT FUNDERS

Equity partners, shareholders and debt funders provide us with the financial resources to deliver on our strategic objectives and create shareholder value

VALUE ADD

- Reducing debt levels
- Continue to invest R1.1 billion in property maintenance and refurbishments

KEY STAKEHOLDER CONCERNS

- Underperformance of strategic investments
- Capital allocation
- High debt levels
- Meeting debt covenants
- Gap between valuation and the group's share price
- Creating shareholder value through dividend distributions

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Direct engagement with executives at annual and interim reporting and investor presentations
- Debt strategy communicated to investors through presentations, direct engagement, roadshows and annual and interim reporting
- Increased focus on operational and resource efficiencies



GAMBLING BOARDS

Gaming boards provide our legal licence to operate and guide the group on how best to create shared value for the communities where we operate. They also provide oversight on the gaming industry to ensure a fair and responsible industry

VALUE ADD

- Supporting the local and national economy
- Levies paid R18.7 million
- Uplifting communities through ongoing SED and CSI commitments

KEY STAKEHOLDER CONCERNS

- Electronic Bingo Terminal (EBTs) licencing
- Licence conditions change requests
- Increase in gaming taxes in South Africa and Peru

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Executives, together with group compliance continue to build relationships with all provincial gaming boards through regular interaction
- Ongoing feedback to gaming boards on licence conditions
- Internal and external compliance audits



PARTNERS AND SUPPLIERS

Partners provide support to ensure that we do not operate in isolation, thereby minimising the potential value creation. Suppliers provide the necessary supplies, services and systems to enable the group to carry out its business activities and improve the overall guest experience

VALUE ADD

- Providing local business opportunities
- Enterprise development spend R12.3 million
- Supplier development spend R44.4 million
- Supported 15 beneficiaries through our business development support programme

KEY STAKEHOLDER CONCERNS

- Negative perceptions around the process of registering as a supplier
- Lack of visibility of sourcing opportunities when tenders are being issued

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Improved the procurement system to control fronting and support B-BBEE initiatives
- Maintained our level 1 B-BBEE rating
- A procurement tender notice board in place to inform all suppliers of new requests for proposals (RFPs)
- Supplier conferences and open days hosted to improve local procurement



REGULATORS AND INDUSTRY BODIES

Regulators provide the guidance within which we are required to operate, and industry bodies provide a platform to influence policy and legislation. This continues to create value for all stakeholders within the confines of the law

KEY STAKEHOLDER CONCERNS

- Compliance with relevant legislation e.g. B-BBEE, labour, health, smoking and carbon tax

ACTIONS TO ADDRESS STAKEHOLDER CONCERNS

- Ongoing engagements with regulators and industry bodies
- Continuous monitoring of changes to legislation directly impacting the group
- Submissions to regulators on proposed legislation
- Ongoing lobbying through industry body CASA
- Internal and external compliance audits on all legislative aspects of sustainability, namely environment, health and safety and socio-economic development
- SHE training and compliance cross unit audits conducted at all local operations

VALUE ADD

- Zero fines
- Maintaining reputation of being a responsible corporate citizen
- Trained 2 651 employees on health and safety aspects
- Internal SHE compliance audits conducted on all local units