



- ENVIRONMENTAL
- HEALTH, SAFETY AND WELLBEING
- SOCIO-ECONOMIC DEVELOPMENT
- ENTERPRISE AND SUPPLIER DEVELOPMENT

## ENTERPRISE AND SUPPLIER DEVELOPMENT

Our supply chain helps create value across the group’s broad supplier base and supports the group’s vision of creating genuine value for the communities in which we exist. This is achieved by investing in local procurement opportunities in the areas where we operate. The group also maintains an efficient and equitable supply chain aligned to ethical standards and practices through a robust governance process. Procurement spend was significantly impacted due to business closures during lockdown and spend targets were revised downwards.

### OUTCOMES

R30.9 million (2019: R44.4 million) invested in supplier development and distributed to 70 (2019: 77) business beneficiaries from within our local communities

R6.9 million (2019: R12.3 million) committed in enterprise development to 29 (2019: 37) business beneficiaries from within our local communities

Supported 10 (2019: 15) beneficiaries through formal business development support (BDS) in line with our enterprise and supplier development (E&SD) programme requirements

### FOCUS AREAS

SELF-ASSESSMENT: ▲ Achieved/Good progress ▶ In progress ▢ Limited progress/No progress

OUR FOCUS FOR 2020	WHAT WE ACHIEVED	SELF-ASSESSMENT
<b>Entrenching the principles of formal BDS into all existing and new projects by enhancing adoption of the group’s E&amp;SD programme</b>	Our BDS assisted with supplier development and financial education to achieve project success	▶
<b>Reporting on the economic and social impact of our interventions within our local communities</b>	Procurement spend declined due to Covid-19 resulting in limited enterprise supplier and development	▶
<b>Continuing to develop opportunities for including local suppliers into sourcing activities and the group’s supply chain</b>	The group’s online tender bulletin board continues to provide advertising opportunities for local suppliers, and larger units have representatives to facilitate procurement opportunities	▲
<b>Improving management and recovery of E&amp;SD loans, and ensuring ongoing capacity to support new beneficiaries within our E&amp;SD programme</b>	The recovery of loans remains an ongoing challenge and was further exacerbated by business closures in lockdown. Payment holidays were granted to certain suppliers during lockdown and our BDS programme continued to provide business development support	▶
<b>Addressing spend imbalances within the business unit supply chains to ensure optimal preferential procurement outcomes</b>	Provincial spend is monitored at our sustainability committee and spend is managed strategically to ensure optimal procurement spend	▶

### LOOKING AHEAD

- Monitoring E&SD loans to ensure an improved recovery rate
- Continuing to monitor our group-wide supplier base and focus on locally based communities by apportioning spend across local small, medium and micro enterprises (SMMEs) and national suppliers as well as supporting suppliers through our BDS programme
- Engaging our top 20 suppliers to identify areas of collaboration and/or support on Sun International’s sustainability strategy
- Encouraging our top 100 suppliers to become part of the group’s endeavours in building stronger sustainable partnerships by signing our sustainability memorandum of understanding
- Implementing our new Broad-based Black Economic Empowerment (B-BBEE) system to assist with information accuracy and monitor trends to optimise B-BBEE spend

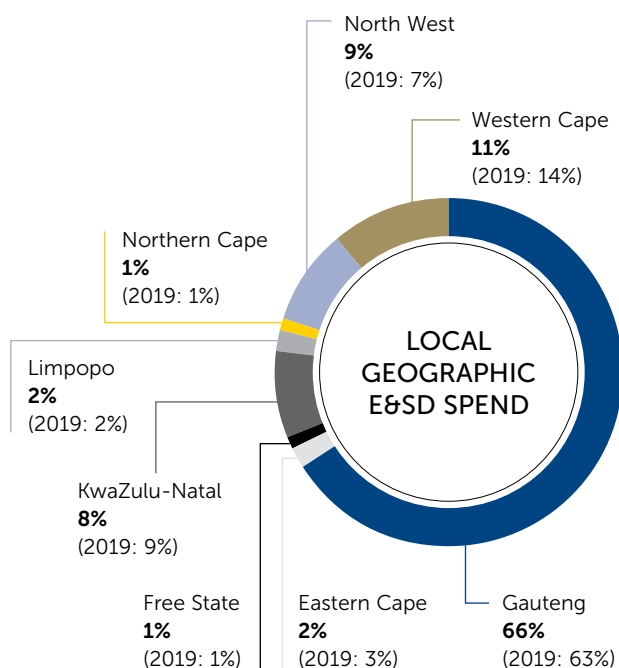


### KEY PERFORMANCE INDICATORS

	Spend 2020 R million	Spend 2019 R million
Preferential procurement	<b>1 851</b>	3 223
Supplier development	<b>30.9</b>	44.4
Enterprise development	<b>6.9</b>	12.3
Total points out of a possible 40.00	<b>40</b>	40

### PERFORMANCE OVERVIEW

The group is committed to creating opportunities for all suppliers, especially B-BBEE-compliant SMMEs. We maintained our B-BBEE levels across all pillars in support of economic upliftment, through our supply chain nationally. While our focus remains on improving spend allocation across a broader base, the group spend was impacted by the prolonged lockdowns in 2020. We continue to promote procurement spend across the provinces where we operate while ensuring optimal strategic spend. In 2020, we procured most B-BBEE spend from Gauteng (66%).



Note: Mpumalanga data not available.

Sun International's online tender bulletin board advertises formal sourcing activities on an open and transparent platform. This platform also allows prospective suppliers to submit online quotes for direct inclusion in ad hoc sourcing opportunities and can be accessed on our corporate website.

Our suppliers have given positive feedback about the tender bulletin board benefits. This engagement platform has assisted in growing our registered supplier base to about 14 000, of which 3 500 are active suppliers that used by Sun International for procurement spend.

### Preferential procurement

Sun International's total measured procurement spend for the financial year was R1.85 billion (2019: R3.2 billion), of which R1.66 billion (2019: R2.99 billion) was procured from 2 513 (2019: 3 138) verified B-BBEE-compliant suppliers. This 90% (2019: 93%) valid spend, mainly due to business closures owing to lockdown compliance was below the group target of 95% for 2020. Our 2021 goal is to reach and maintain 95%.

	Suppliers		Spend	
EME	1 354	54%	R385 165 519	21%
QSE	380	15%	R251 596 305	14%
Generic	419	17%	R1 025 393 101	55%
Non-compliant	343	16%	R188 877 886	10%
<b>B-BBEE SPEND</b>			<b>R1 851 032 811</b>	

The group continues to engage suppliers that support our objectives and meet our optimum B-BBEE standard: black-owned with a level 3 rating or better. 71% (2019: 51%) of group spend met this optimum requirement, exceeding our 20% target for 2020 (2019: 45%). Our revised 2021 goal is to reach and maintain 70% (2019: 60%).

B-BBEE compliance controls are in place to ensure only B-BBEE-compliant suppliers are included in the group's supplier database and any non-compliant suppliers are suspended until they prove B-BBEE compliance. At the end of 2020, 16% (2019: 7%) of our suppliers were non-compliant.

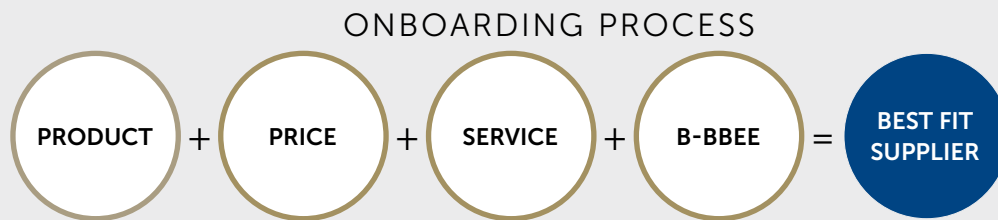
Indicator categories	Revised target by 2021 (%)	Achieved in 2020 (%)	Achieved in 2019 (%)
Black-owned spend	65	<b>54</b>	52
Black women spend	30	<b>54</b>	21
Level 1 to 3	80	<b>71</b>	73
Optimum spend <sup>1</sup>	70	<b>54</b>	51
SMMEs	60	<b>34</b>	36
Valid B-BBEE spend	95	<b>90</b>	93

<sup>1</sup> Actual contribution invested, not the recognised values as per the B-BBEE codes.

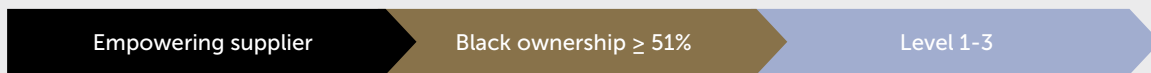


### Sourcing and supplier onboarding process within Sun International

Sourcing suppliers is commercially driven, and we remain committed to economic transformation in South Africa by adopting the B-BBEE framework that encourages black SMME participation. We give preference to commercially competitive suppliers who meet our optimum B-BBEE compliance standard and have a local presence. All potential suppliers must register on the Sun International supplier database for inclusion in any sourcing opportunity, and ensure they keep their registration information updated. Sourcing opportunities are also advertised on our corporate website and closely monitored by our procurement team. The units also identify and continue to engage with local suppliers and service providers to encourage them to register on the supplier data base.



Preference will be given to commercially competitive suppliers who demonstrate optimum Sun International B-BBEE compliance.



### Enterprise and supplier development

Sun International's E&SD strategy remains a group priority, emphasising responsible corporate citizenship and a commitment to the environment, community and economy. These objectives drive our supplier sourcing and create opportunities for small businesses to enter our supply chain.

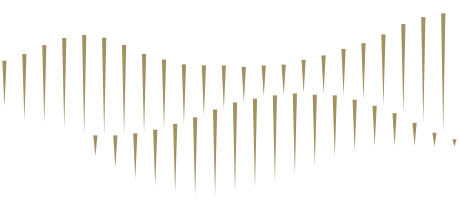
#### Community engagement

Communities' concerns about inequality in certain operational areas remain an issue, especially around securing local procurement spend and local employment to provide socio-economic upliftment. To facilitate proactive community engagement each unit has been tasked with working closely with local communities to develop their local supply chain. Units are using our e-portal to advertise for services and supplies where the unit operates. Local communities have the opportunity to respond directly to these advertisements online, making the process fair and transparent. Where necessary a dedicated liaison officer is appointed to streamline this engagement process. In addition, central procurement continues to assist units in implementing these and other initiatives.

The group's E&SD programme identifies and assists businesses at our various properties through capital funding or other business development services, with the goal of:

- ▶ Fostering sustainable business growth, creating jobs and adding economic value
- ▶ Supporting the development of black-owned SMMEs
- ▶ Offering consistent and structured application of E&SD projects
- ▶ Focusing on the sustainability of our beneficiary organisations
- ▶ Supporting South Africa's National Development Plan 2030
- ▶ Supporting strategic category management plans
- ▶ Achieving meaningful value through effective use of funding

The group committed R30.9 million (2019: R44.4 million) in supplier development, including early settlements substantially above the claimable value. An additional R6.9 million (2019: R12.3 million) was committed in enterprise development, supporting a pipeline of new business in the supply chain.



### Sun International's E&SD beneficiaries per category

The endorsement of a small business goes a long way in supporting market access, job opportunities and uplifting local and regional communities.



STRATEGIC OBJECTIVES

Governance and sustainability



## E&SD INITIATIVES

### SWEET ANGEL WATER

Sweet Angel Water is a local North West water supplier operating from a small factory where still water is packed by hand and ice is produced for customers. It supply several businesses and won a tender to supply Sun City's back of house water. As part of the contract Sweet Angel Water needed to supply water (20lt) and approximately 60 dispensers for bulk containers across Sun City, which required it to expand and automate its operations. To assist this supplier's expansion plans, Sun City issued a loan (R990 000) which was used to purchase the necessary equipment to introduce carbonated (sparkling) water into its product offering.

Furthermore, Sun City's management and the marketing department assisted Sweet Angel Water to develop labels for Sun City branded water and the company has commenced supplying branded still and sparkling water.



### GLAMCARWASH AT THE BOARDWALK

As part of our enterprise development beneficiary initiative, GlamCarWash was selected for a business opportunity at The Boardwalk in 2020. The beneficiary is 100% black-owned and sourced its six employees from the unemployed youth of Walmer township, located close to The Boardwalk. The Boardwalk Casino visitors now are able to have their vehicles cleaned while enjoying the various facilities available at the casino.

