



# SOCIAL AND ETHICS COMMITTEE REPORT

**ZIMKHITHA ZATU MOLOI**  
Chairman

Sun International is committed to ethical and responsible leadership. Being a good corporate citizen includes driving an ethical culture group-wide; ensuring our customers' and employees' health, safety and wellbeing; engaging with local communities; providing opportunities for shared socio-economic value; protecting our environment; monitoring our transformation progress; and complying with relevant legislation and codes.

## COMMITTEE'S ROLES AND RESPONSIBILITIES

<p><b>Monitors</b> the group's social, transformation, economic and environmental performance, responsible gambling and the social impact of its reputational risk</p>	<p><b>Monitors</b> the group's six prioritised sustainable development goals (SDGs)</p>
<p><b>Reports</b> to the board and the group's stakeholders on social, transformation, economic and environmental developments and progress</p>	<p><b>Assists</b> the board in assessing aspects of governance applicable to the committee's function and terms of reference</p>
<p><b>Oversees</b> the group's ethical conduct and confirms that it carries out its responsibilities in accordance with section 72(4) and Regulation 43 of the Regulations to the Companies Act as well as the JSE Listings Requirements</p>	<p><b>Ensures</b> that Sun International remains a socially committed and responsible corporate citizen</p>
	<p><b>Ensures</b> gaming promotions are ethical and responsible</p>

The social and ethics committee is constituted as a statutory committee in respect of its statutory duties in terms of section 72(4) of the Companies Act, read together with Regulation 43 of the Regulations to the Companies Act, and as a board committee in respect of its responsibilities prescribed by the board in its mandate and terms of reference.

## MESSAGE FROM THE CHAIRMAN

### Dear stakeholders

I am pleased to present Sun International's social and ethics committee (the committee) report for the year ended 31 December 2022. The purpose of this report is to inform our stakeholders on the discharge of our duties as set out in the Companies Act as supplemented by the committee's terms of reference. The salient matters of interest during 2022 are elaborated in this report.

We operate in a highly regulated industry and our corporate credentials and socially responsible behaviour are critical in terms of our licence to operate. To guide us in this oversight role, we task management with implementing principles contained in relevant legislation, regulations and prescribed legal requirements or prevailing codes of best practice.

This includes the group's standing in terms of the goals and purpose of the:

10 principles set out in the United Nations Global Compact (UNGC) principles.

Organisation for Economic Cooperation and Development (OECD) recommendations regarding anti-corruption.

Employment Equity Act and International Labour Protocol.

B-BBEE Act and amended B-BBEE Codes of Good Practice.

Six SDGs prioritised by the group.

Management discharges this duty by reporting to the committee on the group's:

Good corporate citizenship, including the company's promotion of equality and the prevention of unfair discrimination.

Implementation of its environmental, social and governance (ESG) strategy.

Contribution to the development and upliftment of the communities around which it operates.

Environmental, health, safety, wellness and procurement initiatives across all relevant areas.

Progress towards the six prioritised SDGs.

Consumer relationships and marketing initiatives.

National Responsible Gambling Programme (NRGP) implementation.

Labour and employment activities, including the company's standing in terms of decent work and working conditions, fair and transparent labour practices and our relationships with our employees' contribution towards the educational and skills development of our employees.

Gaming promotions to ensure that they are conducted ethically, fairly, and transparently.

Procurement spend, to ensure that it creates value across the group's broad supplier base and supports local procurement opportunities through enterprise and supplier development.

Management of ethics in line with best practice principles.

These reports correlate with the committee's mandate and the areas mentioned above are reported on at each meeting. As chairman of the committee, I also provide regular feedback at board meetings regarding the committee's activities and provide feedback to the shareholders at the annual general meeting (AGM). The 2022 social and ethics report will be tabled at the Sun International AGM to be held on 9 May 2023.

The committee performs the requisite statutory functions on behalf of all subsidiary companies across the group, including those that score above 500 points as contemplated in Regulation 43 of the Regulations to the Companies Act. This ensures that group-wide practices are consistent and aligned, and that our ethical practices are applied irrespective of the jurisdiction we operate in. Meropa, an associate company, has its own social and ethics committee. In Nigeria, TCN has its own code of conduct and regularly reports any ethical issues to the TCN nomination and governance committee as well as to the board. Furthermore, the Sun International director: corporate services chairs the nomination and governance committee in Nigeria in his capacity as a director of TCN, which reinforces the group's governance structures framework and practices.

Committee member	Number of meetings	Attendance	
Zimkhitha Zatu Moloi <sup>1</sup>	3	3	<b>Independence*</b>
Boitumelo Makgabo-Fiskerstrand <sup>2</sup>	1	1	
Caroline Henry <sup>2</sup>	1	1	<b>60%</b> (2021:75%)
Dawn Marole <sup>3</sup>	1	1	
Nigel Payne <sup>4</sup>	2	2	<b>Attendance**</b>
Tapiwa Ngara <sup>4</sup>	2	2	
Anthony Leeming (CE) <sup>^</sup>	3	3	<b>100%</b> (2021:100%)
<b>Right of attendance</b>			
Norman Basthdaw (CFO) <sup>^</sup>	3	3	
Andrew Johnston <sup>^</sup>	3	3	
Verna Robson <sup>^</sup>	3	3	

\* Independence % is calculated as at 31 December 2022.

\*\* Attendance % is calculated based on attendance throughout the year including those who retired/resigned.

1 Zimkhitha Zatu Moloi was appointed the new chairman of the social and ethics committee effective the 10 May 2022.

2 Boitumelo Makgabo-Fiskerstrand retired from the Sun International Board as well as chairman of the social and ethics committee effective 10 May 2022 and Caroline Henry resigned as a member of the social and ethics committee effective 10 May 2022.

3 Dawn Marole was appointed as a member of the social and ethics committee with effect from 26 August 2022.

4 Nigel Payne and Tapiwa Ngara were appointed members of the social and ethics committee effective 10 May 2022. Tapiwa Ngara resigned as a member of the social and ethics committee effective 10 March 2023.

<sup>^</sup> Executive.

In addition to the above, certain key members of senior management attend the social and ethics committee meeting by invitation.

The committee's composition includes four non-executive directors, one of whom is not independent, and one executive director. The committee met three times during the year, which was adequate to deal with the various matters contemplated in the Companies Act read with Regulation 43 of the Regulations to the Companies Act as well as the committee's mandate and terms of reference. In addition, Sun International executives whose areas of discipline are covered by the committee, and who have rights of

Corporate governance report

King IV™ application register

**Social and ethics committee report**

Independent assurance statement

attendance on the committee include the chief financial officer, director: corporate services, and director: human resources. In addition, certain key members of management, namely the environmental, social and governance manager, risk manager, director of internal audit and the ethics officer, attend committee meetings by invitation. As per the mandate of the committee, its terms of reference were reviewed and approved, and we achieved a 100% (2021: 100%) meeting attendance for the year under review.

As part of its commitment towards complying with best corporate governance practice in terms of King IV™, Sun International conducts committee reviews every two years. The last evaluation of the committee was performed towards the end of 2022, with no adverse findings.

Ongoing stakeholder participation from various areas within the group assures that appropriate feedback on all matters is provided. The mix of committee experience allows for robust debate on topics put forward to the committee. Furthermore, we are satisfied that initiatives undertaken by the group are adequately challenged when tabled at committee meetings.

## SALIENT MATTERS OF INTEREST

### Ethics and culture

Our ethical and responsible commitment is driven by the group's code of ethics (the code) which commits all stakeholders to the highest ethical conduct and standards. The board is responsible for setting the tone from the top and to lead ethically and effectively towards the achievement of an ethical culture across the group.

The executive committee members signed a declaration during 2022 confirming their personal commitment to the code. Ongoing awareness ensures all employees understand how to contribute to the group's ethical conduct, brand reputation and integrity. The group's whistle-blowing and fraud response policies, which are disseminated group-wide, contain clear guidelines for reporting any criminal, illegal, discriminatory or other unethical behaviour without fear of discrimination, intimidation or occupational detriment. Employees can contact the Deloitte & Touche Tip-Offs hotline anonymously through a 24/7 toll-free number to report any ethical concerns or dilemmas, which are handled confidentially. The ethics office oversees ethics throughout the group and receives regular feedback on any matters of concern.

The ethics office meets with members of the senior executive management, to discuss trends arising from the matters reported through the incident reporting facilities, and material incidents of ethical misconduct are reported to management group-wide. Closed sessions are held between the social and ethics committee chairman, independent member directors, chief executive and the ethics officer after each social and ethics committee meeting, to discuss any material ethical issues reported group-wide.

### Responsible gambling

**Contributed about R8 million (2021: R6 million) towards the NRGF in respect of casinos, sports betting and LPMs collectively**

The group is committed to, and financially supports, the South African Responsible Gambling Foundation (SARGF), a leading global programme for promoting responsible gaming. The SARGF, through the National Responsible Gambling Programme (NRGP), creates awareness around public initiatives undertaken in the industry, which include prevention, treatment and counselling initiatives, training for regulators and industry employees, research audits, and life skills programmes for schools. Sun International reports progress on these NRGF principles across all gambling operations to relevant governance committees. In addition, the group reports to relevant governance committees on matters such as crèche utilisation statistics and any attempts by minors to access the gambling floors, which remain strictly monitored at all units. Training employees in the different stages of the NRGF is also reported.

Group internal audit is responsible for conducting various internal audits and reports its findings regarding responsible gambling to the social and ethics committee. Group Compliance monitors the group's gaming entities for compliance with prescribed requirements and reports its observations to the social and ethics committee. The Western Cape Gambling and Racing Board (WCGRB) continues to explore measures to enforce a player pre-commitment system to further assist problem gamblers and to prevent the risk of persons becoming problem gamblers. The WCGRB is yet to undertake local research to consider the way forward.

The group continues to explore ways to improve its anti-money laundering and anti-terrorism controls to identify and report the related transactions and customers. These controls include identifying its customers, identifying politically exposed persons, vetting its database of customers against the UN sanctions list, and the filing of cash transactions and suspicious transactions. The group has implemented various intelligence reports that are investigated by its anti-money laundering personnel, which include high balances maintained by players without any gambling activity or where the gambling activity is not in keeping with the amount maintained by players. The Sun International board has issued a compliance statement confirming its commitment towards preventing the group from being exploited in respect of money-laundering and terror financing. All gaming employees are trained on the FIC Act and each gaming business has a dedicated anti-money laundering compliance officer, and the group has also appointed a group anti-money laundering compliance officer.

### Zero tolerance of bribery and corruption

The committee continues, to review the group's standing and progress in accordance with the 10 principles of the UNGC (on a voluntary basis) and the OECD recommendations regarding anti-corruption. The company monitors compliance with its policies in relation to bribery and corruption; gifts, entertainment and tips; and responsible gambling. The committee concluded that the group substantially complied with the requirements of the UNGC principles, and that there were no material areas of concern. Sun International remains committed to improved reporting practices and transparency around activities and performance in combating corruption. During the year under review, Sun International's APEX Risk Management and Compliance Programmes (RMCPs) and RMCP Controls, together with all supporting policies, procedures and products/services rating matrix for each casino entity, were approved at the board and various subsidiary boards. Anti-money laundering training has also been provided to the various boards.

### Board diversity

Sun International's board diversity policy recognises and embraces the benefits of having a diverse board, as increasing board diversity is essential in maintaining a competitive advantage. In accordance with the JSE Listings Requirements, Sun International's board diversity policy incorporates additional diversity elements including, over and above gender and race, skills, field of experience, field of knowledge, regional and industry experience, age and culture. Black directors comprised 40% of the total directors serving on the board (Sam Sithole and Tapiwa Ngara being excluded per the B-BBEE Codes of Good Practice) while the number of female directors equalled 40% of the total board composition. The board's and committees' composition, collective skills (industry knowledge, experience, technical skills and governance competencies) and competency, are documented and monitored in terms of a board skills matrix. This assists with assessing what the future composition of the board should look like from a skills and experience perspective and assists in terms of identifying key gaps. The board skills matrix aligns with the group's strategy and complies with best international corporate governance practices.

Governance competencies are considered in terms of strategy and strategic planning, policy development, financial performance, risk and compliance oversight, gaming and hospitality strategy, commercial experience, stakeholder engagement and knowledge, and experience in companies with international operations.

### People, culture and transformation

#### Black employee representation

**93.9%** (2021: 92.2%)

Management team comprises of **86%** (2021: 84%) black people, and **46%** (2021: 46%) females

Sun International's SunWay culture and employee value proposition (EVP) continues to embed the group's culture as well as attract and retain top-performing employees. The EVP reinforces the world-class employee benefits and positive working environment in Sun International. The group's employee recognition programme, Sun Stars, was well received by employees and has been instrumental in motivating employees and driving positive change in behaviour. We also introduced a new initiative as part of our Sharing the Sun campaign – Changing Lives – where the chief executive grants a deserving employee their wish to make a difference in their life. This year's recipient from Time Square was granted her wish for a hearing aid.

Transformation is integral to Sun International's sustainability and is rooted in our South African operations. The social and ethics committee monitors appointments, retirements and resignations to ensure we achieve a demographic workforce in line with both internal targets and commitments to legislation. The proposed amendments to the Employment Equity Act were delayed and are expected to be enacted in 2023. The group made good progress against its three-year employment equity targets and once the amendments are enacted, the group's employment equity targets will be reviewed and aligned to the new sectoral targets. We established a new employment equity central forum responsible for monitoring the group's employment equity progress and we have rolled out training for managers responsible for employment equity and employment equity forums.

We achieved an overall black employee representation of 93.9% (2021: 92.2%), exceeding the distribution of the national economically active population. Sun International's management team is made up of 86% (2021: 84%) black people, and 46% (2021: 46%) are females. Demographic representation at middle and senior management levels improved, however, challenges still remain where representation of black people, particularly black females, are lower than the economically active population statistics. We are confident that our current succession plans, talent management and extensive training programmes will have a positive outcome at these levels going forward.

We are currently undergoing our B-BBEE verification audit and the results will be made available on our website on 31 March 2023.

Sun International's talent acquisition strategy contributed positively to our employment equity progress, with 98.2% appointees from designated groups of which 87.3% were African appointees. Sun International's recruitment of persons with disabilities remains challenging, however a successful awareness campaign was held with senior executives who had the opportunity to experience the challenges faced by disabled employees in the workplace by competing in a wheelchair race at the central office. This awareness campaign led to positive changes in the workplace as well as removing the stigma and fear of victimisation experienced by employees living with disabilities.

Ongoing learning and development remains a key focus for the group and during the year we invested R84 million (2021: R52 million) in skills development. There was also an increase in training interventions and a marked increase in the adaption of new courses offered to Sun International employees. We launched an online platform (Elea) for senior and middle management and specialists, that enables the identification of leadership strengths and development areas. In addition, an online learning platform using LinkedIn Learning, that focuses on developing individual skills, was piloted during 2022 and, due to the positive outcomes, was launched for all management in January 2023. The Wild Coast Academy was launched in 2022 and students from the community are actively involved in the hospitality programmes offered at the Academy, which is also the site for all learnership training.

The group continues to focus on fair, ethical and responsible remuneration in line with the Department of Labour's amendments to regulations governing income differentials. We conduct equal pay for work of equal value analyses and assessments annually, to ensure that pay parity is retained between persons performing similar roles and functions across the group – any anomalies identified are addressed. As part of the 2021/2022 equal pay analyses, we introduced once off lump-sum payments for employees in respect of the 2021 financial year. This was implemented as a pro-active intervention to ensure the ongoing motivation and retention of these employees, for both non-bargaining employees and bargaining employees.

Sun International continued to tackle the gender-based violence (GBV) social pandemic. During the year under review, the group expanded its reach against GBV by launching both internal and external campaigns to promote awareness around this scourge.

## Our ESG journey

### Sun International's top six SDGs



The group's ESG journey continues to mature to ensure an integrated sustainable business that creates value for all our stakeholders. As part of our journey, our aim is to continue improving our suite of ESG data linked to our material ESG topics which will be used to drive productivity, efficiency, and client service performance across the business. Ongoing tracking and setting of KPIs and targets and developing stronger ESG links to our business strategy, combined with the strategic communication of performance relative to these metrics, will allow the business to differentiate ourselves based on our ESG credentials and enhancing our brand in the market.

To demonstrate our commitment to Sun International's ESG journey, we signed a R2.4 billion sustainability linked loan (SLL), the first in the South African hospitality sector. This SLL aims to promote the achievement of key sustainability performance targets, to demonstrate Sun International's commitment towards being a responsible corporate citizen and further cementing our position as a leader in ESG in the South African travel and leisure sector.

### Independent assurance

As part of our independent assurance scope, IBIS Consulting conducted a review of the group's environmental, health, safety and wellness as well as socio-economic development (SED) portfolios. A Type II (moderate) assurance approach was adopted by way of onsite visits to five operations, which included a review of key data indicators, with additional evidence provided and interviews conducted, to ensure a fair and transparent process. A further review of the remaining operations' data was undertaken to assess for anomalies or data trends. No material issues were identified during the assurance audit that needed to be brought to the attention of the committee, the board or other stakeholders.

### Enterprise and supplier development

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. Each unit works closely with local communities to develop their local supply chain. Units use a portal to advertise for services and suppliers in the area where the unit operates, so that local community members can respond directly to these opportunities. This makes the procurement process transparent and dispels potential suppliers' fears of responses not being considered for specific services. Work is being done to enhance this portal as well as to make it more user friendly for suppliers. Sun International's supplier code of conduct ensures all suppliers adhere to minimum best practice ethical standards.

The group is committed to creating opportunities for all suppliers, especially B-BBEE compliant SMMEs. We maintained our B-BBEE levels across all pillars to support economic upliftment through our supply chain nationally. We continue to promote procurement spend across the provinces where we operate, while ensuring optimal strategic spend. The group implemented a new B-BBEE system to assist with information accuracy and monitor trends to optimise B-BBEE spend. One of the key performance indicators (KPIs) included in Sun International's SLL is spend on suppliers that are at least 30% black women owned, to enhance value sharing and provide economic upliftment for businesses owned by some of the most marginalised within our communities.

### Socio-economic development

The group's SED strategy continued to positively impact the communities with whom we interact. Our units' SED and CSI projects focus on addressing the needs of the community, as identified through our community stakeholder engagement process. Focus areas for SED spend include education, sports, and arts and culture projects, where these investments continue to make a difference in the lives of the communities where we operate. We continue to improve the reporting of our CSI in-kind donations. Our guests and employees reached out to the KwaZulu-Natal flood victims and donated R500 000.

All our selected SED programmes align closely with the following SDGs: SDG2 (zero hunger), SDG3 (good health and wellbeing), SDG4 (quality education) and SDG6 (clean water and sanitation). Initiatives also incorporate environmental and social elements where relevant. We launched the Sun International eco-schools project that was implemented at 18 schools nationally, with over 500 learners involved in environmental lessons, incorporating climate resilience and safe school teacher workshops.

Sun International launched its employee volunteering programme, in partnership with forgood<sup>1</sup>, South Africa's largest online volunteering platform. During Mandela Month 62% of employees donated goods to worthy causes as part of this employee volunteering initiative.

### Environmental

Sun International's ENVIRO-AMBITION 2025 five-year strategy focuses on carbon emissions, water, electric energy and waste. It maps our journey towards being at the forefront of sustainable environmental management in the hospitality sector and outlines our KPIs and mechanisms for realising our environmental ambition. This approach also considers the group's ESG strategy, the SDGs and international best practices such as the Task Force on Climate-related Financial Disclosures. Our various KPIs were updated to reflect our journey and assist in monitoring and evaluating progress in achieving our ambition.

The group continues to explore innovative environmental initiatives to address waste management and pressing water and energy resource concerns facing South Africa. Boardwalk completed the installation of a reverse osmosis plant and pending the approval of a water use license, the operation will be able to fully supply water to the hotel and casino. This will secure water quality and supply for the unit with the ongoing water supply issues in the Eastern Cape. Following the board's approval of the group's renewable energy plan, there will be a significant focus on investigating and implementing renewable energy solutions, with key units being prioritised.

### Health, safety and wellbeing

The health, safety and wellbeing (HSW) strategy for Sun International has five key focus areas, namely preventing stakeholder harm, proactive control and mitigation of risks, implementing innovative solutions to manage HSW, embedding a caring and vigilant culture, and maintaining compliance to legislation and the adoption of best practice. We are pleased to report that there were no fatalities for the year under review and continue to look for innovative ways to manage HSW, such as the development and roll out of our new ESG and ERM management platform, that will come online in 2023. This solution will enhance our data management controls and enable proactive risk and compliance management.

We also ensure that stakeholder feedback is considered when managing our risks and have incorporated the feedback of our customers when evaluating health and safety performance. In 2022 we achieved an average customer satisfaction score of 90% for health and safety. Our focus on health and safety training resulted in a significant increase in training with 9 430 employees, service providers and contractors trained, compared to 4 993 in the prior year. The wellness days we rolled out for employee wellbeing also resulted in 1 913 employees participating group-wide. Through our medical surveillance programme, enhanced focus on risk mitigation, and assuring the control environment through our internal and external audits, we continue to maintain compliance and align with best practice.

### Protection of personal information

Received 26 POPIA applications

Received one Promotion of Access to Information Act, 2000 (PAIA) applications

The stewardship of customer information and data protection is paramount. During 2022, we continued to enhance our controls to ensure compliance with the Protection of Personal Information Act (POPIA) and the General Data Protection Regulation (GDPR).

<sup>1</sup> forgood offers a cost-effective cloud platform that allows employees to find volunteering and donation drive opportunities from across the development sector. [https://www.forgood.co.za/forgood-business]

## CONCLUSION

Based on the committee's performance during the year, we are satisfied that it has fulfilled its mandate in terms of the Companies Act read with Regulation 43 of the Regulations to the Companies Act. There were no known instances of material non-compliance with legislation or regulations, or non-adherence with codes of best practice in terms of the areas within the committee's mandate, during the year under review, or repeated regulatory penalties, fines, censures or compliance orders. As such, we are satisfied that the group has operated as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development.

During the 2022 financial year, Sun International was compliant in all material respects with the Companies Act, Regulations to the Companies Act, the JSE Listings Requirements, King IV™ and its memorandum of incorporation.

Going forward, the committee will focus on:

- ▶ Overseeing the group's corporate citizenship and ensuring it continues to improve on its already embedded principles of carrying out its actions as a responsible and ethical corporate citizen, and having a positive impact on the communities in which we operate.
- ▶ Ensuring in conjunction with the remuneration committee that the group pays its employees fairly, ethically and responsibly in accordance with the equal pay for work of equal value principle and addresses the gender pay gap.
- ▶ Ongoing training and communication with employees through the Sun Talk platform and engaging with employees in terms of their wellness through the employee wellness programme.
- ▶ Overseeing the implementation and roll out of Sun International's ESG strategy and addressing any concerns.
- ▶ Monitoring the group's activities around responsible and transparent procurement and sustainable supply chains.
- ▶ Monitoring anti-money laundering and anti-terrorism controls to identify and report the related transactions and customers.
- ▶ Monitoring the responsible online gambling programme.
- ▶ Monitoring regulatory developments:
  - Tobacco Products and Electronic Delivery Systems Control Bill.
  - Employment Equity Act: Code of Good Practice on the Prevention and the Elimination of Harassment in the Workplace.
  - Proposed changes set out in the Companies Amendment Bill, 2021 as they pertain to the social and ethics committee.
  - Proposed JSE Listings Requirements amendments as may pertain to the social and ethics committee.
- ▶ Ensuring that the committee continues to review its mandate and terms of reference to ensure that it is aligned with the Companies Act and Regulation 43 of the Regulations to the Companies Act, 2011 and whether there is any material non-compliance that requires disclosure.

### ZIMKHITHA ZATU MOLOI

Chairman of the social and ethics committee  
10 March 2023