

Chairman's message

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## STRATEGIC OBJECTIVES REVIEW

Our key strategic enablers include our people and iconic properties. We are committed to creating great memories for our guests, maximising shareholder and stakeholder value and respecting the natural environment and critical resources. We achieve this by committing to operational excellence and we also strive to implement new products group-wide to remain relevant and enrich our customer experience.

### STRATEGIC OBJECTIVES



SO1  
People and culture



SO2  
Operational excellence



SO3  
Customer centricity



SO4  
Maximise shareholder value



SO5  
Environmental, social and governance (ESG)

## SO1 People and culture

Our people are the means through which we deliver memorable experiences for our guests. To attract the right talent, we offer competitive remuneration and wellness programmes for our employees and their families. To retain and upskill our people we run training and development initiatives throughout the year, helping them grow their skills base and develop their careers in line with our transformation agenda.



Detail on our people and culture is included in our ESG report <https://suninternational.onlinereport.co.za/2022/downloads/Environmental-Social-and-Governance-Report-2022.pdf>

## SO2 Operational excellence

We continue to focus on operational excellence at all our properties through industry-leading systems and technologies, regular refurbishments and facility upgrades to our infrastructure, and allocating our capital in ways that enhance efficiencies and deliver improvement in our margins.



### Systems

#### Kronos scheduling system

We achieved our Kronos productivity-based scheduling rollout plan for 2022 and units are embracing this scheduling method. We continue to build historical data in Kronos to improve our predictive forecasting model. The use of Kronos to effectively roster schedules is industry leading. Training and knowledge-sharing throughout the group has yielded positive results. Our automation of hours from Kronos to payroll was completed and we continue to test and develop additional interfaces to enhance efficiencies. In 2023, our focus will be on reporting and strengthening our productivity ratios in line with business/market trends, which will provide a better customer experience.

#### Gaming

The project to replace our current Bally gaming system with Playtech continued during 2022 with the regulatory development work completed and sent for testing. Significant work was also done on designing and developing the functionality that Sun International requires to run its casinos. The project has an expected end date of Q4 2024. In addition, a project was started to implement the Playtech IMS system in the SunBet online environment and to build an omnichannel solution between the casino and online Playtech systems.

### Infrastructure

With operations now back to normal trading, all maintenance departments are up and running. At Sun City, various projects were concluded, including Palace upgrades and rooms refurbishments, a new world-class spa and hair salon, an upgraded gym facility and work on the Crystal Court. At the Sun City Hotel, the mock-up for the refurbishment planned during 2023 to 2025 was completed. Continued focus is placed on ageing infrastructure across the resort. At Carnival City Hotel, the refurbishment of the hotel reception was completed before the 2022 festive season, which now concludes the full refurbishment of the hotel.

Sun City and Boardwalk's privé refurbishments were completed during the year and have been well received. Wild Coast Sun and Sibaya's privés are planned for Q1 2023. The proposed Boardwalk Mall development commenced in April 2021 as planned, with the first phase of the opening delayed until March 2022 due to lockdown. Both stages were completed and the Boardwalk Mall opened to the public on 22 September 2022. This Boardwalk Mall is a huge improvement, with notable increases in footfall.

Work on the GrandWest Hotel expansion has commenced, with a planned opening for October 2023. With the new extension completed, room inventory will increase from 39 to 103 rooms with some additional suites, a new spa, gym and pool area.

Further work planned at Sibaya includes the refurbishment and upgrade of the Sibaya Lodge's top floor rooms. A Royal Sibaya Hotel refurbishment is earmarked for Q3 to Q4 2023, which includes the reception and public areas. A further expansion of the smoking privé has also been earmarked for Q2 2023.

Further investigations linked to the harvesting of the natural spring water at Boardwalk were completed. We also appointed a supplier who completed the installation. We are awaiting the approval of a water use licence before the recovered water can be used for human consumption. While there were delays in implementing water solutions due to the lockdown impact, management continues to explore feasible sustainable water solutions at various units. This will ensure our guests are not negatively impacted due to service delivery constraints and potential water crises.

Details of proposed solutions are discussed in the environmental section of our ESG report <https://suninternational.onlinereport.co.za/2022/downloads/Environmental-Social-and-Governance-Report-2022.pdf>

### Efficiencies

Our operating philosophy is based on containing costs, optimising capital, using the systems around us efficiently, and consistently applying standards and procedures. With business resuming to pre-pandemic levels, we were able to stress test the rationalised operational structures. This provided the units with the necessary reassurance that these new structures would stand up to peak trading levels and that they were embedded in the business.

The cost base for all units was further reviewed in 2021/22 to ensure margin protection and an efficient operating structure. Service providers that supported the business during the lockdown and pandemic period also had the benefit of gaining valuable insights, which enabled them to find mutually beneficial efficiencies in their operating models. In line with our procurement policy, expiring contracts have been put out to tender or renewed with efficiencies in mind.

The outsourced engineering function at Sun City realised intended operational efficiencies and improved preventative maintenance. Based on its success, this model is being considered as an alternative in certain other units. The IFS maintenance module is in the process of being rolled out at a few units. This system allows management to focus on critical, preventative and infrastructure maintenance, ensuring effective management and planning of maintenance and capital expenditure.



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## Customer centricity

SO3

We leverage our customer-centric model, which is underpinned by a strong Sun International brand. We continue to enhance our digital capabilities across our business to enrich our omnichannel approach.

### Our customer journey



As a business whose revenue model is directly linked to our customers' memorable experiences, we are focusing on proactively targeting our customers at the right place and time with rewards that encourage visitation to our properties. To drive a culture of excellent service, employee KPIs are measured against customer satisfaction scores. We are also pleased that our guests show excellent engagement with our MVG loyalty programme, using their rewards to return to our properties regularly.

### Attracting our customers

#### Customer relationship marketing

We have begun a customer relationship management (CRM) strategy for our casinos that optimises the value of our customer data to drive incremental value. This strategy identifies patterns and behaviours that allow us to react quickly with relevant, time-based activations that encourage more visits and greater spend. It also identifies customer segments with noticeable shifts in gaming income, in specific areas, to drive and reward offers accordingly and increase gaming income. Key bespoke activations will be designed and executed to support the property needs, with a skilled CRM team ready to realign focus and implement the plan in 2023.

### Serving our customers

#### Customer satisfaction

Customer sentiment is a key measure of our overall performance. Sunshare, our customer feedback platform, remains an integral port to engage with customers directly. We continuously monitor customer sentiment and strive to exceed customer expectations. During 2022, we closed out on an overall customer satisfaction rating of 79%, with our gaming satisfaction scores averaging 83% for the year. Our customer complaints, queries and compliments are qualitative and quantitative, helping determine our strengths and areas to work on where our service delivery could improve. Customer satisfaction scores are fundamental to our business and we continue to align these to relevant employees' KPIs to drive the correct behaviour.

Our refined customer survey implemented in 2021 is attracting increased engagement and improved data integrity has helped us reach more customers proactively. In 2022, we focused on maximising the engagement platform and enhancing reporting capabilities, to ensure the information recorded is succinct and streamlined to enrich our customer experiences.

We provide ongoing online customer service training and engagement to enhance our service offering and customer experience and to empower employees in line with the group's employee value proposition.

### Omnichannel offering

Our omnichannel strategy forms part of our commitment to ensure that our customers can transact seamlessly and enjoy the benefits of both our land-based casinos, resorts and hotels and our online business SunBet. This strategy enables us to incorporate various methods of product offering and marketing initiatives into our various communication and marketing channels as well as the MVG loyalty programme. We can then profile each customer's behaviour and use this data to provide bespoke product offerings and promotions, thereby enhancing customer loyalty and retention as well as increasing the share of spend of casino customers.

### Footfall

Footfall remained under pressure due to the varying government-imposed Covid-19 restrictions for the first half of 2022. We continued to drive strong direct marketing initiatives and activities to drive footfall to our properties, maximising opportunities to ensure customers knew about activations and could participate. Post Covid-19, we have seen a shift in product and player dynamics in the way that players behaved at devices. We saw an overall increase of 15% in visitation with a positive increase of spend per visit across the card tiers.

Our activation toolkit was further enriched with eight tournaments during 2022. The inaugural group-wide Slots Royale Tournament, with a total prize pool over R6 million for the duration of the tournament proved popular, with over 10 000 customers participating, while the Black Opal Baccarat Tournament enjoyed phenomenal customer and revenue success, while the Black Pearl Roulette Tournament returned and was highly rated by our customers, showing great gaming results against the 2020 tournament.

Sun International strives to deliver world-class events for its customers and continues to reinforce our positioning as the home of group-wide gaming tournaments. SunBet partnered with Monster Jam to add further excitement to our gaming floors, bringing poker tours to five of our properties – Time Square, Sun City, Sibaya, Boardwalk and ending at GrandWest. The proposed targets were exceeded as the tournaments progressed throughout the country. The calendar for 2023 is already set and we look forward to hosting these tournaments during the year.

### Food and beverage

Freedom of movement, venue capacity constraints and the national curfew being lifted meant significant improvements in our trading conditions, with the biggest growth contributor being conferencing and hotel business group-wide as a result of continually reviewing our procurement strategy and supplier relationships, we minimised the global impact of the Russia/Ukraine crisis on our input costs and imports. Our gaming units continue to focus on adding value from a product and pricing perspective, with a focus on our privés and MVG programme. Due to the monitoring of our productivity ratios and advanced scheduling module, stock and variable cost management contributed to a significant increase in our profit, exceeding pre-Covid-19 numbers.

### Retaining and growing our customer base

#### Sun MVG loyalty programme

Eighty-five percent of our customers rate Sun International's MVG loyalty programme as enjoyable and rewarding. The loyalty programme celebrated great success with over 600 000 members actively participating and reaping the rewards across all our products, services and offerings. This is evidenced by a 100% redemption of casino points, with leisure points ending at an overall redemption of 72%. The accommodation discounts performed exceptionally well with an increase of 39% in total revenue, translating into a total of 100 705 room night discounts, 23 000 more than 2021. More than 565 000 food and beverage discount transactions were processed in 2022.

MVG points expiry commenced in 2022 after been halted due to Covid-19 and we continued with the freeze on member status changes. Tier credits continue to accumulate, which is a good measurement for our customers to gauge their tier ranking and their associated benefits and rewards. During 2022, we welcomed over 101 000 new members to the loyalty programme.

The Sun International App enjoyed a 10% improvement on functionality, with a strong focus on customer experience and best practices. The App is positioned to be the primary channel of communication between the customer and Sun International, enabling our members to manage their loyalty journey from the palm of their hand. The uptake is tracking as expected and we are seeing a behaviour change, especially in direct bookings. The App development underway is focused on enhancing the transactional value for our customers, enabling them to engage for draw participation and reward redemptions. Our customers enjoy the information around events and on-floor promotions, while some patrons check their MVG points and the jackpots.





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## SO4 Maximise shareholder value

Through disciplined capital allocations, we aim to unlock value at our properties and deliver returns for both our shareholders and the guests who frequent our hotels.



### Capital allocation

Our capital allocation framework is based on a set of fundamental principles, as depicted below, that guide our choices and enable effective utilisation of capital. These principles are discussed in the chief financial officer's review.

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## SO5 ESG

The group's commitment to its environmental, social and governance responsibilities was unwavering. Good corporate governance and sustainability are important enablers in managing the group's reputation, making strategic progress, and creating and preserving stakeholder value. All of this is done to ensure we remain a sustainable business.



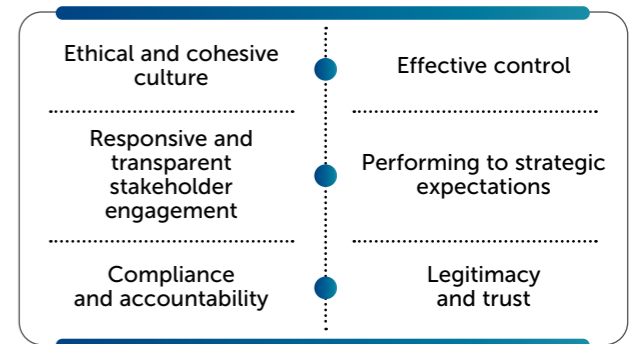
### Environmental and social pillars

Our environmental pillar incorporates carbon emissions, electric energy, waste and water elements, as well as the manner in which we set targets and monitor progress. The social pillar includes progress around our people, health, safety and wellness and our enterprise and supplier development. Key outcomes regarding our environmental and social pillars are provided below.

ESG report <https://suninternational.onlinereport.co.za/2022/downloads/Environmental-Social-and-Governance-Report-2022.pdf>

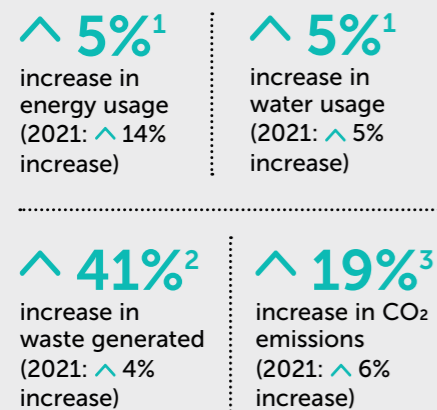
### Governance pillar

The group's corporate governance and sustainability approach embraces ethical practices that are responsive to stakeholders and the operating environment. Good corporate governance and sustainability are important enablers in managing the group's reputation, making strategic progress, and creating and preserving stakeholder value. It also ensures that we achieve our corporate governance outcomes (see alongside and below).



## OUTCOMES IN 2022

### ENVIRONMENTAL



1 The group resumed 24/7 operations in 2022.  
2 The increase in waste generated can be attributed to the return to 24/7 operations and an increase in additional events and conferencing at our properties.  
3 Increase due to Scope 1 emissions specifically diesel consumed for generator use due to loadshedding.

### SOCIAL

#### ENTERPRISE AND SUPPLIER DEVELOPMENT

**R42.3 million**

(2021: R30.7 million) invested in supplier development

**129** beneficiaries assisted (2021: 78)

**R12 million**

(2021: R8.3 million) committed to enterprise development

**50** beneficiaries assisted (2021: 34)

#### HEALTH, SAFETY AND WELLNESS

**Zero** fatalities experienced across the group

Achieved a **90%** customer satisfaction score relating to health and safety perception

Improved overall training uptake by **43%** for employees

Incurred **zero** penalties, infringements or convictions from government, regulatory or local authorities

#### PEOPLE AND CULTURE

**93.9%** (2021: 92.2%) black employment in our South African operations including Sun Slots

**33%** (2021: 11%) female representation among Sun Internationals' top management excluding Sun Slots

Invested **R84 million** (2021: R52 million) in learning and development

#### SOCIO-ECONOMIC DEVELOPMENT (SED)

Invested **R27.6 million** (2021: R14 million) in SED

Invested **R5.3 million** (R13 million) in corporate social investment (CSI) in-kind donations

### GOVERNANCE

**10** board members  
**6** independent  
**4** female  
**6** ACI (African, Coloured and Indian)

Improved on the female exco representation  
**three females (30%)**

Contributed about **R8 million** towards the National Responsible Gambling Programme