

# About this report

We are pleased to present our 2016 integrated annual report.

Sun International, which is listed on the Johannesburg Stock Exchange (JSE), chooses to report in an integrated manner because we believe that doing so can help our stakeholders make better informed decisions about our business. Our aim is to provide our stakeholders with a focused and concise report. Our online platform, which can be accessed at [ir.suninternational.com](http://ir.suninternational.com), contains the content of this report together with additional statutory and other reports, including our annual financial statements, governance reporting and additional sustainability content.



A list of the additional information available online is set out on page IFC.

The group's 2016 integrated annual report is primarily guided by the International Integrated Reporting Committee (IIRC) recommendations for integrated reporting (the <IR> framework guidelines). Our sustainability information contained in this report and online is guided by the Global Reporting Initiative Sustainability Reporting Guidelines. This report is also prepared in accordance with the JSE Limited Listings Requirements and the South African Companies Act, No 71 of 2008. A register of our application of the King III governance principles is available online. Our group and company annual financial statements follow International Financial Reporting Standards (IFRS).

We continue to embed management, sustainability and governance-related reporting systems and processes in our operations. The experience we gain in implementing these systems is not only applied in our new operations as we expand our operational footprint internationally, but is also contributing to the quality of our internal and external reporting.



## Scope and boundary

This integrated annual report, which is our primary report to stakeholders, covers the financial period 1 July 2015 to 30 June 2016. The scope of this report includes all of Sun International's subsidiaries and operating units. The content focuses on our material issues that have occurred during the financial reporting period and in certain instances up to date of finalisation of this report. We consider material issues as those matters that could substantively influence the assessment of providers of capital and other stakeholders with regard to Sun International's ability to create value over the short, medium and long term. In order to achieve our strategic objectives and manage our risks, these material issues are continuously monitored by Sun International and its board as the governing body. Our material issues are: managing our way through tough economic conditions; exploring and delivering on growth opportunities; managing our complex regulatory environment; remaining relevant in the societies within which we operate; and managing relations with our key stakeholders.



Further detail on our material issues is set out on page 20.

## Assurance

The financial information presented on pages 40 to 51 have been extracted from Sun International's audited annual financial statements, which have been prepared according to IFRS. An external assurance provider was engaged to provide an independent assurance statement on the group's sustainability reporting as advocated by King III. A copy of our independent assurance statement can be found online at <http://ir.suninternational.com>. In addition, Empowerdex was engaged to perform the annual Broad-Based Black Economic Empowerment (B-BBEE) verification and Marsh conducted property risk audits. Sun International's internal audit department also provides the board with assurance on the key areas of the group's internal financial controls.

## Forward-looking statements

This report may contain certain forward-looking statements other than the

statements of historical fact which cannot be construed as reported financial results. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein, as they have not been reviewed or reported on by the group's external auditors.

Such statements may include predictions of or indicate future earnings, objectives, savings, events, trends or plans based on current expectations, forecasts and assumptions. As with any forward-looking statement, prediction or forecast, there are inherently unexpected events which could cause uncertainty and unexpected change which have not, and could not, be accounted for. Whereas the company has made every effort to accurately and reasonably ensure the accuracy and completeness of the information contained within this integrated annual report, any forward-looking statements speak only as at the date that they are made; the actual results may vary materially from those expressed or implied; and the company undertakes no obligation to publicly update or alter these or to release revisions after the date of publication of this report.

## Directors' approval

The board acknowledges its responsibility to ensure the integrity of information contained in the integrated annual report and has applied its collective mind in the preparation of this report. The group audit committee was instrumental in providing guidance on this process and keeping the board abreast of the reporting progress.

The board is of the opinion that this integrated annual report is presented in compliance with the <IR> framework guidelines and approved the report on 14 October 2016.

**Valli Moosa**  
Chairman  
14 October 2016

**Graeme Stephens**  
Chief executive  
14 October 2016

## Stakeholder feedback

We welcome stakeholders' feedback on our reporting, which can be sent to [investor.relations@za.suninternational.com](mailto:investor.relations@za.suninternational.com).

## Capitals

Sun International appreciates that the six capitals – financial, productive, human, intellectual, social and relationship and natural capital – are all interrelated in our business to create value. The manner in which these capitals are interrelated in our business activities are disclosed in the business model on page 14 and each capital is unpacked and discussed below.



### FINANCIAL CAPITAL

Our sources of financial capital include shareholder equity, internally generated cash flows and debt. In 2016, we also generated financial capital through strategic disposals in our African portfolio and an interest in SunWest and Worcester. We use our financial capital to protect and leverage our existing asset portfolio in the form of replacement and maintenance capex for refurbishing and maintaining our properties, to cover our operating costs and to build and acquire unique casino, hotel and entertainment venues. This allows us to grow our stock of productive capital. We also invest financial capital in ensuring our employees have the skills they need to provide a memorable guest experience and to manage our properties to maximise value.



### INTELLECTUAL CAPITAL

Our intellectual capital includes our brand, our know-how, our ability to ensure our properties are all aligned with our strategic objectives and can meet set standards and targets, our investment in governance structures that ensure we remain at the forefront of best practice corporate governance, and our IT systems.

As a gaming, leisure and entertainment group our stock of intellectual capital is realised in the form of our gaming licences, which are the single most critical enablers of our ability to operate. Our brand is also one of our most valuable assets and we rely on our people to protect and appropriately represent our brand. Our stock of intellectual capital, represented by our wealth of management expertise, and our management team's ability to establish successful relationships, is the foundation of our entry into new jurisdictions.



### PRODUCTIVE CAPITAL

The bricks and mortar of our properties form our stock of productive capital. The uniqueness of our properties is a key differentiator for our business and we focus on protecting, leveraging and growing our asset base. In addition, our online sports betting website offers South Africans a secure and legal platform to place bets on sporting teams and individuals. We constantly review our asset base and its offerings to ensure they remain relevant and are used optimally. If required we will dispose of assets that are no longer relevant or are not core to our long-term strategy. Growing our stock of productive capital requires the investment of financial capital, whether into our existing properties, new assets or new products.



### SOCIAL AND RELATIONSHIP CAPITAL

We actively manage the stakeholder relationships on which our business depends, including those with communities, our business partners, governments and regulators.

Our guests are key stakeholders in our business. We strive not just to meet their expectations but to exceed them. Our gaming licences, which are essentially our regulated licences to operate, are critical to our business and require that we comply with various licensing conditions. Stakeholder engagement plays a key role in our compliance with these licences. Our track record of being an ethical operator and responsible corporate citizen is based on the belief that doing good is more than a business requirement, it is about creating shared value. This approach supports the growth of our business into new markets. We are acutely aware of the negative impact that gambling can have in communities and we actively partner with responsible gambling initiatives to help reduce the incidence of problem gambling.



### HUMAN CAPITAL

Our stock of human capital includes our peoples' skills and experience. As the primary interface with our guests our employees are the custodians of the memorable experience we strive to offer. Their motivation and competence to perform and provide a memorable guest experience are key determinants of our future success and sustainability. We invest financial capital to develop our stock of human capital. This includes training and developing our people to equip them with appropriate skills to deliver on our strategic objectives, rewarding them with appropriate remuneration and incentives and providing mechanisms to keep them safe and healthy. Our non-management employees in South Africa participate in the Sun International Employee Share Trust, which has a significant stake in both Sun International and in a number of our casino properties directly. We also actively align management performance with our strategic objectives. Our focus for 2016 was on the selection and rollout of our group values following the chief executive roadshows.



### NATURAL CAPITAL

We are a medium impact user of natural resources. Our business activities depend on natural capital inputs and in particular water and energy. Many of our properties are located in pristine environments rich in biodiversity, which are a key aspect of their appeal to our guests and hence we strive to protect our environments. We aim to reduce our impact on the environment, continue to measure our carbon footprint and plans are in place to increase waste recycling partnerships.

