

IT'S NOT AN OPTION,  
IT'S NOT A LEGAL OBLIGATION,  
IT'S NOT A PRESS RELEASE,  
IT IS A PASSION.  
TO RESPECT OUR PLANET,  
TO INSPIRE OUR GUESTS,  
TO PROTECT OUR COMMUNITIES.

PUSHING BOUNDARIES, INVENTING NEW  
PATHS, GOING ABOVE & BEYOND WHAT  
OUR WORLD KNOWS.

WE ARE CHANGING THE GAME, NOW.

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## ABOUT THIS REPORT

**Melco Resorts & Entertainment Limited (MRE, Melco or the Company) is pleased to present its second annual Sustainability Report (the report).**

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option for its annual reporting cycle. The report covers Melco’s sustainability performance for the calendar year ending December 31st, 2019 with multi-year data shared for comparison where relevant. Financial information is presented in United States Dollars (US\$) unless otherwise stated.

The scope and boundaries for this report comprise all entities covered in our financial statements, including our resort, hotel and club facilities in Macau and Manila, our satellite and temporary casino operations in Cyprus and our corporate offices in Hong Kong, Macau, Cyprus, Japan and Taiwan. For detail on entities included in this report and our reporting scope and boundaries, refer to our GRI Content Index.

For all our material topics covered in this report, we consider the impacts, both positive and negative, across our operations and along our value chain, where relevant; this includes those that are both upstream in our sourcing and supply chain as well as downstream in how we create exceptional guest experiences and support local economic and community development, for example. For detail, refer to our [Risk to Opportunities](#) section.

Environmental performance data reported on a group-wide basis includes all operations over which we have operational control across our portfolio. As our operations in Cyprus were under the operational control of our parent company, Melco International Development Limited, in 2018, data for these operations have been included from 2019 onwards after their transference. When our integrated resort in Cyprus is operational, data from this resort will be included in our environmental metrics.

To identify the Environmental, Social and Governance (ESG) topics that are central to our business, we have conducted industry research, peer benchmarking and engaged with a wide range of internal and external stakeholders through multiple channels. As a result, we have enhanced the alignment of the elements within our “Above & Beyond” strategy as presented in [Melco’s Strategic Sustainability Framework](#), which was informed by our [stakeholder engagement process](#).

Melco have also aligned to the UN Sustainable Development Goals (SDGs), for further detail on our support of specific SDG targets, view our [website](#).

We welcome your feedback on this report, our strategy and goals. Please email: [sustainability@melco-resorts.com](mailto:sustainability@melco-resorts.com) with your comments.

# MESSAGE FROM OUR CHAIRMAN AND CEO



**As I write this, we're all in the midst of one of the largest challenges to ever confront the world, Covid-19. I hope and believe that alongside the tragedy and heartbreak, will emerge a better understanding of how collective action can deliver dramatic and positive results on a global scale.**

Sustainability is similarly a big picture topic. Whether relating to the environment, society, or governance, it also relies on collaboration, and the harnessing of change to improve the future.

I anticipate, that once Covid-19 has been brought under control, there will be significantly greater awareness of how individual actions when taken at scale, can better life for all.

As you may already be aware, last year Melco launched Above & Beyond, a comprehensive set of strategic sustainability initiatives and ambitions that confronted systemic issues within our industry. These efforts can be summed up by four clear goals that remain unaffected by the current economic uncertainty:

- ↳ To inspire our guests by showing them that a sustainable future is a better future.
- ↳ To be the best partner and the best place to work.
- ↳ To achieve carbon neutrality across all our resorts
- ↳ And to achieve zero waste and contribute to circular economy leadership in Asia

Above & Beyond remains a potent challenge to ourselves, our guests and hopefully our peers to do what we do best, but in ways that bring a more positive impact. And guests are a key audience, because we know that those drawn to our pioneering premium resorts, seek high quality experiences delivered responsibly and sustainably.

We've learned that by broadcasting clear messages and engaging the workforce from top to bottom, it is possible to convert last year's short-, medium- and long-term goals into substantive and impressive results.

Our first resort, Altira now joins the rest of our Macanese portfolio in being honored with the Green Key award, another significant advance towards our sustainability goals. And it should be noted that Melco is the first and

only company to earn this accolade in the city. The Company also received an A- and "Best First Time Performer" recognition from CDP, one of the world's most respected environmental disclosure systems, placing us in their leadership band for climate change responses.

A key element in effecting change is data, and we've made huge progress in our ability to track multiple performance streams within our resorts. Knowing the numbers means we can tackle the hotspots first; therefore 2019 has been all about prioritizing issues and establishing responses. For example, based on monitoring, we were able to divert 712 tonnes of waste from disposal to recycling and composting, an increase of 10% on last year and another step on our path towards circular economy leadership. Our investment in technology plays a key role in sustainability; for example we're trialing A.I. systems across both front- and heart-of-house to tackle one of our biggest challenges, food waste.

Remaining at the heart of every one of our achievements are people and instilling each and every colleague with our vision is vital for long-term success. But it doesn't stop there. As I highlighted earlier, Melco is dedicated to taking our guests on the journey, and I'm thrilled to see how our teams have already successfully deployed a number of changes to the guest experience. For example, as part of our commitment to remove single-use plastic, this year has seen the widespread installation of drinking water stations throughout the gaming floors, a move which has been welcomed and adopted by all.

Design presents tremendous opportunities to positively influence sustainability, and Melco has adopted a pioneering approach across all its current development projects. In Macau, the master-planning of Studio City Phase Two now takes the migratory flightpath of local birds into account. And in Cyprus, where Melco is developing Europe's first integrated resort, the very highest sustainability standards are being incorporated into its design with an expectation of receiving the nation's first BREEAM rating of "Excellent".

The effects of these measures, and how we as an organization reflect and enhance our surroundings, is always a critical factor in our thinking, something we're taking to the next level in Japan. There, we've taken meticulous care to immerse our leadership in all aspects of the country's rich heritage, humanities and aesthetic, ensuring that our ambitious proposals in Japan

are harmonious and complementary. And these kinds of considerations extend to wherever we do business, because there's no better way of preserving culture and heritage than by celebrating it.

Sympathetically embedding ourselves into our surrounding communities has widespread reciprocal benefits, for example in Macau 80% of all our procurement is from, or through, local suppliers. This localized approach to engagement and dialogue sits at the heart of the way we do business and is reflected in the many international HR and employment awards we won in 2019.

Returning to today and looking forward to tomorrow, we have entered a phase where reducing costs across all our businesses has become one of our top priorities. In 2018, we were combatting the inevitable skepticism that sustainability would be expensive, adding to the cost of us doing business, just to "do good". Well I'm pleased to report that one of the major turning points of 2019 was a broad realization internally that effectively integrating sustainability into all that we do not only saves us money, but better prepares our business and our people for the future.

As we pass through these uncertain times, I'm very thankful that we've already successfully incorporated sustainability into our day-to-day culture at Melco. Make no mistake, there's still a significant amount of work to be done. But the enthusiasm and commitment shown by all assures me that we'll deliver extraordinary results, all whilst enhancing the guest's experience.

In the meantime, stay safe and stay healthy.

Lawrence Ho  
Chairman and CEO, Melco Resorts and Entertainment



# OUR STRATEGY



# ABOVE & BEYOND

OUR SUSTAINABILITY STRATEGY, ABOVE & BEYOND SETS NEW BENCHMARKS FOR ACHIEVING POSITIVE FINANCIAL, SOCIAL AND ENVIRONMENTAL RESULTS. AMBITIOUS GOALS INCLUDE ELIMINATING THE IMPACT OF OUR RESORTS ON THE CLIMATE BY 2030 AND TAKING A LEAD ON CIRCULAR ECONOMY APPROACHES AND RESPONSIBLE GAMING. IT ALSO COMMITS US TO BE THE COMPANY PEOPLE CHOOSE TO WORK FOR, AND A LEADING CORPORATE CITIZEN IN THE COMMUNITY WITH A FOCUS ON RESPECTING AND PROMOTING LOCAL CULTURE. THESE ACTIONS UNDERPIN OUR STRATEGY OF ABOVE & BEYOND AND ARE ADDRESSED BY OUR FIVE FOCUS AREAS, WHICH ALSO FORM THE MAIN SECTIONS OF THIS REPORT.

# MELCO'S ABOVE & BEYOND STRATEGIC SUSTAINABILITY FRAMEWORK

At the heart of our Above & Beyond strategy is our commitment to inspire our guests to realize that a sustainable future is a better future. Our strategy is as holistic and comprehensive, as it is ambitious. Taking the lead to address our common global challenges creates opportunities for us to collaborate with all our stakeholders and create shared value. Building on the results of our recent research and stakeholder engagement, we updated our strategic framework as presented below.



OUR STRATEGY → **STRATEGIC SUSTAINABILITY FRAMEWORK** → STAKEHOLDER ENGAGEMENT → RESPONDING TO WHAT MATTERS MOST — OUR MATERIAL TOPICS → SUSTAINABILITY LEADERSHIP

<b>OUR VISION &amp; MISSION</b>	<b>TO SHAPE THE FUTURE OF GAMING AND ENTERTAINMENT IN ASIA AND BEYOND</b>											<b>OUR STRATEGY</b>	Above & Beyond, our 2030 group sustainability strategy, will accelerate the adoption of sustainability best practices across the business so that Melco sets a benchmark beyond the boundaries of our industry.				
<b>PRIORITY SUSTAINABILITY FOCUS AREAS</b>	GOVERNANCE & ETHICS			RESPONSIBLE GAMING		ENVIRONMENT				PEOPLE			SOCIETY & COMMUNITY				
<b>MATERIAL TOPICS &amp; SCOPE</b>	Our material topics inform and inspire our <b>Above &amp; Beyond</b> strategy to address the major challenges that face our world. Every year we review our material topics by considering both our operating and sustainability context, the results of stakeholder engagement, as well as our strategic risks. <b>Melco Resorts &amp; Entertainment has identified and prioritized the below 14 material topics:</b>																
<b>INPUT (UPSTREAM)</b>	<b>SUSTAINABLE &amp; ETHICAL SUPPLY CHAIN</b>																
<b>WITHIN OUR OPERATIONS</b>	<b>ETHICS &amp; INTEGRITY</b>	<b>SUSTAINABLE ECONOMIC GROWTH</b>	<b>RESPONSIBLE GAMING</b>	<b>ENERGY &amp; CLIMATE RESILIENCE</b>	<b>MATERIAL USE &amp; WASTE</b>	<b>WATER &amp; WASTEWATER MANAGEMENT</b>	<b>TALENT ATTRACTION &amp; RETENTION</b>	<b>INCLUSION &amp; DIVERSITY</b>	<b>SAFETY &amp; HEALTH</b>	<b>COMMUNITY ENGAGEMENT &amp; INVESTMENT</b>	<b>SMALL &amp; MEDIUM-ENTERPRISES</b>	<b>CULTURE &amp; HERITAGE</b>					
	<ul style="list-style-type: none"> <li>&gt; CORPORATE AND SUSTAINABILITY GOVERNANCE</li> <li>&gt; CODE OF CONDUCT OUTLINING EXPECTED BEHAVIORS, PRACTICES &amp; TRAINING (INCLUDES ANTI-CORRUPTION)</li> <li>&gt; CYBERSECURITY, DATA SECURITY &amp; CUSTOMER PRIVACY</li> <li>&gt; REGULATORY COMPLIANCE</li> <li>&gt; HUMAN TRAFFICKING &amp; MODERN SLAVERY</li> <li>&gt; RISK MANAGEMENT AND EMERGING ISSUES TRACKING</li> </ul>	<ul style="list-style-type: none"> <li>&gt; INCREASING SHAREHOLDER VALUE WHILE MAXIMIZING OTHER STAKEHOLDER BENEFITS</li> </ul>	<ul style="list-style-type: none"> <li>&gt; TECHNOLOGY &amp; PROCESS</li> <li>&gt; COMMUNITY ENGAGEMENT</li> <li>&gt; COLLEAGUE EDUCATION</li> <li>&gt; PARTNERSHIPS FOR PROGRESS</li> </ul>	<ul style="list-style-type: none"> <li>&gt; SUSTAINABLE BUILDINGS</li> <li>&gt; ENERGY EFFICIENCY</li> <li>&gt; ENERGY CONSUMPTION – RENEWABLE &amp; NON-RENEWABLE</li> <li>&gt; GHG EMISSION REDUCTION</li> <li>&gt; ECOLOGICAL IMPACTS &amp; BIODIVERSITY</li> <li>&gt; PARTNERSHIPS FOR PROGRESS</li> </ul>	<ul style="list-style-type: none"> <li>&gt; SUSTAINABLE BUILDINGS</li> <li>&gt; SUSTAINABLE SOURCING</li> <li>&gt; MATERIAL USE EFFICIENCY</li> <li>&gt; FOOD WASTE REDUCTION &amp; RECOVERY</li> <li>&gt; WASTE REDUCTION, RECYCLING AND PROPER TREATMENT/DISPOSAL</li> <li>&gt; CIRCULAR ECONOMY</li> <li>&gt; ECOLOGICAL IMPACTS &amp; BIODIVERSITY</li> <li>&gt; PARTNERSHIPS FOR PROGRESS</li> </ul>	<ul style="list-style-type: none"> <li>&gt; SUSTAINABLE BUILDINGS</li> <li>&gt; WATER REDUCTION, RECYCLING &amp; REUSE</li> <li>&gt; WASTEWATER EFFLUENTS</li> <li>&gt; WASTEWATER COMPLIANCE</li> <li>&gt; ECOLOGICAL IMPACTS &amp; BIODIVERSITY</li> <li>&gt; PARTNERSHIPS FOR PROGRESS</li> </ul>	<ul style="list-style-type: none"> <li>&gt; PRIDE IN ORGANIZATION</li> <li>&gt; LOCAL HIRING</li> <li>&gt; COLLEAGUE TRAINING &amp; CAREER DEVELOPMENT</li> <li>&gt; WORK ENVIRONMENT</li> <li>&gt; LABOR PRACTICES</li> <li>&gt; QUALITY OF LIFE</li> <li>&gt; PARTNERSHIPS FOR PROGRESS</li> </ul>	<ul style="list-style-type: none"> <li>&gt; INCLUSIVE &amp; DIVERSE WORKFORCE &amp; LEADERSHIP TEAM</li> </ul>	<ul style="list-style-type: none"> <li>&gt; GUEST HEALTH &amp; WELLBEING</li> <li>&gt; COLLEAGUE HEALTH, SAFETY &amp; WELLNESS</li> <li>&gt; SECURITY</li> <li>&gt; HEALTHY &amp; SUSTAINABLE FOOD</li> <li>&gt; DISASTER RESPONSE</li> </ul>	<ul style="list-style-type: none"> <li>&gt; PHILANTHROPY &amp; VOLUNTEERISM</li> <li>&gt; PROGRAMS IN MACAU, MANILA, JAPAN &amp; CYPRUS</li> <li>&gt; DISASTER RELIEF AID</li> <li>&gt; PARTNERSHIPS FOR PROGRESS</li> </ul>	<ul style="list-style-type: none"> <li>&gt; PARTNERSHIPS, PROGRAMS &amp; INVESTMENTS IN ECONOMIC PROSPERITY OF SMEs</li> <li>&gt; PARTNERSHIPS FOR PROGRESS</li> </ul>	<ul style="list-style-type: none"> <li>&gt; LOCAL CUSTOMS, ARTS, TRADITIONS, BUILDINGS, TOURISM PROMOTION</li> <li>&gt; PARTNERSHIPS FOR PROGRESS</li> </ul>					
<b>OUTPUT (DOWNSTREAM)</b>	<b>GUEST EXPERIENCE</b>																
<b>2030 GOALS &amp; COMMITMENTS</b>	INSPIRING OUR GUESTS BY SHOWING THEM A SUSTAINABLE FUTURE IS A BETTER FUTURE	COMMITTED TO PROMOTING RESPONSIBLE GAMING AND AN ATTITUDE OF STAYING IN CONTROL	ACHIEVING CARBON NEUTRAL RESORTS	ACHIEVING ZERO WASTE ACROSS OUR RESORTS AND CONTRIBUTING TO CIRCULAR ECONOMY LEADERSHIP IN ASIA  EXTENDING OUR POSITIVE IMPACT BY SOURCING SUSTAINABLE GOODS AND SERVICES	2030 GOALS UNDER DEVELOPMENT	BEING THE COMPANY PEOPLE CHOOSE TO WORK FOR AND STAY WITH	BEING BEST-IN-CLASS IN SAFETY FOR OUR GUESTS AND COLLEAGUES	BEING A LEADING CORPORATE CITIZEN IN THE COMMUNITY	BOLSTERING ECONOMIC PROSPERITY FOR SMEs	PRESERVING THE LEGACY, CELEBRATING LOCAL CULTURE AND CREATING THE FUTURE							
<b>2019 KEY HIGHLIGHTS</b>	STAKEHOLDER ENGAGEMENT ON OUR SUSTAINABILITY PERFORMANCE AND PRIORITIES	SOCIOALLY RESPONSIBLE OPERATOR OF THE YEAR	CERTIFIED RENEWABLE ENERGY CREDITS PURCHASED FOR THE EQUIVALENT OF 100% OF MELCO'S PURCHASED ELECTRICITY	ROADMAP FOR ZERO WASTE AND SUSTAINABLE SOURCING	BEST PRACTICES IMPLEMENTED FOR WATER EFFICIENCY, REUSE AND RECYCLING	BEST COMPANIES TO WORK FOR IN ASIA (HOSPITALITY 2019)	ALL MACAU AND HONG KONG PROPERTIES CERTIFIED TO ISO 45001	134,913 COLLEAGUE PARTICIPANTS, INCLUDING VOLUNTEERS, IN CSR ACTIVITIES SINCE 2007 AND US\$17M+ DONATED IN 2019	SUBSTANTIAL SUPPORT OF AND PROCUREMENT FROM LOCAL, MICRO AND SME BUSINESSES	SUBSTANTIVE PROGRAMS TO SUPPORT LOCAL CULTURE AND HERITAGE							

OUR VALUE CHAIN

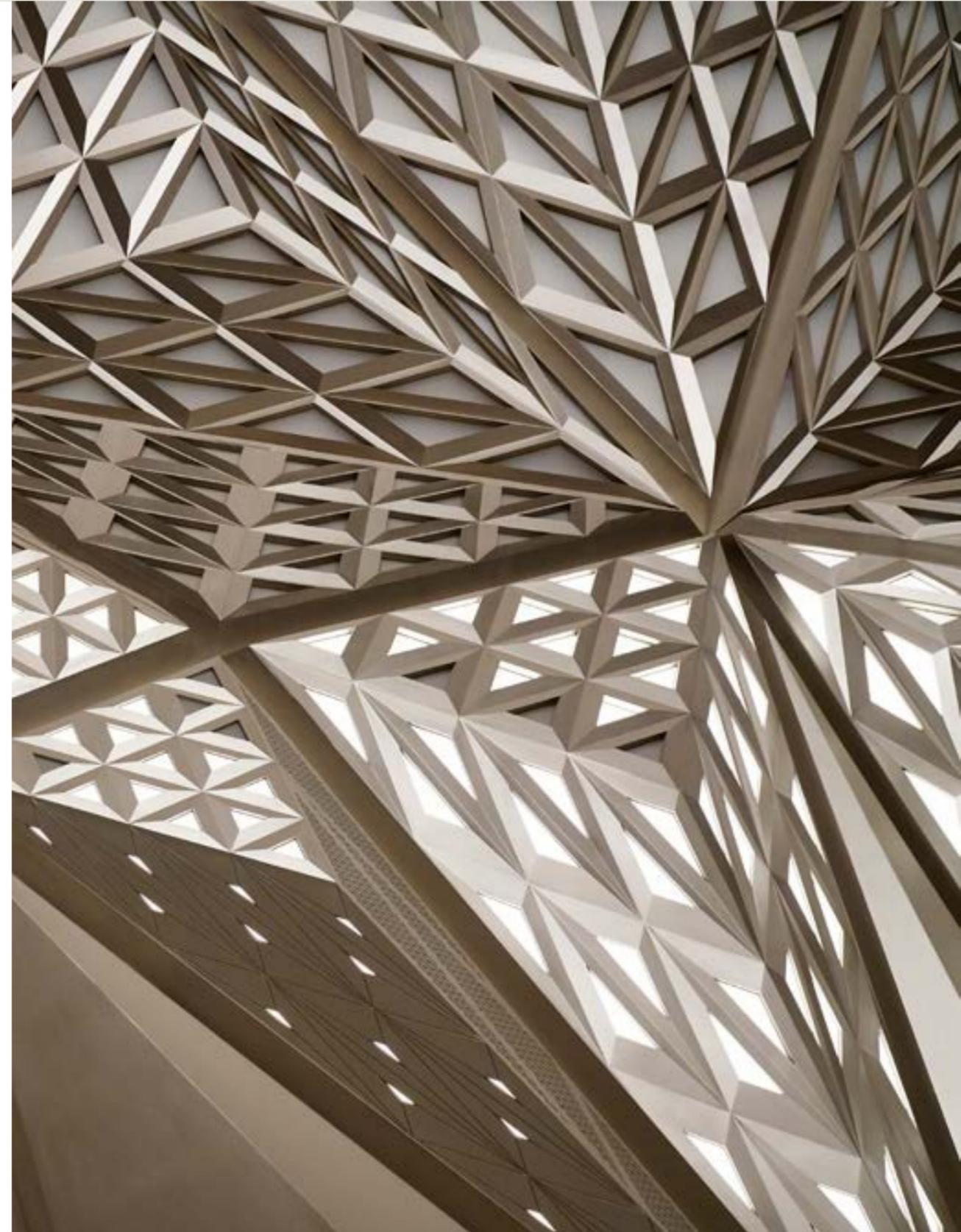
# STAKEHOLDER ENGAGEMENT

Identifying what matters most to our stakeholders and incorporating issues that have a material impact on our business into our strategy, is key to our success as a sustainable business. This also helps us to turn risks into opportunities and create shared value.

## Melco's Key Stakeholders & How We Engage

Guided by the AA1000 Stakeholder Engagement Standard (2015), Melco undertakes ongoing monitoring of industry developments to continually review and define our key stakeholder groups. In identifying our stakeholder groups, we consider whether we have a relationship with them that could be characterized by, or having, at least one of the following attributes: dependency, responsibility, tension, influence or diverse perspectives. Our stakeholder groups and ongoing methods of engagement are presented in the table below.

 BOARD MEMBERS	 GOVERNMENT	 COLLEAGUES	 INVESTORS	 SUPPLIERS	 ACADEMIA	 NGOs	 GUESTS
<ul style="list-style-type: none"> <li>&gt;Surveys</li> <li>&gt;Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Surveys</li> <li>&gt;Industry forums</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Employee surveys and face-to-face interviews</li> <li>&gt;Workshops</li> <li>&gt;Training</li> <li>&gt;Events: townhall, annual party, volunteer and wellness activities</li> <li>&gt;Various online platforms</li> <li>&gt;Hotline</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Surveys</li> <li>&gt;Briefings and meetings</li> <li>&gt;Annual General Meeting</li> <li>&gt;Property tours</li> <li>&gt;Investor presentations</li> <li>&gt;Roadshows</li> <li>&gt;Conferences</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Surveys and training</li> <li>&gt;Supplier events and forums</li> <li>&gt;Meetings</li> <li>&gt;Assessment against our Code of Business Conduct and Ethics</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Surveys</li> <li>&gt;One-on-one meetings</li> <li>&gt;Collaboration on research projects</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Surveys</li> <li>&gt;One-on-one meetings</li> <li>&gt;NGO participation in industry meetings</li> <li>&gt;Collaboration on community projects</li> <li>&gt;Colleague volunteering</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Surveys</li> <li>&gt;Focus groups</li> <li>&gt;Online platforms</li> <li>&gt;Social media</li> <li>&gt;Mystery guests</li> </ul>



# STAKEHOLDER ENGAGEMENT

## Materiality Assessment Approach

In 2019, we engaged an external consultant to update our materiality assessment approach based on industry research, peer reviews and stakeholder engagement.

1

## IDENTIFY SUSTAINABILITY ISSUES

SUSTAINABILITY ISSUES IDENTIFIED BASED ON:

- > Industry research
- > Peer benchmarking
- > Stakeholder engagement
- > Media coverage

2

## ASSESS SUSTAINABILITY ISSUES

STAKEHOLDER ASSESSMENT OF SUSTAINABILITY ISSUES THROUGH A VARIETY OF CHANNELS:

- > Internal senior management interviews
- > Online survey to all stakeholder groups
- > Guest satisfaction surveys

3

## PRIORITIZE SUSTAINABILITY ISSUES AND CONFIRM MATERIAL TOPICS

Senior management workshop prioritized the sustainability issues and confirmed the material topics based on:

- > Concerns expressed directly by stakeholders
- > What Melco deems as important to the business
- > The organization's influence on upstream entities, such as suppliers, or downstream entities, such as guests
- > Broader societal expectations

4

## OUTCOMES

- > Refined a framework for materiality
- > Sustainability report content and structure
- > Improvements in communicating our strategic sustainability framework
- > Refinement of our stakeholder engagement process
- > Sustainability Issues, Value Chain Impacts and Risks & Opportunities framework
- > Further mapping and integration of SDGs into the sustainability strategy

5

## NEXT STEPS

- > Undertake a materiality assessment on a larger scale in 2020
- > Refine and evolve our stakeholder engagement framework to continuously capture evolving expectations and priorities
- > Further evaluate and rank risks and opportunities
- > Develop a shared value creation business model

# RESPONDING TO WHAT MATTERS MOST — OUR MATERIAL TOPICS

The opinions of our stakeholders inspire us to continually improve our operations. In defining material topics, we reflected on which sustainability issues mattered most to stakeholders, how salient issues are to Melco’s economic, environmental and social impact and performance, as well as considering wider societal outcomes.

The results of the review continue to inform Melco’s strategy and governance, and have been grouped as follows:

- ↳ FOUNDATIONAL ISSUES are fundamental to operating as a responsible business
- ↳ MAJOR ISSUES require us to go beyond expected practice to inspire change
- ↳ PRIORITY ISSUES are those where we have the opportunity to demonstrate leadership and differentiate

📄 GOVERNANCE  
 🎮 RESPONSIBLE GAMING  
 👤 PEOPLE  
 🌿 ENVIRONMENT  
 🏡 SOCIETY & COMMUNITY

## PRIORITIZED SUSTAINABILITY ISSUES: ASSESSMENT RESULTS

### PRIORITY ISSUES

Demonstrate leadership for differentiation

📄 ETHICS & INTEGRITY

🎮 RESPONSIBLE GAMING

👤 GUEST EXPERIENCE

👤 TALENT ATTRACTION & RETENTION

🌿 ENERGY & CLIMATE RESILIENCE

♻️ MATERIAL USE & WASTE

🏡 CULTURE & HERITAGE

🏡 COMMUNITY ENGAGEMENT & INVESTMENT

👤 SMEs

### MAJOR ISSUES

Go beyond expected practice to inspire change

👤 INCLUSION & DIVERSITY

👤 HUMAN TRAFFICKING & MODERN SLAVERY

♻️ SUSTAINABLE BUILDINGS

🌿 ECOLOGICAL IMPACTS & BIODIVERSITY

🌿 WATER & WASTEWATER MANAGEMENT

♻️ SUSTAINABLE & ETHICAL SUPPLY CHAIN

♻️ HEALTHY & SUSTAINABLE FOOD

### FOUNDATIONAL ISSUES

Fundamental to operating as a responsible business

👤 LABOR PRACTICES

👤 SAFETY & HEALTH

📄 SUSTAINABLE ECONOMIC GROWTH

📄 PRIVACY & CYBERSECURITY

📄 PARTNERSHIPS FOR PROGRESS

📄 SECURITY

# RESPONDING TO WHAT MATTERS MOST — OUR MATERIAL TOPICS

While all of our sustainability issues are important to both our strategic planning and our day-to-day operations, the following 14 material topics provide overarching focus areas for our Above & Beyond strategy and reporting, as outlined in our Strategic Sustainability Framework. For how these sustainability issues and material topics have impact along our value chain, including upstream, in-house and downstream impacts, refer to our [Risk to Opportunities](#) section.

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## OUR MATERIAL TOPICS

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### INPUT:

ETHICAL & SUSTAINABLE SUPPLY CHAIN,  
WHICH SUPPORTS ALL OUR OPERATIONS

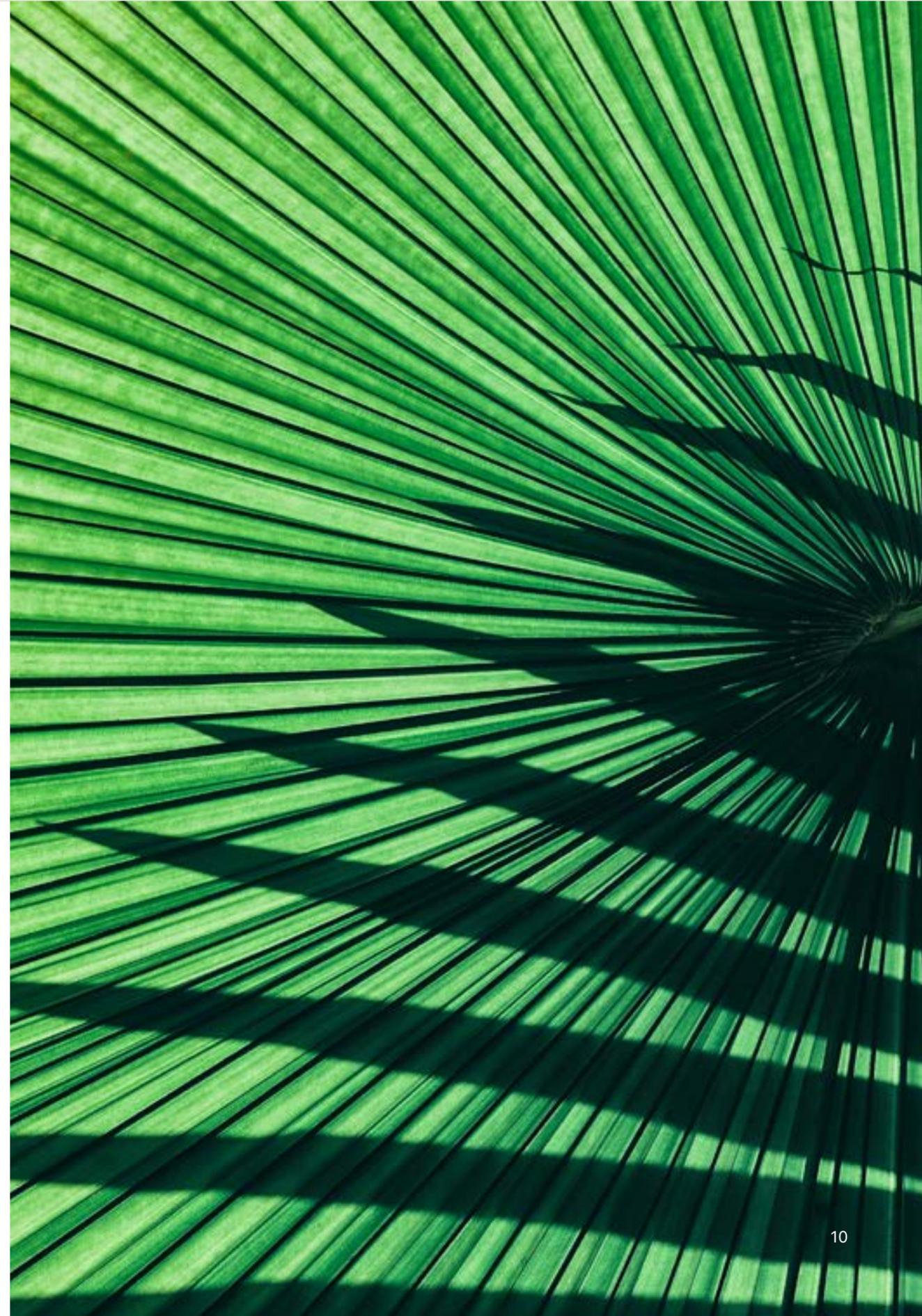
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- › ETHICS & INTEGRITY
  - › SUSTAINABLE ECONOMIC GROWTH
  - › RESPONSIBLE GAMING
  - › ENERGY & CLIMATE RESILIENCE
  - › MATERIAL USE & WASTE
  - › WATER & WASTEWATER MANAGEMENT
  - › TALENT ATTRACTION & RETENTION
  - › INCLUSION & DIVERSITY
  - › SAFETY & HEALTH
  - › COMMUNITY ENGAGEMENT & INVESTMENT
  - › SMALL- & MEDIUM-SIZED ENTERPRISES (SMEs)
  - › CULTURE & HERITAGE
- 

### OUTPUT:

GUEST EXPERIENCE, WHICH IS THE RESULT  
OF OUR BEST PRACTICES FOR ALL OUR MATERIAL TOPICS

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# RESPONDING TO WHAT MATTERS MOST — OUR MATERIAL TOPICS

## Our Stakeholders' Top Material Topics

Our recent engagement process provided us with valuable feedback on how to enhance our reporting and performance as well as insights on what matters to our stakeholders. The table following shares the topics that our stakeholders ranked as most material, why these issues matter and Melco's response.

OUR STAKEHOLDERS' TOP MATERIAL TOPICS	WHY THEY MATTER	HOW WE ARE RESPONDING
ETHICS & INTEGRITY	This is the highest ranked issue, related to historic perceptions of the gaming industry. For Melco, ethics and integrity are the foundations for our leadership and all that we do, and stakeholders rightly see this as fundamental for demonstrating our responsibility.	Over 80% of all stakeholders surveyed believe Melco meets or exceeds expectations in Governance. This is due in part to Melco being seen as open to learning from others, as well as striving for transparency in governance and partnering for heightened progress. Read more in our <a href="#">Sustainability Governance</a> section.
GUEST EXPERIENCE	Our stakeholders ranked Guest Experience as the biggest opportunity for differentiation as a leader. Our commitment to our guests is central to who we are.	We focus on exciting entertainment and raising the bar in gaming and hospitality products and services. Read more on how we are inspiring our guests by showing them a <a href="#">sustainable future</a> is a better future.
TALENT ATTRACTION & RETENTION	People are the heart of Melco. With more than 20,000 colleagues worldwide, Melco is always looking for ways to gain their perspectives and ideas to improve on what we do and how we do it. Talent attraction and retention was ranked as both our second most substantive risk and opportunity for differentiation by our stakeholders.	Our people strategy aims to design a unique employee experience that equally delivers exceptional customer experience. Read how we <a href="#">empower talent</a> .
RESPONSIBLE GAMING	Stakeholders saw Responsible Gaming as both a risk and an opportunity to differentiate. They look to Melco to deliver an experience that safeguards people from any negative consequences of gambling.	Melco strives to always be at the forefront of the industry's responsible gaming efforts and works tirelessly to protect those in need of help. See how <a href="#">we lead the industry</a> .
ENERGY & CLIMATE RESILIENCE	Stakeholders understand that failure to reduce carbon emissions and adapt to / mitigate against physical climate change impacts, could both threaten our operations and supply of quality raw materials.	One-third of those interviewed saw Melco as leading industry peers with our ambitious environmental goals and commitments. Explore our <a href="#">ambitious environmental goals</a> .

# SUSTAINABILITY LEADERSHIP

Melco continually assesses and aligns sustainability performance in the context of the global sustainable development goals and recognized sectoral, regional and global benchmarks. Our performance against these is indicated in the following table, alongside our key partnerships and commitments that enable us to accelerate progress. Further information on additional awards, recognition schemes and partnerships are included in each relevant section of this report.



## SUSTAINABILITY RECOGNITION



Received CDP's Best First Time Performer award and a score of "A-", placing us in CDP's leadership band for climate change responses. Melco's score is well ahead of Asia's regional average and the entertainment facilities sector average of C. Melco is among 31% of companies that reached leadership level in our Activity Group



City of Dreams Manila received special recognition awards for its employee development program and efforts to tackle climate change through energy management



Melco is the first and only company to earn the Green Key award in Macau. In 2019, Altira joined all of our resorts in the city in having achieved the eco-label



Recognizing the accomplishments and excellence in management acumen, financial performance, corporate social responsibility, environmental practices and investor relations, The 9th Asian Excellence awards presented Melco with "Best Environmental Responsibility" award in 2019



Melco received five awards at the CEM Macau Energy Saving Activity 2019 which is co-organized by CEM<sup>(1)</sup> and the Office for the Development of Energy Sector of Macau SAR (GDSE)



Business Awards of Macau – Gold Award in Environmental Performance

## INDUSTRY RECOGNITION



2019 Socially Responsible Operator of the Year (Asia/Australia) for our Responsible Gaming program and as Integrated Resort of the Year 2020



2019 Best Companies to Work for in Asia (Hospitality)



2019 Gold Award for Excellence in Global and Local HR Strategies  
2019 Gold Award for Best Mass Recruitment

## KEY COMMITMENTS/ PARTNERSHIPS

UN Sustainable Development Goals' alignment

New Plastic Economy  
Global Commitment – business signatory

In 2019, Melco became the first company in the hospitality sector globally to become a BCI member

Collaboration with a local SME to install Macau's largest solar power system

(1) COMPANHIA DE ELECTRICIDADE DE MACAU.



# GOVERNANCE & ETHICS



# GOVERNANCE & ETHICS

WE BELIEVE OUR MAJOR ROLE IN THE GAMING AND HOSPITALITY INDUSTRY IS BOTH A PRIVILEGE AND A RESPONSIBILITY, UNDERPINNED BY A COMMITMENT TO THE HIGHEST STANDARDS OF GOVERNANCE AND ETHICAL CONDUCT.

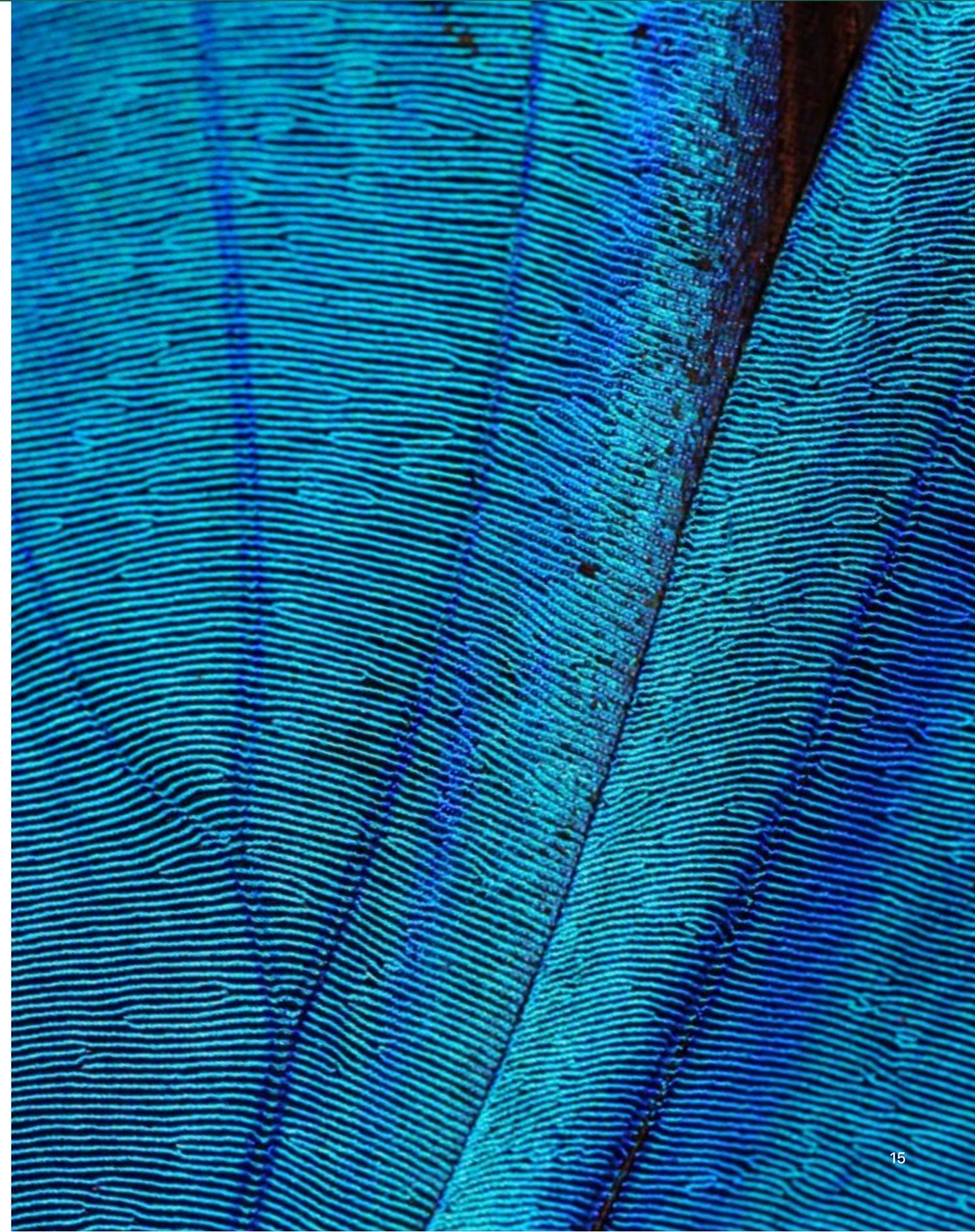


# 2019 HIGHLIGHTS

## Engaged Stakeholders

Clear communication and engagement with key stakeholders are critical for corporate governance structures to succeed. In 2019, the Group strengthened its commitment to ESG management by forging ahead with our Above & Beyond strategy, and through surveys of our internal and external stakeholders, we have acted decisively to prioritize and respond to material issues based on the risks and opportunities identified.

Melco's sustainability achievements to date are due to our strong culture, ethics and integrity, which are led from the very top. As such, six out of seven stakeholder groups surveyed in 2019 ranked Melco's Ethics & Integrity as meeting and exceeding expectations.



# SUSTAINABILITY GOVERNANCE

We continually work to go above and beyond the requirements necessitated by both commercial practice and applicable laws, rules or regulations. This approach builds trust among our stakeholders and drives the compliance culture of all our colleagues.

Our dedication to doing better is proven through our Guiding Principles & Values, in our mission to shape the future of gaming and entertainment, and in our 2030 commitment to:

## INSPIRE OUR GUESTS BY SHOWING THEM A SUSTAINABLE FUTURE IS A BETTER FUTURE

A strong, vibrant and engaged workforce is key to fulfilling our responsibilities. Melco fosters an inclusive workplace where colleagues are empowered by leadership and supported through training to live and breathe our behavioral and ethical standards, as set out in our Code of Business Conduct & Ethics (the Code).

### OUR GUIDING PRINCIPLES & VALUES:

**1** WE ARE A LAW-ABIDING CORPORATE CITIZEN

**2** WE ARE INNOVATIVE THINKERS

**3** WE HAVE COURAGE

**4** WE EMBRACE DIVERSITY

**5** WE VALUE OUR COLLEAGUES, CUSTOMERS AND COMMUNITY



# SUSTAINABILITY GOVERNANCE

## Corporate Governance Structure

Melco's Board brings a wealth of skills, experience and approaches that underpin our decision making and the Company's strategy and operations. Our Board is not only driven by compliance, but by a deep-seated belief that good governance drives meaningful impact and performance. As a result, the Board is responsible for our Sustainability & CSR strategies and reporting, as well as determining and evaluating related risks to ensure appropriate controls are in place for all our material topics.

Melco is committed to diversity at all levels of the Company. Gender, social and ethnic diversity are substantial foundations for this, allowing us to gain a greater understanding of the expectations of our guests and obtain new insights into risks and opportunities. The diversity of our Executive Committee (Exco), senior leadership and management teams set an example from the top for our commitment to diversity and to be an equal opportunity employer. Women make up 31 percent of our Company's Exco, 38 percent of our senior leadership and 40 percent of our general management. We also have nine women across our corporate and resort boards.

For further details on our corporate governance policies and practices, refer to our [website](#).

THE BOARD HAS SEVEN MEMBERS

THREE ↴

Directors nominated by our parent company, Melco International Development Limited

FOUR ↴

Independent Non-Executive Directors who lead and participate in board committees

OUR BOARD HAS ESTABLISHED THREE COMMITTEES, EACH OF THEM CONSISTS ENTIRELY OF INDEPENDENT NON-EXECUTIVE DIRECTORS



Compensation Committee



Audit and Risk Committee



Nominations and Corporate Governance Committee

*“Trust is at the very heart of our business — it is the foundation of our license to operate and the anchor for our relationships with customers, colleagues, stakeholders and regulators.”*

*Our commitment to the highest standards of governance and ethical conduct is unwavering and central to Melco's business philosophy and everything we do, on and off our resorts.”*

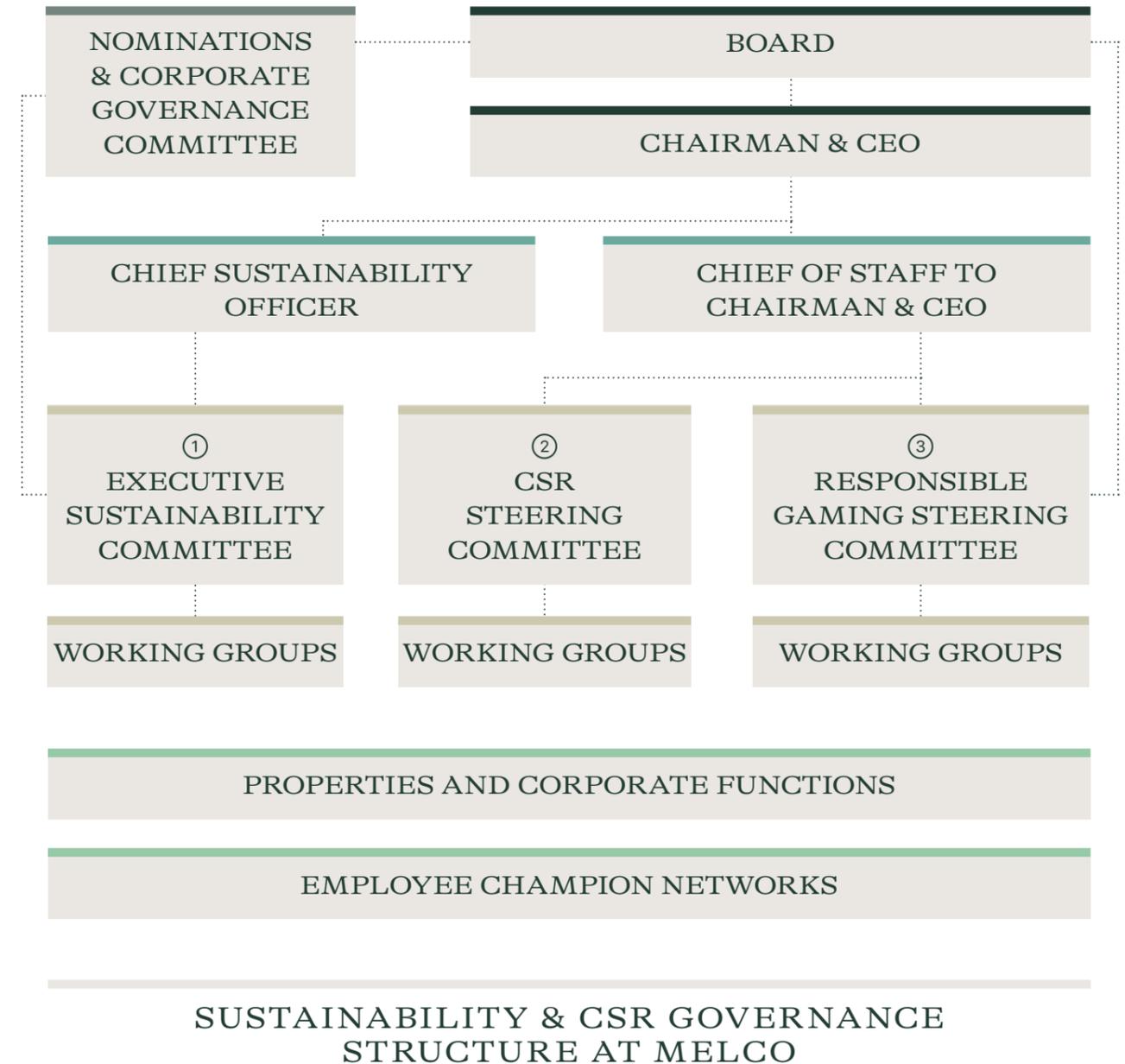
— KATIE MADDISON, CHIEF RISK OFFICER

# SUSTAINABILITY GOVERNANCE

Mirroring our commitment to integrate sustainability into our operations, our Sustainability and CSR programs are led by three complementary steering committees, namely the CSR, Responsible Gaming and Executive Sustainability committees. Through Melco's EVP, Chief of Staff to Chairman & CEO, and Chief Sustainability Officer, the committees report directly to the Chairman & CEO and the Board. The committees, supported by working groups, are responsible for assessing stakeholder concerns and for each material topic, establishing internal governance, ensuring funding and resources, setting goals and policies, and prioritizing initiatives. The Exco receives regular updates on performance and results from all three steering committees, and provides recommendations as needed, to ensure Melco stays on track to meet the goals of our Above & Beyond strategy.

The CSR Steering Committee includes our Chairman & CEO and meets on a monthly basis. The Responsible Gaming Steering Committee meets quarterly with its Global RG Champions group meeting more frequently. Melco's EVP, Chief of Staff to Chairman & CEO updates the Chairman & CEO and the Board on a quarterly basis. The Executive Sustainability Committee, which is mandated by the Board to oversee our sustainability programs, meets quarterly. It provides updates to the Board quarterly and the Nominations and Corporate Governance Committee annually. The programs are then provided with resources, implemented and monitored across the organization by our resort and corporate functions.

Governance, combined with the commitment and enthusiasm of colleagues, is crucial for us to both uphold our ethical standards and to make a local and global impact. Under our Executive Sustainability Committee, we have established Monthly Working Groups focused on our ambitious goals for Carbon Neutrality, Zero Waste and Sustainable Sourcing. Representatives from across business units are rolling up their sleeves to develop roadmaps to achieve our goals and then championing initiatives.



①

Leads environmental sustainability initiatives including sponsoring working groups that identify best practices, promoting projects across our properties, and measuring and reporting progress against our goals. The committee is chaired by our Chief Sustainability Officer.

②

Oversees Social Responsibility initiatives including developing our people and community engagement. The committee is championed by our EVP, Chief of Staff to Chairman & CEO, and is attended by senior managers from across the business.

③

Accountable for our Responsible Gaming strategy including reviewing and approving strategic initiatives and sponsoring the cross functional responsible Gaming Working Committee.

# SUSTAINABILITY GOVERNANCE

## Risk Management

Melco’s risk management philosophy is centered on an approach that considers both risk and opportunities to create and realize value for our stakeholders. Our Enterprise Risk Management (ERM) framework takes reference from the industry standard ISO 31000:2018, which provides principles, a framework and a process for managing risks that impact our strategic and operational objectives, including progress on sustainability. The Board oversees the ERM process through the Audit and Risk Committee. The Strategic Risk Assessment and Mitigation report is presented twice a year to the committee and our Chief Risk Officer (CRO) is operationally responsible for the process.

Our CRO regularly discusses current and emerging risks, and their potential impacts and mitigation measures with the Executive Management team, and presents on risks and opportunities to the Audit and Risk Committee every quarter. As part of the quarterly update, the CRO assesses the 4Ts for each risk: Treat, Tolerate, Transfer or Terminate. Our colleagues are also actively engaged in risk identification and discussion on mitigating measures through monthly risk management meetings held at each resort, and focused discussions between the CRO and the Property Presidents and business unit leaders.

### TREAT

RISK LEVEL > CURRENTLY OUTSIDE OF RISK TOLERANCE  
Develop plans to reduce risk

### TOLERATE

RISK LEVEL > CURRENTLY WITHIN RISK TOLERANCE  
Review again next quarter

### TRANSFER

RISK LEVEL > REDUCE BY INSURING AGAINST THE RISK  
Map insurance policies against risk, to ensure coverage, or support with new insurance coverage (e.g. a policy specific for cybersecurity)

### TERMINATE

RISK LEVEL > UNACCEPTABLE RISK  
Stop activity immediately



Successful risk management requires a strong risk-centric culture. Fostering a mentality of ‘doing the right thing’ is led from the top, through to our colleagues across all business functions and resorts who are actively ‘risk-aware’ in their day-to-day activities.

For further details on risks related to our business and operations, please refer to our [Annual Report](#).

# OUR APPROACH: INTEGRATING SUSTAINABILITY

Melco is a firm believer that effective management of ESG issues is an integral part of our robust governance and business strategy, and that sound ESG governance is linked to our financial performance and resiliency.

Our approach to integrating sustainability for heightened business impact is focused on the following three fundamentals:

**RISKS & OPPORTUNITIES**

**ETHICS**

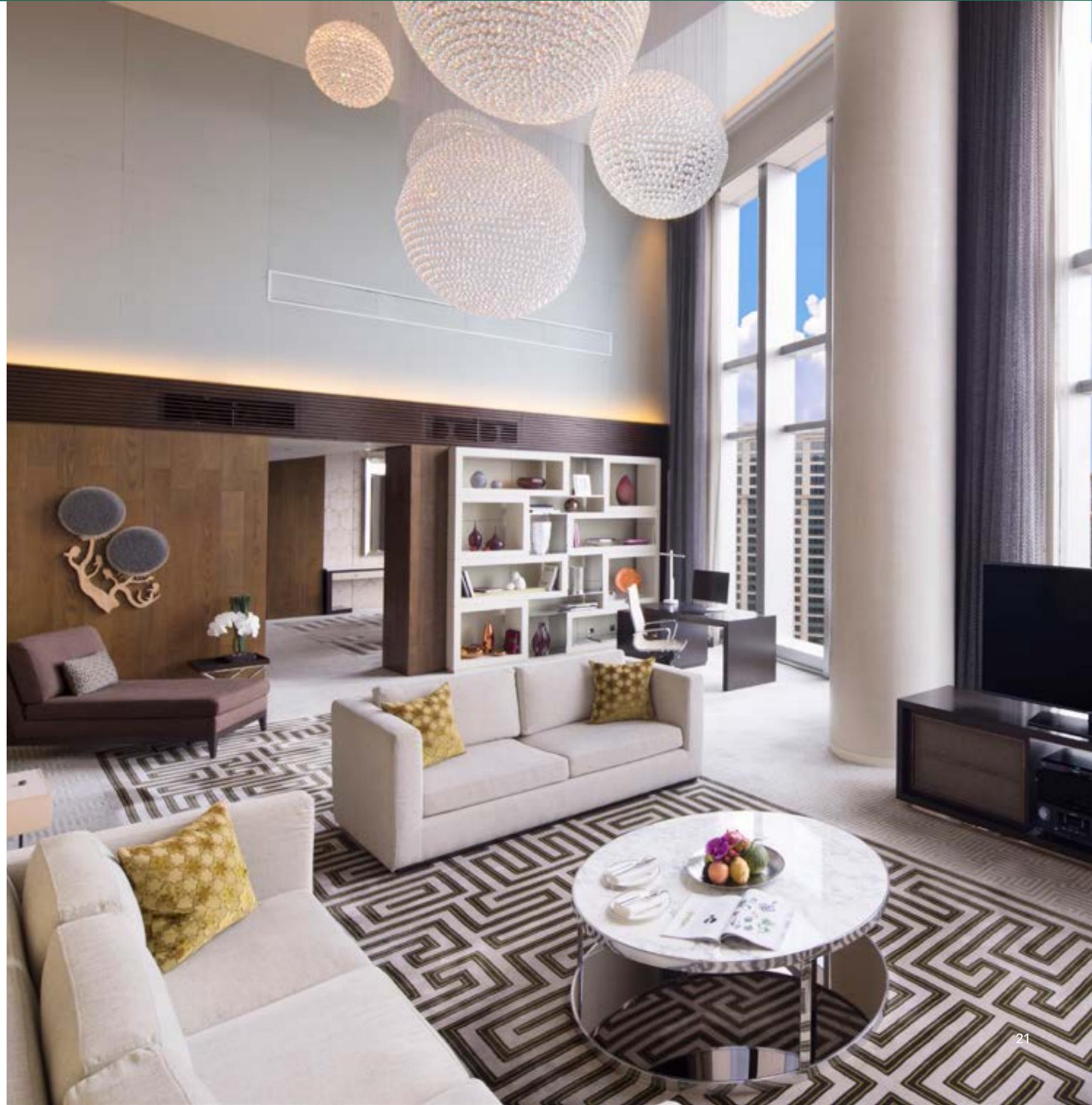
**DATA PRIVACY & SECURITY**



# RISKS & OPPORTUNITIES

The principal risks and opportunities we face in managing Melco's business and delivering on our goals are detailed in the Sustainability Issues, Value Chain Impacts and Risks & Opportunities table on the next page.

For each of our sustainability issues, we identify our impacts along our value chain and the risks and opportunities potentially arising from each issue and mitigation measures taken. The table also presents both the change in impact for each issue and the likelihood of that impact changing in comparison to the previous year. Risks are categorized for each issue, as opposed to by risk weighting.



## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

	CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>ETHICS &amp; INTEGRITY</b></p> <p><b>Upstream Impact</b> Robust governance structures for supplier engagement ensure responsible and ethical supply chains that support supply chain sustainability</p>	<p>Melco prides itself on its integrity and deep sense of ethical responsibility, which is set from the top and embedded throughout the company. Failure to operate with transparency, integrity, ethical conduct and lawful behavior, would impact our business success, licenses to operate, and may also lead to fines and reputation damage.</p>	<p>Impact on reputation and our stakeholders' trust</p>	<p>Formal policies and programs including Code of Business Ethics and Conduct and Ethical Business Practices Program. The Nominating and Corporate Governance Committee is responsible for approval of amendments to these policies/programs</p> <p>Corporate governance orientation undertaken by all new employees, in addition to the annual 'Do the Right Thing' online training and mandatory test</p> <p>Whistleblower hotline, run by independent third party</p>	<p>Melco's ethical culture is evidenced in the tone from the top at regular management meetings, throughout Codes of Conduct and in corporate videos displayed in corporate offices and colleague areas promoting ethical behavior.</p> <p>Corporate governance orientation has been delivered to employees in 2019, along with the completion of annual refresher training for existing employees. This will continue in future years.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
		<p>Breach of laws and regulations, resulting in potential litigation and/or fines</p>				
		<p>Impact on stock exchange listings or gaming licenses</p>				
<p><b>In-house Impact</b> Robust governance structures and ethical workplace practices safeguard Melco's integrity</p>	<p><b>Downstream Impact</b> Robust governance structures and ethical conduct underpins Melco's licenses to operate and stock exchange listings</p>					
<p><b>SUSTAINABLE ECONOMIC GROWTH</b></p> <p><b>Upstream Impact</b> Sustainable and resilient supply chains, support the development of sustainable employment opportunities, businesses and local economies where Melco operates</p>	<p>The success and sustained economic growth of our business have a direct impact on a number of our stakeholders including shareholders, colleagues, suppliers and local governments.</p> <p>Economic uncertainty and pressures on the gaming sector in each jurisdiction in which Melco operates could threaten the achievement of our objectives, our returns to shareholders, creation of jobs, business generated for suppliers and taxation paid to governments.</p>	<p>Impact on the health of economies and financial stability of people in the jurisdictions in which Melco operates</p>	<p>Board oversight and approval of strategies, and monitoring of financial performance and achievement of strategic objectives</p>	<p>Melco has commenced operations in Cyprus and is scheduled to open City of Dreams Mediterranean in the coming years. We have also established corporate offices in Japan for the pursuit of an Integrated Resort license. International expansion diversifies our risk and in particular, reliance on Macau for economic growth.</p> <p>At this time it is uncertain what impact COVID-19 may have on our economic growth.</p>	<p>↗</p> <p>Increase compared to prior year</p>	<p>↗</p> <p>Increase compared to prior year</p>
		<p></p>				
		<p></p>				
<p><b>In-house Impact</b> Sustains responsible business operations and employment</p>	<p><b>Downstream Impact</b> Furthers business results, shareholder returns and the sustainable development of local economies and communities</p>					

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

	CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>PRIVACY &amp; CYBERSECURITY</b></p>	<p>Customers, employees, suppliers and business partners all trust us with their personal data. Melco continually strives to apply the highest standards to protect and manage our data, and information assets, and comply with legislation. However, with rapid changes in technology and data privacy regulations, there is a risk a breach could occur; we could be subject to a cyber attack and/or we may be ineffective in managing an incident.</p> <p>Any of the above situations could result in significant damage to our reputation and relationships with stakeholders, financial loss, and regulatory fines.</p>	<p>Impact on reputation and our stakeholders' trust</p> <p>Breach of laws and regulations, resulting in potential litigation and/or fines</p> <p>Impact on technology and data</p> <p>Business interruption</p>	<p>Melco's IT infrastructure and systems are protected by a comprehensive Information Security Management System accredited under ISO27001</p> <p>Information Security Incident Management Policy in place, covering detailed procedures to manage a security incident and to minimize any impact resulting from the incident</p> <p>Regular cybersecurity drills performed with business stakeholders</p> <p>Appointment of Data Protection Officers in each jurisdiction</p> <p>Mandatory online and face-to-face training on both data privacy and cybersecurity</p>	<p>Melco has once again achieved ISO27001 accreditation in 2019 for Altira and City of Dreams Macau, holding this certification in Macau since 2009. The company is anticipating to extend this accreditation to Studio City in 2020.</p> <p>The company has also updated policies and procedures concerning data privacy/cybersecurity in 2019 due to changes in regulatory requirements. We continue to maintain appointed Data Protection Officers in each jurisdiction.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
	<p><b>Upstream Impact</b></p> <p>Increased adoption of information security management systems, government laws and policies along the supply chain, helps further protect and manage our partners' data, reputation and prevent financial loss</p>	<p><b>In-house Impact</b></p> <p>Privacy and cybersecurity systems constantly aligned to evolving laws and regulations, industry practice, and regulator expectations help mitigate any data breaches or cyber attacks, and protect our colleagues', guests' and partners' personal data</p>	<p><b>Downstream Impact</b></p> <p>License to operate, increased trust amongst guests, colleagues and partners, and setting standards for others to develop, regularly review and improve privacy and cybersecurity risk management programs</p>			
<p><b>RESPONSIBLE GAMING</b></p>	<p>We understand our important duty to help ensure all our guests game responsibly, and we surpass mandated regulatory requirements to innovate ahead of the curve. However, there is a risk we could fail to protect all guests from the negative consequences of gaming addiction.</p>	<p>Negative impact on reputation and our stakeholders' trust</p> <p>Breach of laws and regulations, resulting in potential litigation and/or fines</p> <p>Impact on existing or new gaming licenses</p>	<p>Technology and process: facial recognition deployed in all properties</p> <p>Colleague education: mandatory responsible gaming training undertaken by all colleagues, both gaming and non-gaming; and regular awareness sessions, in partnership with local authorities and organizations. Responsible Gaming Steering Committee comprises cross-functional team members, including our most senior executives</p> <p>Community: RG information kiosks and materials available to patrons in all properties; responsible gaming ambassadors appointed</p>	<p>Melco launched an online version of our advanced responsible gaming training program for colleagues in January 2020 to increase scale and accessibility of the previous classroom-only training.</p> <p>We also continue to invest in technology to support responsible gaming, with installation of the latest generation of facial recognition technology in all properties commencing in 2019 and continuing in 2020.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
	<p><b>Upstream Impact</b></p> <p>Technological innovation and stakeholder engagement around RG</p>	<p><b>In-house Impact</b></p> <p>Robust systems and empowered colleagues to detect risk and support RG programs</p>	<p><b>Downstream Impact</b></p> <p>License to operate and support social welfare and wellbeing</p>			

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>GUEST EXPERIENCE</b> We are intently focused on exceeding guest expectations. Inability to match our services and standards to guests' needs and desires, including understanding and responding to the environmental and social issues that are important to our guests, will impact our sustainable economic growth.</p> <p>We believe that seamlessly embedding our socially and environmentally responsible corporate culture into our guest experiences is an opportunity for competitive advantage.</p>	<p>Impact on competitive and financial performance</p> <p>Impact on sustainable economic growth</p> <p>Impact on guest loyalty, reputation and our stakeholders' trust</p>	<p>Stakeholder engagement, including guest surveys</p> <p>Innovative service offering, respect for and investment in our people, and investment in cutting-edge technology</p> <p>Commitment to environmental and social issues, including objectives related to sustainable sourcing, waste, carbon neutrality and protecting the people, places and culture of the communities where we operate</p>	<p>We understand that our guest offering and positive impact on the world only evolves through constant conversation and collaboration.</p> <p>In 2019, we became the first and only hospitality group and integrated resort signatory of New Plastics Economy Global Commitment. We also commenced trialing large shower amenities to replace small single-use plastic amenity bottles.</p> <p>Melco was also recognized by the Macao Post and Telecommunications Bureau for innovation and technology, with NÚWA and Studio City awarded the Smart Hotel Award and Morpheus honored with the Elite Smart Hotel Award.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
<p><b>Upstream Impact</b> Quality, responsible and sustainable sourcing supports best practices, resulting in delivery of exceptional experiences</p>	<p><b>In-house Impact</b> Best-in-class operation, inspired colleagues, premium service, and culture of excellence results in exceptional guest experiences</p>	<p><b>Downstream Impact</b> Customer satisfaction leads to sustainable economic growth</p>			
<p><b>PARTNERSHIP FOR PROGRESS</b> Melco partners with a number of other parties in pursuit of its objectives including but not limited to business partners, gaming promoters, SMEs, and contractors on its large-scale construction projects. These partnerships provide an opportunity to leverage the skills, experience and networks of other parties to achieve mutually beneficial outcomes.</p> <p>Conflicts or disagreement, ineffective performance or unacceptable behavior of the partners, and/or failure of Melco to maximize the value of these relationships could lead to financial loss and reputational damage to Melco.</p>	<p>Impact on reputation and our stakeholders' trust</p> <p>Impact on financial performance</p>	<p>Regular partner and stakeholder engagement</p> <p>Robust governance processes to support compliance and performance</p> <p>Ethical Business Practices Program</p>	<p>In 2019, Melco reached a number of milestones with partners. These included announcing the continuation of "The House of Dancing Water" under a new operational structure with business partner Franco Dragone, teaming with local SME to install Macau's largest solar array, and partnering with the Holy House of Mercy to establish an onsite workplace nursery in Macau.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
<p><b>Upstream Impact</b> Helps mobilize additional financial resources, increase knowledge sharing and access to innovative technological and infrastructure development</p>	<p><b>In-house Impact</b> Accelerates progress towards our 2030 goals</p>	<p><b>Downstream Impact</b> Enhances sustainable economic growth and builds capacity within communities in the countries where we operate, supporting the UN Sustainable Development Goals</p>			

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>ENERGY &amp; CLIMATE RESILIENCE</b></p> <p>A considerable amount of energy is required to power the realities of operating 24/7 across our properties. Failure to maintain reliable energy supply due to extreme weather and climate change disruptions will impact our business continuity, and failure to use energy responsibly will not meet the expectations of our stakeholders and our own social and environmental objectives.</p> <p>We have an opportunity to play a crucial role within our industry and the jurisdictions in which we operate to reduce carbon emissions and mitigate against physical climate change impacts that could threaten operations and the supply of raw materials.</p>	<p>Negative impact on reputation and our stakeholders' trust</p> <p>Impact on financial performance by not maximizing operational efficiencies</p> <p>Business interruption</p>	<p>ISO 14001 and ISO 50001 certifications</p> <p>Carbon Neutral Working Group, established to identify and share energy efficiency practices across the company</p>	<p>Melco is focused on the goal of achieving carbon neutrality by 2030. A number of steps have been taken to achieve this, including having the largest fleet of electric vehicles in Macau, making large investments in renewable energy and offsetting emissions by purchasing verified Energy Attribute Certificates.</p> <p>Beyond reducing our own emissions, we are constantly working to establish relationships, including public-private partnerships, to generate outward-looking climate plans that help communities, governments and other businesses to address global warming and climate resilience.</p>	<p>⬇️ Decrease compared to prior year</p> <p>⬇️ Decrease compared to prior year</p>	
<p><b>Upstream Impact</b> Procuring cleaner and renewable energy creates demand, reducing environmental and climate-related impacts along the supply chain</p>	<p><b>In-house Impact</b> Energy efficiency, adopting renewables and mitigating climate-related impacts reduces risk to our operations and, over the long term, reduces associated operational costs to further resilience</p>	<p><b>Downstream Impact</b> Setting an example of leadership paves the way for collective action to address climate-related impacts, promote clean energy, and build resiliency</p>			
<p><b>SUSTAINABLE / GREEN BUILDING</b></p> <p>With large-scale construction projects in progress, we have an opportunity to design for changing climatic conditions and extreme weather events, and build energy-efficient properties that make use of sustainable resources and materials in construction.</p> <p>Failure to take all measures to design climate-resilient resorts, utilize energy-efficient equipment and install systems to monitor energy consumption, may lead to increased costs from energy consumption and damage from climatic events, and negative environmental impacts.</p>	<p>Impact on financial performance via energy, material and construction costs, and efficient operation of properties</p>	<p>Sustainable green building design, construction and certification processes</p> <p>Building design and emergency preparedness procedures and drills to minimize impacts from climatic events</p> <p>Installation of solar panels</p>	<p>Green Key awards were achieved for all Macau properties in 2019. Our integrated resort in Cyprus will be the first project in Cyprus to obtain BREEAM certification for sustainable/green building.</p>	<p>⬇️ Decrease compared to prior year</p> <p>⬇️ Decrease compared to prior year</p>	
<p><b>Upstream Impact</b> Sourcing reduced impact products and design services from responsible suppliers further supports their sustainable building efforts while reducing Melco's footprint</p>	<p><b>In-house Impact</b> Improves operational performance of our resorts and increases brand reputation</p>	<p><b>Downstream Impact</b> Demonstratable leadership in Sustainable Building sets new benchmarks for others to improve upon, while reducing environmental impacts and even providing opportunities to implement/improve local infrastructure</p>			

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

	CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>ECOLOGICAL IMPACTS &amp; BIODIVERSITY</b></p>	<p>In developing our resorts, we consider site development options to minimize impacts on local ecology, including habitat and species diversity.</p> <p>We regularly interact with a number of diverse stakeholders, including ecologists, governments and a large pool of suppliers. We have an opportunity to use our influence to reduce ecological impacts and conserve biodiversity, including contributing to climate stability, species conservation and the maintenance of ecosystems.</p>	<p>Negative impact on reputation and our stakeholders' trust</p>	<p>Sustainable site design and development</p> <p>Sourcing products with eco-labels such as Green Key and Green Seal</p>	<p>Melco has made significant advancements in, and continues to work towards, phasing out red chemical products to amber/green alternatives.</p> <p>We also remain committed to engaging scientists, local government bodies and community groups to ensure the protection and restoration of our ecosystems, including wetlands and woodlands.</p>	<p>⬇️ Decrease compared to prior year</p>	<p>⬇️ Decrease compared to prior year</p>
	<p><b>Upstream Impact</b> Encourage local government bodies and communities to protect and restore ecosystems</p>	<p><b>In-house Impact</b> Increased awareness and appreciation of the importance of species and ecosystems to our own personal wellbeing and business resilience</p>	<p><b>Downstream Impact</b> Maintain the richness and variety of both species and habitats</p>			
<p><b>MATERIAL USE &amp; WASTE</b></p>	<p>Given the size of our operations, a significant amount of waste is produced. We have an opportunity to be a leader in the circular economy, by using materials efficiently and achieving zero waste<sup>2</sup>.</p>	<p>Negative impact on reputation and our stakeholders' trust</p> <p>Impact on financial performance by not maximizing resource and material recovery, composting and recycling opportunities</p>	<p>Waste audits and waste reduction targets</p> <p>Engagement with suppliers to avoid disposable packaging, particularly single-use disposable plastic, and to adopt reusable and/or reduced environmental impact alternatives</p> <p>Policies and procedures on waste handling, treatment and disposal</p> <p>Engagement with staff in minimizing food waste</p>	<p>Melco is focused on the goal of achieving zero waste by 2030. We wish to lead by example: motivating each other and the market by conducting detailed waste audits and installing a food waste pulper in 2019, and in 2020 we will trial Winnow AI technology.</p>	<p>⬇️ Decrease compared to prior year</p>	<p>⬇️ Decrease compared to prior year</p>
	<p><b>Upstream Impact</b> Sourcing reduced impact products from responsible suppliers reduces Melco's footprint and furthers supply chain sustainability</p>	<p><b>In-house Impact</b> Responsible consumption and material and waste management reduces Melco's footprint, furthering a circular economy</p>	<p><b>Downstream Impact</b> Setting an example of leadership paves the way for collective action to establish circular economic models</p>			

(2) THE GOAL IS TO AVOID THE DISPOSAL OF ALL WASTE MATERIALS TO LANDFILL OR OTHER TREATMENT OR DISPOSAL METHODS THAT DO NOT INVOLVE THE RECOVERY, REUSE, RECYCLING OR REPURPOSING OF THE MATERIAL OR THE GENERATION OF ENERGY.

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

	CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>WATER &amp; WASTEWATER MANAGEMENT</b></p> <p><b>Upstream Impact</b> Promoting water conservation and adherence to Supplier Code requirements furthers suppliers' environmental performance</p> <p><b>In-house Impact</b> Reduced water consumption, increased reuse and recycling, and proper treatment reduces environmental impact and helps preserve sustainable and affordable access to local water supplies</p> <p><b>Downstream Impact</b> Stewardship approaches conserve scarce water resources, further aquatic ecosystem health, and ultimately ensure safe and affordable access to clean water for all stakeholders</p>	<p>We utilize a significant amount of water everyday through maintenance of our properties and from guest use. Failure to use water responsibly, manage wastewater treatment and reuse water would not meet the expectations of our stakeholders and our own social and environmental objectives.</p>	<p>Negative impact on reputation and our stakeholders' trust</p> <p>Impact on financial performance via wasteful processes</p> <p>Impact on our aquatic ecosystems</p>	<p>Tracking of KPIs in relation to water use and wastewater minimization</p> <p>Water conservation features incorporated into building design and facilities</p> <p>Training provided to employees on water management for cleaning</p>	<p>Melco will continue to focus on building and facilities design, adopting new technologies and employee education to identify ways to reduce water use and increase water reuse opportunities.</p>	<p>→ No change compared to prior year</p>	<p>→ No change compared to prior year</p>
	<p><b>HEALTHY &amp; SUSTAINABLE FOOD</b></p> <p><b>Upstream Impact</b> Alleviate pressure on ecosystems from the global demand for food and incentivize supply chains to diversify/focus on sustainable food sourcing</p> <p><b>In-house Impact</b> Provide healthier, sustainable food options to enhance both the wellbeing of guests and colleagues, and raise the level of awareness amongst all stakeholders of sustainable food options</p> <p><b>Downstream Impact</b> Sets an example of best practice, furthering access to, and safety of, sustainable food sources and improving the health of communities and ecosystems</p>	<p>We serve thousands of meals a day to both guests and employees alike. We have an opportunity to engage with these individuals to help make sustainable food choices that are healthy for our soils, oceans and bodies.</p>	<p>Negative impact on reputation and our stakeholders' trust</p> <p>Pressures on ecosystems from growing global demand for food and fiber will limit access to these products if alternatives are not sourced</p>	<p>Sustainable sourcing guidelines</p> <p>Removing unsustainably-sourced fish stocks from our menus</p> <p>Healthy food options provided in Heart-of-House</p>	<p>In 2019, Melco increased sustainable seafood purchases in Macau by 15% compared to the previous year and is focused on increasing training and awareness to increase healthy and sustainable food</p>	<p>→ No change compared to prior year</p>

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

	CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>TALENT ATTRACTION &amp; RETENTION</b></p>	<p>Melco fosters an inspiring culture where our talent is empowered to have an impact – and lots of fun. We do however, operate in competitive labor markets and face tough competition for experienced talent.</p> <p>Inability to attract and retain talented individuals with the right skillset and experience, and manage the evolving expectations of colleagues, may lead to unfavorable customer experience and financial loss.</p>	<p>Impact on financial performance</p> <p>Impact on sustainable economic growth</p>	<p>Oversight by the Board's Compensation Committee</p> <p>Remuneration benchmarking and industry comparison</p> <p>Career development opportunities including structured training systems and programs.</p> <p>Employer of choice initiatives such as work-life balance programs, back-to-school programs, hardship assistance, focus groups/surveys, leadership forums and mobile apps for enhanced communication</p>	<p>In 2019, Melco was named in HR Asia Magazine's Best Companies to Work for in Asia in the hospitality sector for Hong Kong and Macau and Best Mass Recruitment by HR Asia. In addition, we were recognized by the Sustainable Business Awards Philippines for talent development in both Manila and Macau.</p> <p>Melco will continue to strive deliver our colleagues career opportunities along with policies and programs that create an attractive working environment.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
	<p><b>Upstream Impact</b> Creates demand for high-potential candidates</p>	<p><b>In-house Impact</b> Supporting talented, skilled and motivated colleagues to reach their potential provides meaningful career opportunities and drives Melco's memorable guest experience and success</p>	<p><b>Downstream Impact</b> Supports the sustainable development of societies and economies in our communities</p>			
<p><b>INCLUSION &amp; DIVERSITY</b></p>	<p>Cultivating an inclusive workplace is one of Melco's guiding principles. Failure to provide equal opportunities for all persons regardless of individual characteristics may lead to potential litigation and/or fines.</p> <p>If we do not embrace diversity, we may also miss out on the opportunity to hire talented individuals and achieve diversity of thought in business strategies and decisions.</p>	<p>Lack of maximization of skills and talent in the workforce</p> <p>Lack of diversity of thought</p> <p>Impact on reputation and our stakeholders' trust</p> <p>Breach of laws and regulations, resulting in potential litigation and/or fines</p>	<p>Human resources policies including recruitment</p> <p>Industry benchmarking and comparison</p> <p>Women's forums and awards</p>	<p>Melco continues to execute our people strategy to ensure the diversity and gender equality of our workforce. We continue to concentrate on the increased representation of females in leadership positions.</p> <p>With the knowledge that strong families build strong businesses, Melco plans to establish an in-house nursery for children of colleagues in Macau.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
	<p><b>Upstream Impact</b> Creates demand for candidates with diverse skill sets and perspectives</p>	<p><b>In-house Impact</b> An inclusive workplace where diversity thrives brings rich and varied perspectives, furthering the sustainability of Melco's business</p>	<p><b>Downstream Impact</b> Sets an example of best practice, furthering equality as well as societal welfare, wellness and happiness</p>			

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

	CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>SUSTAINABLE &amp; ETHICAL SUPPLY CHAIN</b></p>	<p>We need to procure substantial quantities of products and services to operate integrated resorts to a level that goes above and beyond our guests' expectations. However, we understand that we will fail to meet these expectations if we do not source in a way that supports the economic development of our local communities, in an environmentally-responsible and equitable manner.</p>	<p>Negative impact on reputation and our stakeholders' trust</p>	<p>Risk assessments performed to drive sustainable sourcing strategy</p> <p>Stakeholder engagement with suppliers to collectively identify sustainable alternatives and environmental initiatives</p> <p>Positive impact through enhanced supplier engagement and building resilient supply chains</p>	<p>Melco has developed sustainable sourcing guidelines for cotton, cleaning products and seafood, and continues to work towards greater transparency in the origin of goods we purchase and social and environmental practices along our supply chain.</p> <p>We have also witnessed a positive impact from our consistent and continuous supplier engagement programs; helping us to also safeguard our supply chain.</p>	<p>→ No change compared to prior year</p>	<p>→ No change compared to prior year</p>
	<p><b>Upstream Impact</b> Resilient and sustainable supply chains, supporting best practices and local economies</p>	<p><b>In-house Impact</b> Robust and resilient procurement and sourcing network supporting delivery of reliable, high-quality and sustainable products and services</p>	<p><b>Downstream Impact</b> License to operate, customer satisfaction and setting leadership benchmarks</p>			
	<p><b>COMMUNITY ENGAGEMENT &amp; INVESTMENT</b></p> <p>Melco leverages our best assets to support the communities where we operate through focused investment and engagement activities. Ineffective or insufficient response to and support for local community needs and development may result in failure to achieve objectives to improve the social and economic sustainability of the communities in which we operate.</p>	<p>Negative impact on reputation and our stakeholders' trust</p>	<p>CSR Steering Committee and CSR program</p>	<p>A number and variety of community investment and engagement activities were undertaken in 2019, ranging from supporting teacher development in Mainland China and child education in Macau.</p>	<p>→ No change compared to prior year</p>	<p>→ No change compared to prior year</p>
<p><b>Upstream Impact</b> Aligns stakeholders to deliver sustainable solutions to address community needs</p>	<p><b>In-house Impact</b> Supporting our communities to address local needs builds pride among our people and in Melco</p>	<p><b>Downstream Impact</b> Further social equality, health and wellbeing, environmental quality and sustainable communities</p>				

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>LABOR PRACTICES</b> Failure to protect the very people who deliver our meaningful guest experiences, or to comply with relevant labor laws and respect human rights, would severely impact the achievement of our objectives.</p>	<p>Impact on reputation and our stakeholders' trust</p> <p>Breach of laws and regulations, resulting in potential litigation and/or fines</p> <p>Business interruption from strikes/protests</p> <p>Impact on financial performance</p>	<p>Human resources policies</p> <p>Legal review on all employment contracts to ensure compliance with statutory working hours and minimum wage requirements</p>	<p>In 2019, Melco updated all relevant policies and procedures to reflect changes in labor laws. Melco also implemented the 'in your shoes' program for management to enhance understanding of work conditions and potential challenges for non-management colleagues.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
<p><b>Upstream Impact</b> Sets standards and expectations across our supply chain and recruitment in adopting fair and just labor practices, and minimizes the chance of labor exploitation</p>	<p><b>In-house Impact</b> Creates an equal and fair environment to ensure each of our colleagues are protected and treated fairly in the workplace; building trust and our reputation with the community</p>	<p><b>Downstream Impact</b> Sets an example of leading labor practices to further protect the rights of local workforces, and results in job satisfaction of our colleagues</p>			
<p><b>HEALTH &amp; SAFETY</b> Melco services a large number of guests every day across our diverse operations, supported by a sizable workforce operating in different workplace environments. Significant focus is placed upon providing a safe environment for our colleagues, contractors, suppliers, guests and the public, however if a serious health and safety incident were to occur, it could result in litigation and fines, and damage to our reputation.</p>	<p>Negative impact on reputation and our stakeholders' trust</p> <p>Breach of laws and regulations, resulting in potential litigation and/or fines</p> <p>Failure to achieve the health and safety targets set by the relevant authorities</p>	<p>Melco's Macau operations have achieved the ISO 45001:2018 Occupational Health and Safety certification</p> <p>OSH Committees in each jurisdiction, and comprehensive regular incident and near-miss reporting to senior management</p> <p>Health and safety training, incident review and investigations, incident reporting channels, Emergency Response Teams</p> <p>Promotion of health and safety culture through awareness programs and staff awards</p>	<p>Melco successfully achieved the work injury reduction target set by the Macau Labour Bureau in 2019, and is on track for achieving the mandatory completion rate for the health and safety training card program required by the Macau authorities by 2021.</p> <p>Melco was also the first organization in the hotel and entertainment industry to achieve ISO 45001 certification in Macau.</p> <p>HACCP certification for food safety was achieved again in 2019 at Altira and COD Macau, with Studio City certification expected in 2020.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
<p><b>Upstream Impact</b> Increased adoption of sound health and safety practices along the supply chain, furthering supply chain sustainability</p>	<p><b>In-house Impact</b> Safe, healthy and secure environments safeguard the health and wellbeing of our colleagues and guests</p>	<p><b>Downstream Impact</b> Sets an example of best practice, furthering the safety and health of communities</p>			

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
<p><b>SECURITY</b> The security of our guests and employees, and the protection of our properties, is of utmost importance to us. Whilst we have several measures in place, given the immense scale of our properties and number of guests we serve each day, we are exposed to security threats including but not limited to theft, assault, vandalism, terrorism and natural disasters.</p>	<p>Business interruption and property damage</p> <p>Injuries to employees, customers and other individuals</p> <p>Impact on reputation and our stakeholders' trust</p>	<p>Security manpower planning</p> <p>Surveillance cameras and facial recognition system</p> <p>Documented crisis management and business continuity plans</p> <p>Regular drills performed, including security incidents, fire, bomb, typhoon and emergency evacuation</p>	<p>Melco continues its close working relationship with local authorities, including running joint drills for disaster and crisis management planning, and meeting regularly to discuss potential security threats.</p> <p>With an established track record of going above and beyond minimum requirements, and as the first gaming operator in Asia to implement facial recognition to secure all gaming areas, Melco will continue to strive for best-in-class security controls.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
<p><b>Upstream Impact</b> Constant engagement with local authorities ensures up-to-date crisis management planning in the communities where we operate</p>	<p><b>In-house Impact</b> Through the security of our guests, colleagues and properties, we maintain reputation and trust in our brand</p>	<p><b>Downstream Impact</b> Help to protect communities, and sense of safety for all our colleagues and guests</p>			
<p><b>HUMAN TRAFFICKING &amp; MODERN SLAVERY</b> Melco understands its corporate responsibility to protect human and labor rights. Failure to implement all possible mitigations to prevent forced labor and sexual exploitation in our operations, or within our supply chain, could result in reputational damage and non-compliance with laws and regulations.</p>	<p>Impact on reputation and our stakeholders' trust</p> <p>Breach of laws and regulations, resulting in potential litigation and/or fines</p>	<p>Independent vetting by Investigations Department of both colleagues and suppliers</p> <p>Legal review on all employment contracts to ensure compliance with statutory working hours and minimum wage requirements</p> <p>Training for security department on detection of underage persons and sexual exploitation</p>	<p>Police authorities maintain a regular physical presence on Melco's properties and we work closely with them to combat human trafficking and modern slavery risk, in particular sexual exploitation.</p> <p>With an estimated seven out of ten modern slavery victims directly related to the private sector, enhancing engagement with suppliers to raise awareness and to build capacity for the avoidance, identification and remediation of any occurrences in supply chains is paramount and a key ongoing focus for Melco.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
<p><b>Upstream Impact</b> Partnerships with local authorities, not-for-profits and industry leaders, and engagement with our supply chain to educate, identify potential risk and eradicate modern slavery from their business</p>	<p><b>In-house Impact</b> Up-to-date training, tools and alliances reduces vulnerability and helps ensure a procurement and sourcing network free from illicit labor conditions — maintaining reputation and trust in our brand</p>	<p><b>Downstream Impact</b> Freeing any people from slavery in our supply chains and helping to prevent any more men, women and children from being enslaved</p>			

## OUR SUSTAINABILITY ISSUES, VALUE CHAIN IMPACTS AND RISKS & OPPORTUNITIES

	CONTEXT	PRINCIPAL RISKS	MITIGATING ACTIONS	ACTIVITY IN 2019 AND OUTLOOK	CHANGE IN IMPACT	CHANGE IN LIKELIHOOD
	<p><b>SMALL &amp; MEDIUM ENTERPRISES (SMEs)</b></p> <p>As part of our commitment to the community, we also place substantive effort in supporting the development of local Small and Medium Enterprises (SMEs). Partnering with SMEs provides an opportunity to source quality and unique products and services, which offer a competitive advantage. Lack of engagement with such enterprises may impact the ability to achieve a sustainable future for the countries and regions in which we operate.</p>	<p>Impact on sustainable economic growth</p>	<p>Procurement policies and procedures</p> <p>Develop programs for regular SME engagement, education for sustainable development, and provide platforms for supporting/showcasing local SMEs' products and services to the wider community and guests</p>	<p>Melco inaugurated the 'Knowing You, Knowing Us' campaign in 2019, to enable SMEs to develop a better understanding of Melco's procurement requirements, whilst also helping SMEs identify products and services they can offer Melco and the industry.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
	<p><b>Upstream Impact</b> Creates demand for SME products and services</p>	<p><b>In-house Impact</b> Tactical engagement and training with SMEs to spur innovation and diversity in sourcing, fosters pride in Melco, builds mutually solid relationships that in turn safeguard supply chains, and enriches our guest experience</p>		<p><b>Downstream Impact</b> Promotes diversity of economic opportunities and the sharing of economic benefits, building sustainable economies and societies</p>		
	<p><b>CULTURE &amp; HERITAGE</b></p> <p>Respect for culture and heritage is one of Melco's core CSR pillars. Lack of respect for the customs and practices in the countries in which we operate, or lack of support for the preservation of heritage assets, may impact our sustainable economic growth.</p>	<p>Impact on existing or new gaming licenses</p> <p>Impact on sustainable economic growth</p>	<p>CSR Steering Committee and CSR program incorporating 'Culture &amp; Heritage' pillar</p>	<p>A number of events were hosted by Melco in 2019 to support cultural heritage:</p> <p>"Splendors of China" series, in collaboration with the Liaison Office of the Central People's Government in the Macao SAR, covering Mainland China's culture, economic policies and Mainland of social systems and values.</p> <p>"Journey", a diverse artistic exploration of the roots and influences of Japanese anime.</p> <p>Project "Heritage Signs", promoting heritage sites in Cyprus.</p>	<p>→</p> <p>No change compared to prior year</p>	<p>→</p> <p>No change compared to prior year</p>
	<p><b>Upstream Impact</b> As a culturally sensitive partner, Melco engages with local societies to identify, preserve and protect culture and heritage</p>	<p><b>In-house Impact</b> Respecting and celebrating culture and heritage fosters pride among our colleagues, enabling us to have enriched relationships and experiences with our diverse stakeholders</p>		<p><b>Downstream Impact</b> Enriches societies by inspiring appreciation for culture and heritage, while also creating economic opportunities for those respectfully showcasing their culture and heritage to guests and the local community</p>		

# ETHICS

Melco is unwavering in its duty to operate transparently and consistently to the highest standards of ethical conduct. With a system of checks and balances at all levels of the organization, our colleagues play a vital role in meeting our standards and complying with applicable legal requirements.

Melco's Nominating and Corporate Governance Committee has responsibility for reviewing and updating various corporate governance policies, including the Code of Business Conduct & Ethics (the Code) to ensure its ongoing effectiveness. The Committee is supported by Internal Audit and the CRO through regular reviews and assessments. The Committee is tasked with reviewing the Company's ESG policies, programs and public disclosures, and assessing the adequacy of the governance and delegated duties and responsibilities set up by the Company to implement them.

## **Code of Business Conduct & Ethics**

Melco's Code contains general guidelines on the behavior we expect from all our colleagues, including directors and officers, and from agents and subcontractors of Melco and its subsidiaries. Our Code includes, but not limited to, the following aspects:

- ★ **Employment practices to maintain fair, inclusive and respectful workplaces**
- ★ **Policy against retaliation**
- ★ **Fair competition**
- ★ **Conflicts of interest**
- ★ **Anti-bribery and corruption**
- ★ **Restrictions on giving and receiving gifts and entertainment**
- ★ **Confidential and proprietary information**
- ★ **Anti-money laundering and terrorist financing**



# ETHICS

## Ethical Business Practices Program

To further strengthen corporate culture, our Ethical Business Practices Program<sup>3</sup> (the Program) outlines the requirements and guidelines for compliance with anti-corruption laws applicable to the jurisdictions where we operate.

## Ethical Business Liaison Officers

To help our colleagues interpret the Code and Program requirements alongside the applicable requirements of the jurisdictions where we operate, the Company appoints Ethical Business Liaison Officers, who are responsible for understanding local laws and answering colleague inquiries. Our colleagues can raise their concerns and receive guidance on any potential issues of misconduct, in confidence, to their supervisor, the Ethical Business Liaison Officers, Human Resources, any Company Legal Counsel or via the Company's dedicated reporting hotline and online channel. The toll-free number and email account are managed by an independent third party, where any complaints / inquiries received will be passed on to Internal Audit, Legal and HR for review. Our Ethical Business Liaison Officers work together with the Ethical Business Adviser to monitor compliance, evaluate risk areas and implement preventive measures. The Ethical Business Adviser updates the Audit and Risk Committee quarterly.

## Certification & Anti-Corruption Training

We run three initiatives to help colleagues understand their responsibilities under the Code and the Program:

### ↳ THE CODE: CORPORATE GOVERNANCE BRIEFING AND ANNUAL CERTIFICATION

New hires must complete their corporate governance orientation within the first 30 days of employment. All other colleagues receive the Code and are notified of updates to other corporate governance policies each year. Colleagues must acknowledge they received these documents and sign a Certificate of Compliance to indicate they understand and agree to the content.

### ↳ THE PROGRAM: ANNUAL CERTIFICATION

Our key personnel, such as directors and senior executives, are required to confirm and acknowledge their understanding of the Program and their reporting obligations under the Program.

### ↳ DO THE RIGHT THING (DTRT) TRAINING

Training provides a refresher for management and colleagues in key business functions that carry a higher risk of potential bribery and corruption, such as procurement and contract approval. The training covers the legal reasons behind the Program, red flags to look out for, and specific actions colleagues can take to reduce risks. To ease access to this information, all the documents and training material are available in multiple formats, including face-to-face training and via our e-Learning platform.

Training Participants	NEW JOINERS	ANNUAL REFRESHER	OVERALL COMPLETION
<b>SENIOR MANAGEMENT</b>	N° of participants > 7 Completion % > <b>71.4%</b>	N° of participants > 170 Completion % > <b>99.4%</b>	<b>98.3%</b>
<b>MANAGERS AND OTHER COLLEAGUES</b>	N° of participants > 205 Completion % > <b>88.3%</b>	N° of participants > 2126 Completion % > <b>99.9%</b>	<b>98.9%</b>

In 2019, a total of 2,508 colleagues were required to attend the DTRT training, of which 212 were new joiners and 2,296 were existing colleagues. As of 31 December 2019, the completion percentage for senior management (i.e. Directors and above) is 98.3% and the completion percentage for managers and other colleagues is 98.9%.

(3) [HTTPS://WWW.MELCO-RESORTS.COM/EN/DOC/MELCO-2019-CODEOFBUSINESSCONDUCTANDETHICS-ISSUENO13.PDF](https://www.melco-resorts.com/en/doc/melco-2019-codeofbusinessconductandethics-issueno13.pdf)

# ETHICS

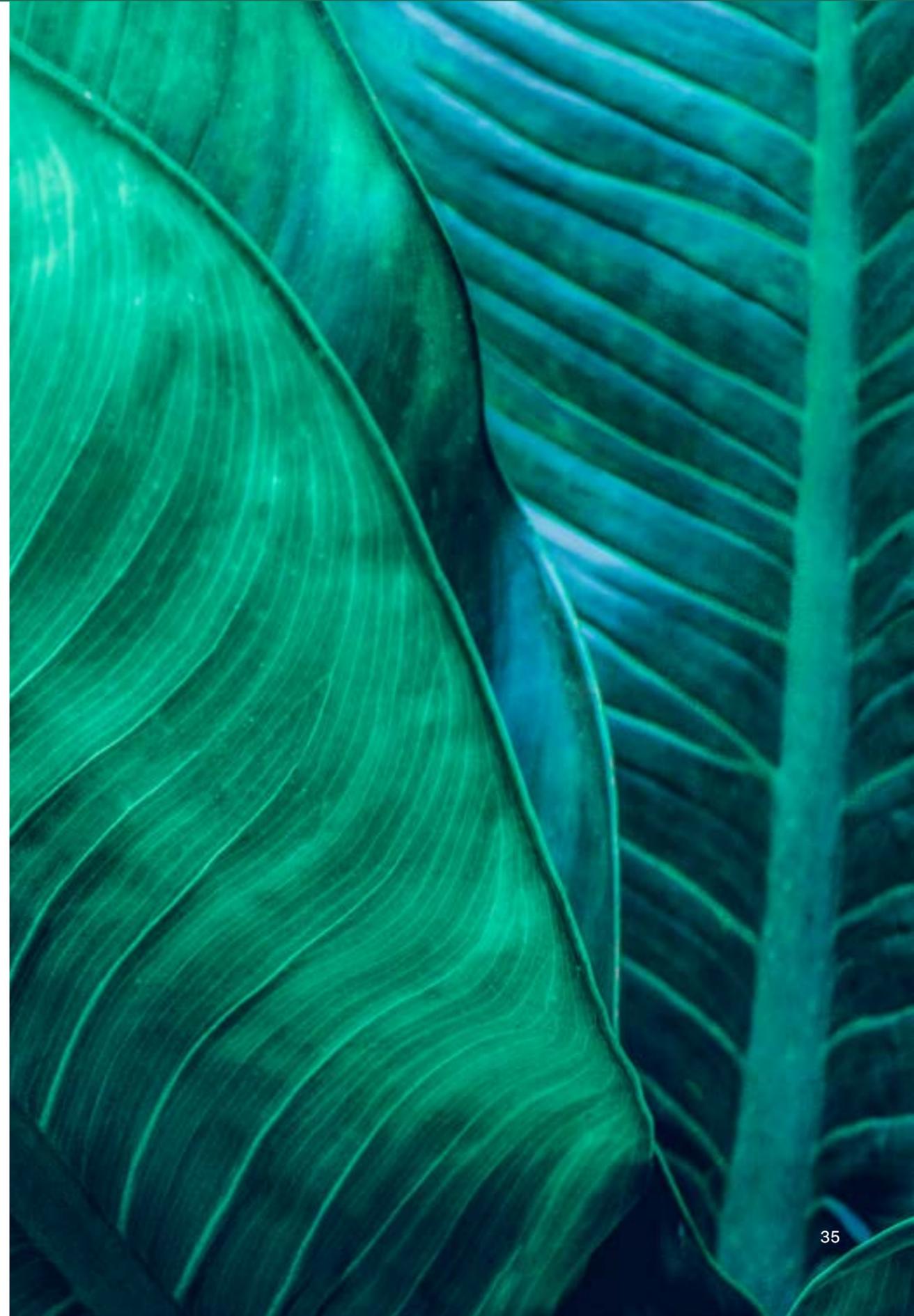
## Raising Concerns

We provide multiple channels for our colleagues to raise concerns about any potential violation of the Code or wrongdoing. We do not permit retaliation of any kind against any employee who in good faith reports actual or suspected violations of the Code or other wrongdoing. Any colleagues who knowingly provide false information may be subject to the usual disciplinary procedures.

Our colleagues and other persons, including but not limited to customers, suppliers and other business partners, can report potential allegations via the anonymous whistleblowing hotline managed by an external party, or through internal channels, such as their immediate supervisor, the Ethical Business Liaison Officers, or any Human Resources team member. For example, Melco receives approximately fifteen reports a quarter via the whistleblower hotline and alleged issues range from potential instances of collusion with suppliers or contractors to tip-offs regarding guests. Whistleblower reports are investigated by Human Resources or the Investigations Department, as appropriate, and are reported by the Ethical Business Advisor to the Audit and Risk Committee on a quarterly basis. Details of our whistleblowing channels are discussed at the corporate governance orientation, and are available on our intranet and posted within key employee areas of our resorts.

## Working with Suppliers & Partners

Our Code of Conduct for Suppliers (Supplier Code) sets our expectations for our suppliers. It not only requires suppliers to meet all applicable legal requirements, but also our ethical, anti-corruption, data privacy and security, human and labor rights, health and safety and environmental standards. All suppliers acknowledge acceptance of the Supplier Code and we provide training and regularly engage with our suppliers directly to assess performance. In 2020, we will share a detailed questionnaire with our suppliers as a first step towards reinforcing our requirements and expectations. This will additionally deepen our focus on sustainable sourcing, and in particular bring new attention to the ethical treatment of animals and practices adopted to prevent and eradicate all forms of human trafficking and forced and child labor in the supply chain.



# DATA PRIVACY & SECURITY

Every day our customers, colleagues, suppliers and partners entrust us with their personal and organizational data and, every day, we are dedicated to earning that trust by continuing to strengthen both our global and local security controls.

Our global Information Security Management System (ISMS) continues to be certified under the industry standard ISO 27001, with our Macau operations holding this certification since 2009. This system is supported by our Cybersecurity and Data and Information Security policies, and we regularly conduct risk assessments and audits to check processes and protocols. In 2019, Melco did not either experience any significant data breaches or receive any substantiated complaints.

To protect data privacy, we meet or exceed the requirements of the data privacy regulations in the jurisdictions in which we operate, including Hong Kong's Personal Data (Privacy) Ordinance, Macau's Personal Data Protection Act (PDPA), the Philippine's Data Privacy Act and the EU's General Data Protection Regulation.

## CASE STUDY

### MANAGING DATA PRIVACY AND CYBERSECURITY RISK

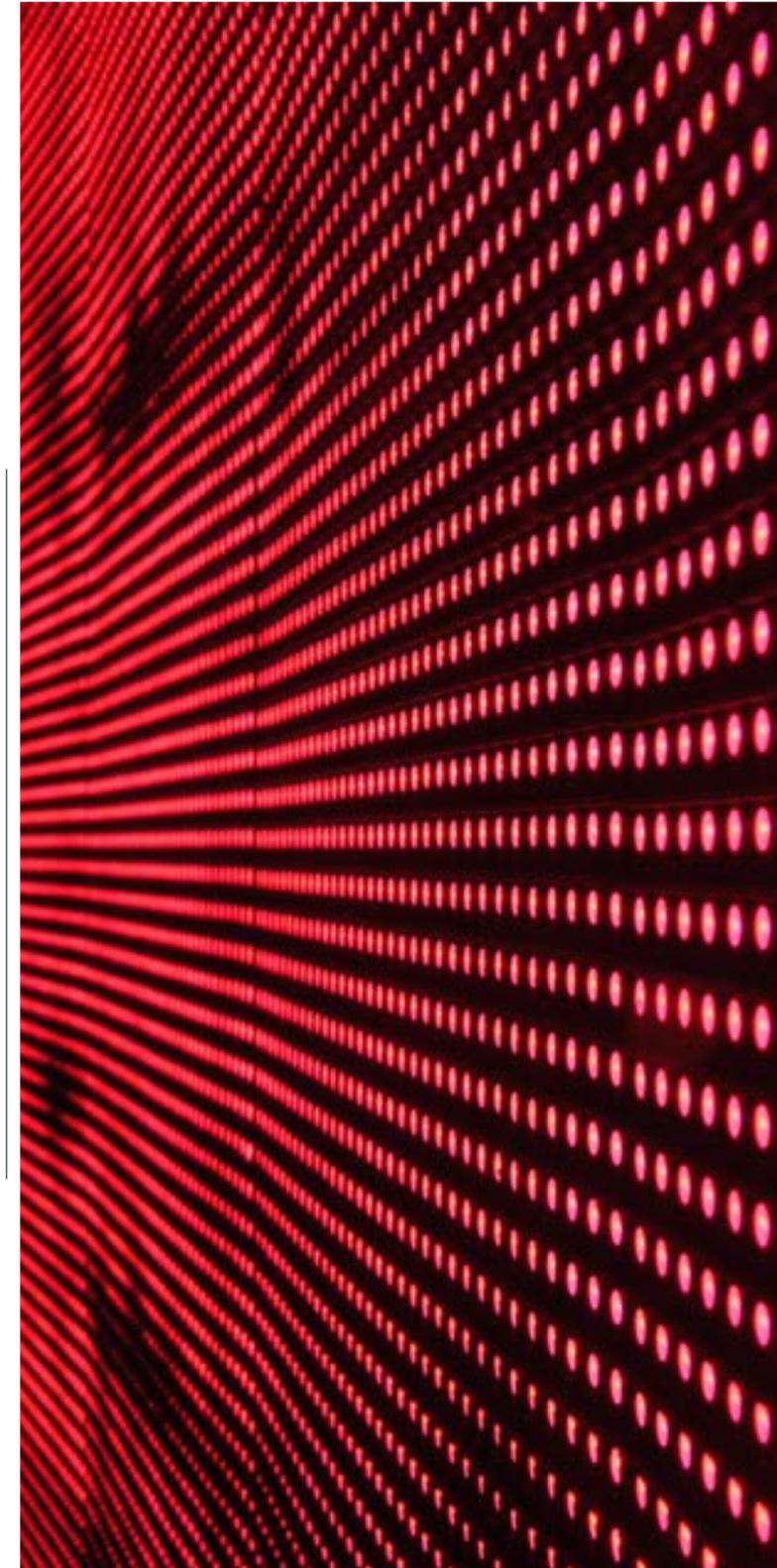
Our developing operations in Cyprus see Melco operating under the EU's General Data Protection Regulation (GDPR), in addition to data privacy legislation in Hong Kong, Macau and the Philippines. This has led to substantial work in strengthening our existing policies and processes, which we apply across all the jurisdictions where we operate. We performed reviews on collection channels of personal data, implemented the data minimization principle and reinforced the importance of complying with the data retention guidelines.

In 2019, Melco performed the following initiatives to reinforce our compliance with data privacy legislation:

- ↳ Enhanced corporate policies and procedures concerning data privacy and document retention
- ↳ Implemented formal review and approval processes for any initiatives involving personal data

- ↳ Formally introduced data protection policies and practices into the corporate governance orientation for all colleagues globally
- ↳ Identified legal counsel specialized in data privacy (i.e. Data Protection Officer) in each jurisdiction where we operate, with bimonthly meetings held to ensure we meet both local requirements and best practice standards
- ↳ Engaged external data and cybersecurity experts to provide guidance

Cybersecurity controls should not be just about meeting data privacy legal requirements; these high standards go further in protecting our key stakeholders and business assets on a wider basis.



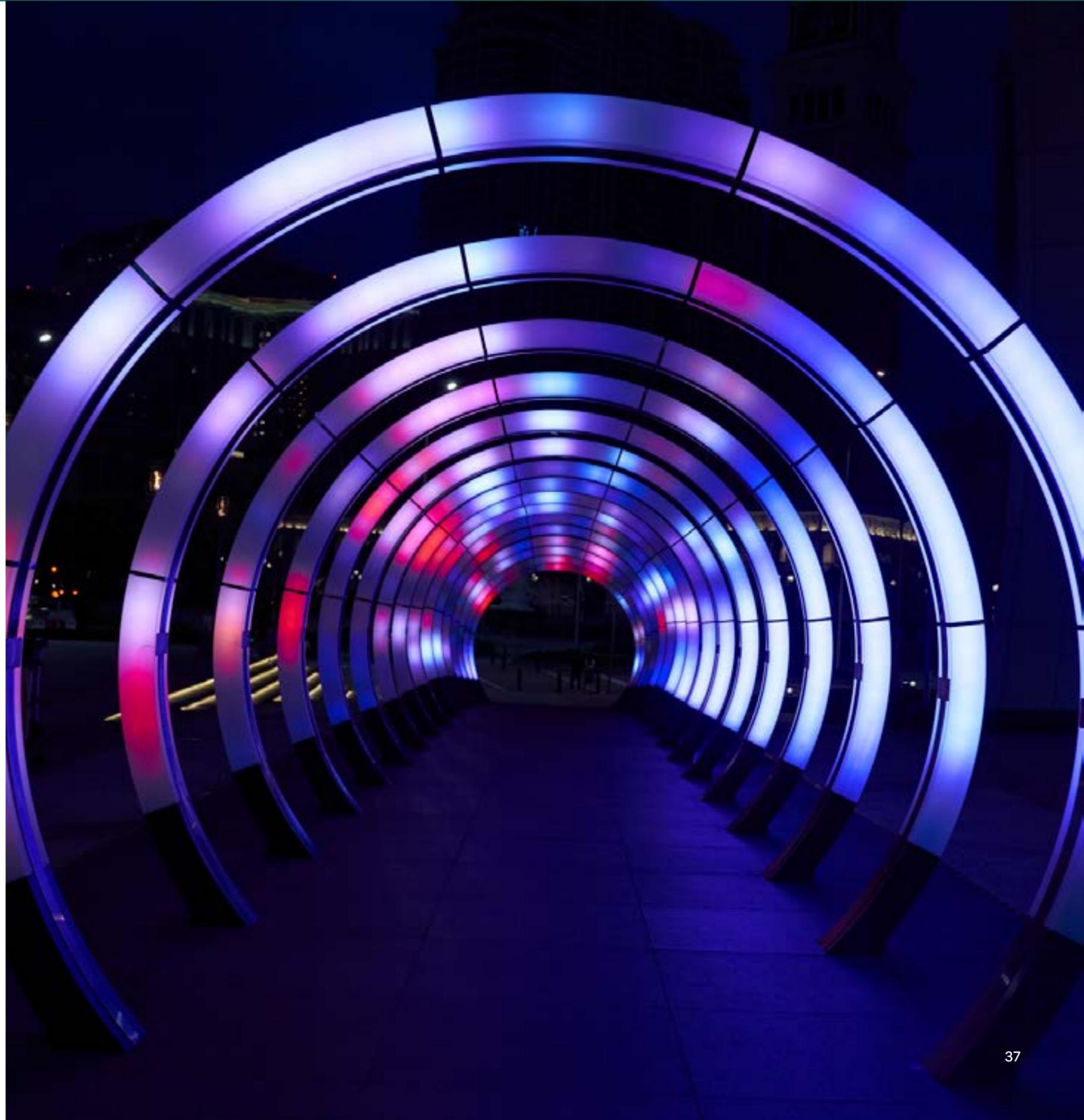
# DATA PRIVACY & SECURITY

## Colleague Training & Awareness

Our colleagues play an important role to ensure data privacy and security. When it comes to cyber threats, human error can be an underlying area of vulnerability with focused strikes on colleagues via phishing (or whaling which often targets senior executives). As a result, information security is part of our Code, our corporate governance policies and our training for all colleagues, at all levels of the Company. We regularly update employee guidelines on data protection in our respective regions and run awareness campaigns about phishing attacks. We regularly assess if additional training is required and, in 2019, we released further guidance on personal data retention through circulation of the corporate policy and guidelines on data privacy and document retention.

## Working with Suppliers & Partners

Our security risks are not limited to our systems. They are extended to the systems and processes of our partners and suppliers. In our partner and supplier selection processes, cybersecurity requirements and ongoing testing are required. Vendors who fail to meet our high standards are notified and all IT providers must comply with the ISO 27001 standard. We also work with partners to share information on cybersecurity threats and hacker tactics.



A wide-angle, high-angle photograph of a casino floor. The central focus is a long, polished, light-colored walkway that leads towards the background. On either side of the walkway are rows of gaming tables, some with people seated at them. In the background, there are rows of slot machines and other gaming areas. The ceiling is highly decorative with a grid of recessed lighting and several large, ornate chandeliers hanging from it. The overall atmosphere is bright and opulent.

# RESPONSIBLE GAMING



# RESPONSIBLE GAMING

RESPONSIBLE GAMING (RG) IS AT THE CORE OF OUR COMMITMENT TO SOCIETY AS WE CONTINUE TO OFFER THE HIGHEST STANDARDS OF SERVICE AND ENSURE A FAIR AND SAFE GAMING EXPERIENCE FOR OUR GUESTS. OUR COMMITMENT IS TO DEVELOP AND MAINTAIN A CULTURE OF RESPONSIBLE GAMING IN EVERY JURISDICTION WE OPERATE IN, WHILE RESPECTING AND FULLY COOPERATING WITH INTERNATIONAL GOVERNMENTS AND GAMING REGULATORS.



# 2019 HIGHLIGHTS

## **Safeguarding & Setting Standards**

Our dedicated, innovative and systematic approach to responsible gaming (RG) raises the bar on industry standards. The efficacy of our RG initiatives contributed to Melco being recognized in 2019 as the Socially Responsible Operator of the Year for our RG programs at the 12th International Gaming Awards.

### ★ **Best Corporate Social Responsibility**

Contribution at the G2E Asia Awards.

### ★ **12th International Gaming Awards 2019 Socially Responsible Operator of the Year**

Recognizing Melco's industry-leading social responsibility initiatives, including promoting and enhancing processes and safeguards towards RG.

### ★ **RG Man Champion 2019 – Gaming Employees Home of Macau**

This RG knowledge competition was organized by a gaming support NGO with contestants from major gaming operators taking part.

### ★ **Top Gold Award – Business Award of Macau 2017 Corporate Social Responsibility (RG)**

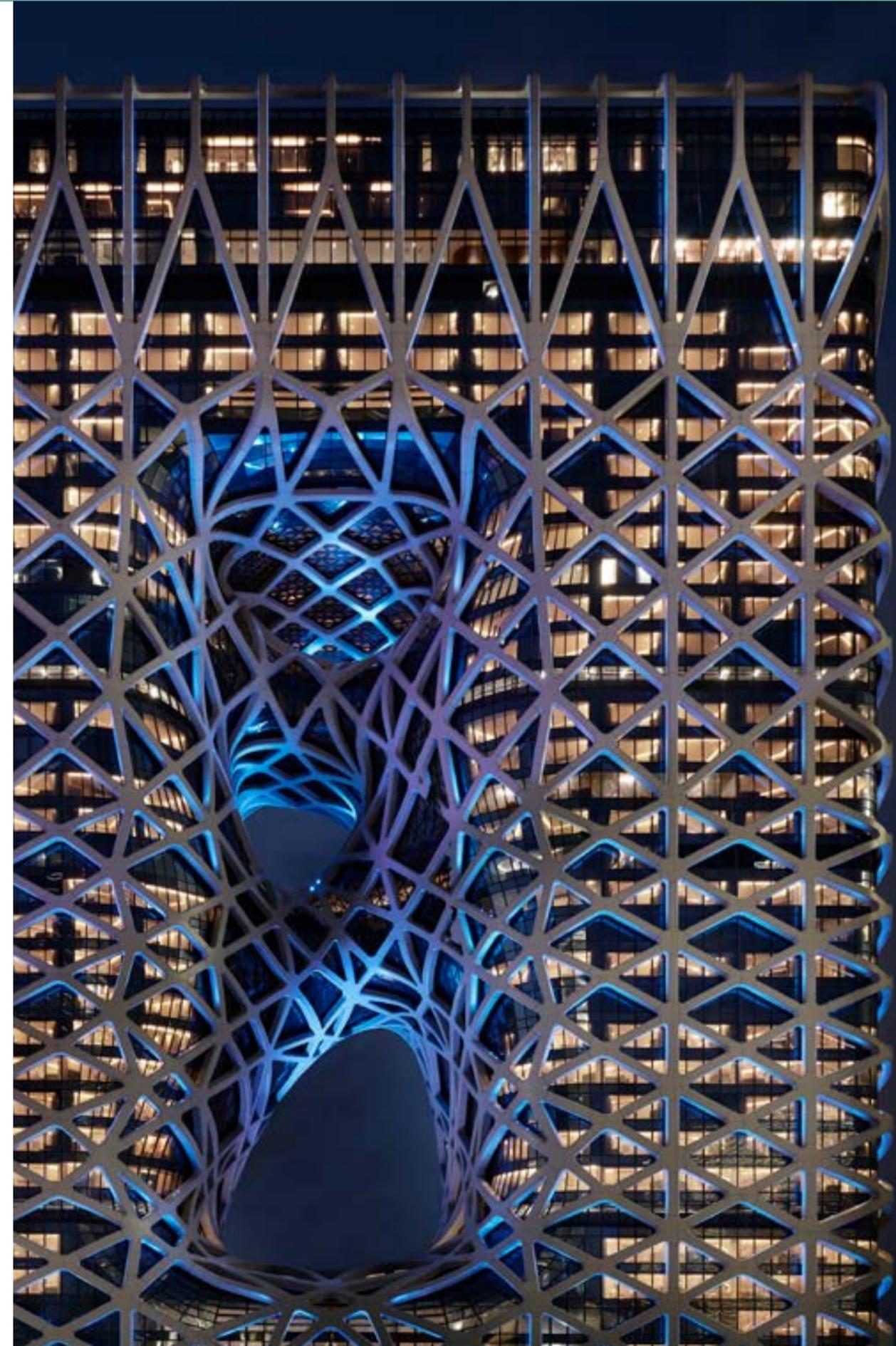
Melco is celebrated for our dedication to address and facilitate solutions on social issues in Macau.

### ★ **RG Knowledge Competition**

— Champions of the 2014 & 2016 competition organized by Gaming Inspection and Coordination Bureau (DICJ).  
— Melco hosted our 3rd 'Quiz for Knowledge Responsible Gaming Competition' for colleagues in 2019.

### ★ **RG Train-the-Trainer Excellence Award 2017 & 2018**

For two consecutive years, Melco's trainers were recognized in this government-led initiative organized by the Macau Responsible Gaming Association.



# THE INDUSTRY LEADER IN RESPONSIBLE GAMING

## Commitment from the Top — Steering Committee led by Chairman & CEO

The Company’s pledge to always be at the forefront of the industry’s gaming efforts comes from the very top. Our Responsible Gaming Steering Committee, set up in 2008, is personally led by Lawrence Ho, our Chairman and CEO, who is its Executive Sponsor. Our RG strategy and its policies are implemented globally in all jurisdictions in which we operate, subject to local regulations.

Our gaming and non-gaming departments as well as global executive leaders, including Property Presidents and our Chief Operating Officer (COO), are represented on this Committee. Through quarterly meetings, the Committee provides strategic direction for all our RG initiatives. Separate working committees meet more regularly to propose and implement initiatives that ensure we remain committed to:

## PROMOTING RESPONSIBLE GAMING AND AN ATTITUDE OF STAYING IN CONTROL

## THE RESPONSIBLE GAMING STEERING COMMITTEE

### EXECUTIVE SPONSOR

> CHAIRMAN & CEO

### EXECUTIVE CHAMPION

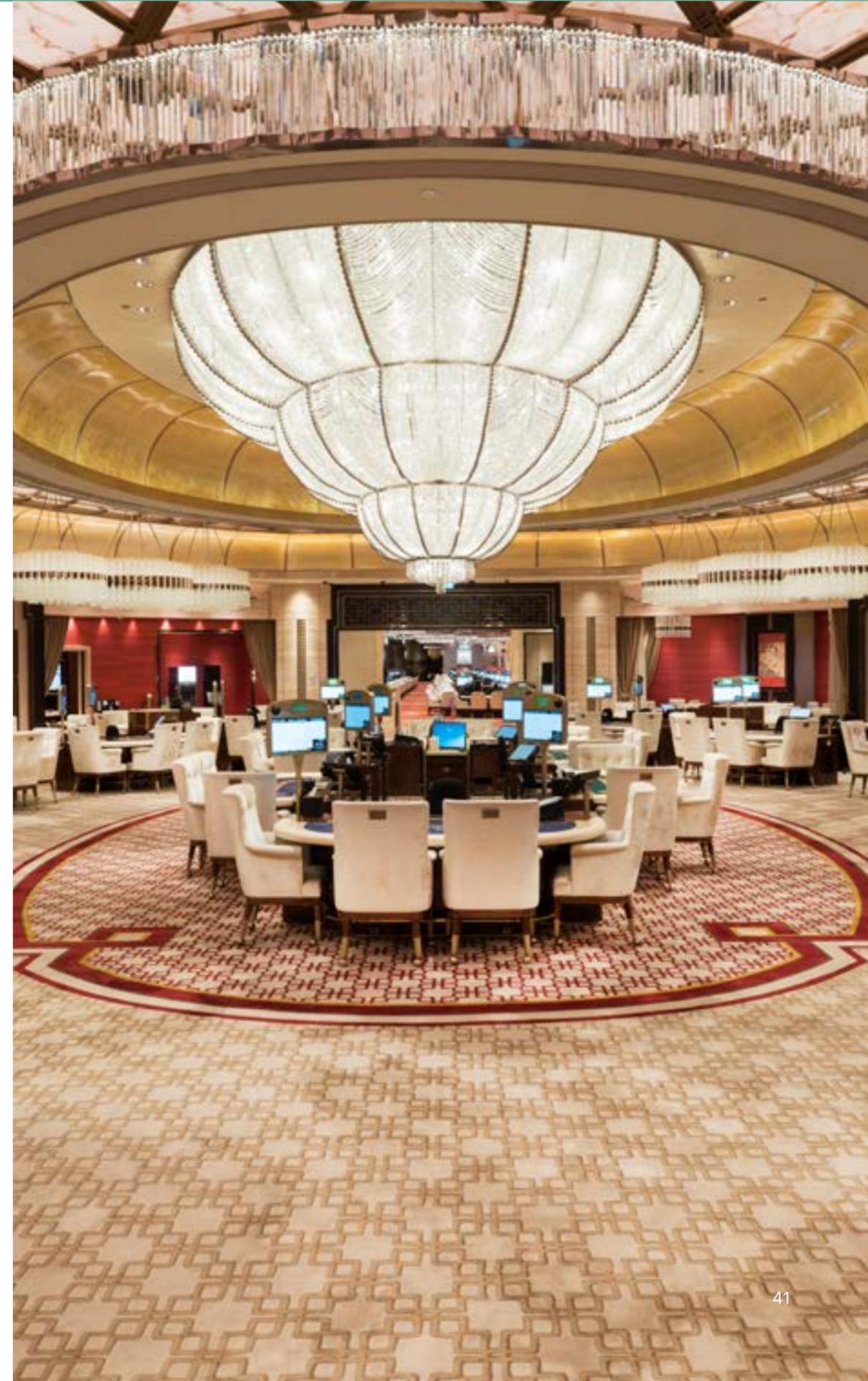
> EVP, CHIEF OF STAFF TO CHAIRMAN & CEO

### COMMITTEE CO-CHAIRPERSONS

- > VP, TABLES GAMES
- > VP, SECURITY OPERATIONS

### COMMITTEE MEMBERS

- > CHIEF OPERATING OFFICER
- > PROPERTY PRESIDENTS
- > BUSINESS DEVELOPMENT
- > LEGAL
- > OPERATIONS REGULATORY COORDINATION
- > SECURITY & SURVEILLANCE
- > CAGE, COUNT & CRÉDIT
- > COMMUNICATION
- > LEARNING ACADEMY
- > HR
- > FINANCE
- > CASINO MARKETING
- > CORPORATE RISK & INVESTIGATIONS
- > MOCHA
- > STRATEGY & ANALYTICS
- > TABLE GAMES
- > INFORMATION TECHNOLOGY
- > GAMING MACHINES
- > TRANSPORTATION
- > HOTEL/F&B
- > VIP SERVICES



# OUR APPROACH: SYSTEMS FOR SUCCESS

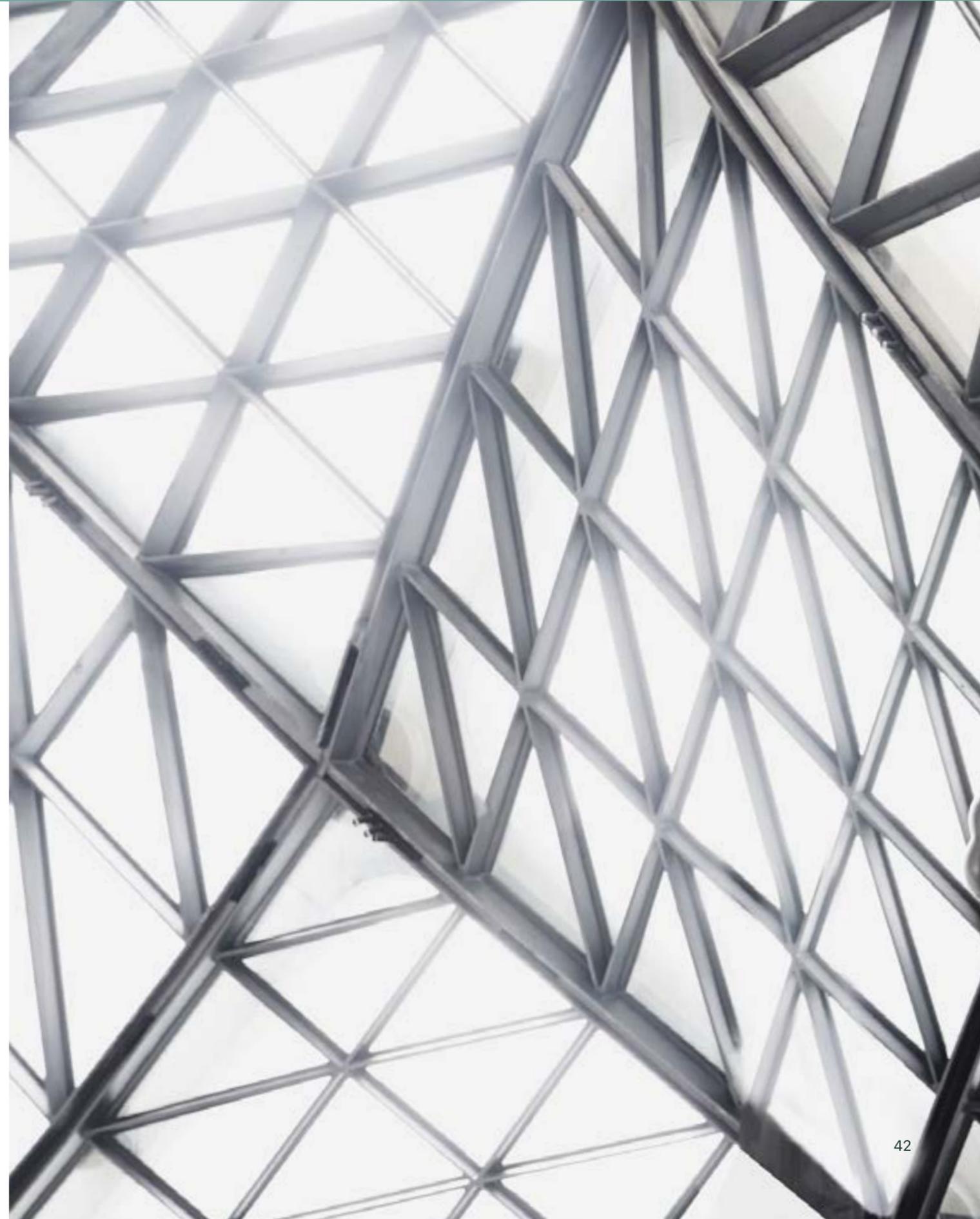
Responsible Gaming requires us to build long-term relationships, rooted in shared values, with governments, regulators, research institutions, colleagues, the community and other key stakeholders in the gaming industry.

The success of our global RG strategy depends upon a well-tested, three-pronged approach that provides a solid framework for RG implementation across our resorts:

**TECHNOLOGY & PROCESS**

**COMMUNITY ENGAGEMENT**

**COLLEAGUE EDUCATION**



# TECHNOLOGY & PROCESS

Our state-of-the-art technology allows us to offer the best support for self-exclusion, a critical component of any successful RG strategy. Melco became the first operator in Asia to introduce facial recognition and we have been evolving the technology and our systems ever since, solidifying our position as an industry leader in RG.

## Facial Recognition

Since the installation of real-time facial recognition security systems at every entrance to our gaming facilities in Macau in 2016, we have continued our relentless pursuit of the best technological infrastructure to support self-exclusion. We have commenced upgrading to the latest generation of facial recognition technology in our resorts in Macau, Manila and Cyprus.

## MelGuard — Our Proprietary Biometric Intelligence System

MelGuard is the world’s first “Biometric Intelligence System” for RG, developed by Melco. The technology uses biometric indicators to prevent restricted individuals — including self-exclusions — from entering the casino floor, while complying with data privacy requirements. For potential operations in Japan, MelGuard technology will work in conjunction with the “My Number” card to provide state-of-the-art authentication for those seeking to enter the casino areas of the integrated resort.



# COMMUNITY ENGAGEMENT

The care we take to raise awareness of RG, sets us apart from our peers. We surpass regulatory requirements for operators to display RG information for our guests in our resorts, and we actively engage people in our communities on the subject.

## Televised Public Service Commercial in Macau

Melco partnered with a local production company in Macau to produce a television commercial raising awareness of RG. The commercial was aired on Teledifusão de Macau (TDM) during primetime viewing hours. Melco is the only casino operator in Macau to sponsor, produce and televise a public service video on RG in this way.

## Responsible Gaming Workshops

To allow our message on RG to reach a diverse spectrum of audiences, we pioneered a series of RG workshops targeted at women in 2018. To encourage participation, the RG curriculum is interwoven with lifestyle topics. This year, Melco conducted five, three-hour workshops in partnership with a local NGO, Gaming Employees Home of Macau, on lifestyle topics such as dessert making, health and fitness, and so on, providing comfortable settings to have conversations about RG.

## Promoting Positive Gaming Attitudes

A microfilm was created to instill positive values in gaming practitioners, in particular the dealer segment of the workforce. Using a movie as a medium to engage audiences was an innovative approach in RG. Melco supported the project financially and helped with story production, scripting and provision of shooting locations. This microfilm received tremendous recognition from the community and the Macau government.

## Collaboration with Universities and Research Institutes

Melco continues to support gaming research and education; we donated US\$650,000 towards research on RG — establishing a Research Centre with Macao Polytechnic Institute, and supporting the University of Macau's Institute for the Study of Commercial Gaming (ISCG).



## CASE STUDY

### RG AWARENESS WEEK IN CYPRUS

To build a healthier and more viable society, Melco's Cyprus operations collaborated with the National Betting Authority and the Cyprus Gaming and Casino Supervision Commission, to organize a range of public awareness-raising events during Responsible Gaming Awareness Week (RGAW). Our Cyprus colleagues gave presentations, conducted workshops and hosted outdoor RG information stations, which were attended by regulators, government representatives, community members and our colleagues in Cyprus.

# COLLEAGUE EDUCATION

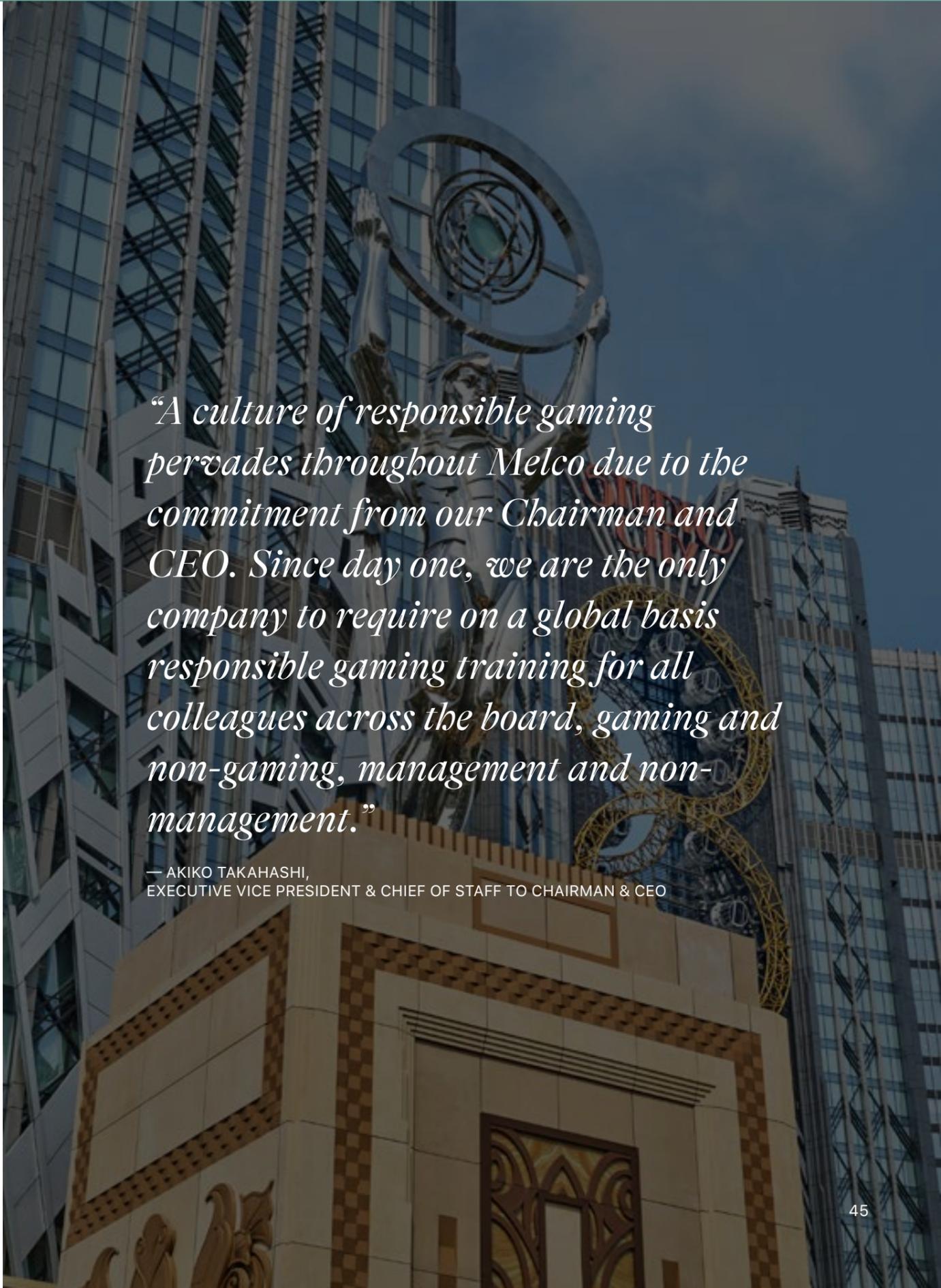
Our proactive and systematic approach towards RG includes programs and initiatives that surpass mandated regulatory requirements, and this investment shines through in our RG training programs for colleagues.

Every colleague at Melco — gaming and non-gaming — is trained to identify and address potential problem gambling, and to help raise awareness among guests and the wider community. More than 78,000 colleagues in Macau, Manila and Cyprus have participated in RG activities to date, and we boast over 425 RG ambassadors. RG ambassadors are trained specialists who identify and detect actual or suspected unusual gambling behavior. They then address this with patrons by assisting them to enroll in self-exclusion programs if so desired, and/or referring them to professional support such as counseling services.

## Responsible Gaming Training Program

Our commitment to training every colleague on RG is delivered through an innovative yet systematic approach. Our well-designed system ensures that every colleague is equipped with knowledge on RG and supported to progress to more advanced levels of training. To date, 90,208 RG training seats worldwide have been filled by Melco colleagues.

Since developing an advanced RG training classroom program for all colleagues in 2017 and to facilitate increased accessibility of this course, we launched an e-learning version in January 2020. This Advanced RG Training program is based upon the curriculum of the “Macao Responsible Gaming Advisor Certificate Program” by the Gaming Inspection and Coordination Bureau and the University of Macau.



*“A culture of responsible gaming pervades throughout Melco due to the commitment from our Chairman and CEO. Since day one, we are the only company to require on a global basis responsible gaming training for all colleagues across the board, gaming and non-gaming, management and non-management.”*

— AKIKO TAKAHASHI,  
EXECUTIVE VICE PRESIDENT & CHIEF OF STAFF TO CHAIRMAN & CEO

# COLLEAGUE EDUCATION

## Leadership Forum

Another way in which we raise awareness about RG is through participation in the RG Leadership Forum. This event, directed at management teams, covers a variety of current and relevant subjects. RG is one of the topics discussed, with speakers and guests from government and academia participating. Over 600 Melco management colleagues took part in the RG Leadership Forum.

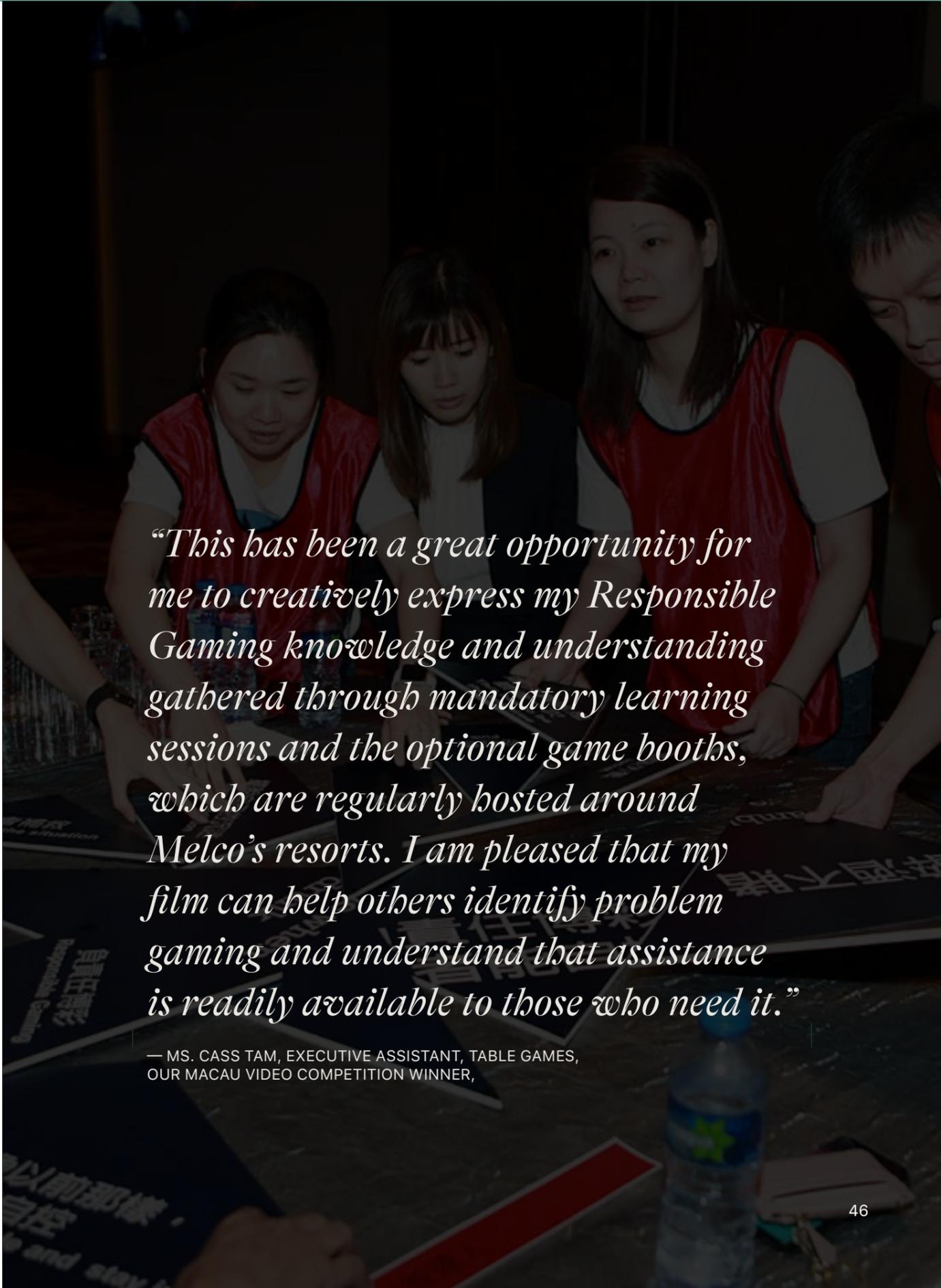
## Dedicated RG Educational Space in the Heart-of-House

In addition to the regular, ongoing RG awareness activities held for our colleagues, we have set up a dedicated RG space in the employee Heart-of-House in Macau and Manila. The walls of our Heart-of-House are wrapped with large visual displays about our RG program. A digital display communicates RG messages and information, kiosks serve as educational interactive tools and we offer pop-up games with token prizes to raise awareness and entertain our colleagues while reinforcing RG principles.

## Responsible Gaming Awareness-raising, In-house Activities

To date, over 78,000 colleagues have taken part in our fun and interactive RG awareness-raising activities in our Heart-of-House. Designed to re-engage our colleagues on the topic every two to three months, we take these activities seriously. They are attended by our Chairman and CEO, COO, Property Presidents and other members of the management team. As a result of these activities, in Macau, our Melco teams have twice won government-led RG knowledge competitions. In Manila, over 220 colleagues honed their RG knowledge through participating in a fun interactive, gameshow-styled "Quiz Bee".

Creative competitions were held this year in Macau and Manila with the aim of encouraging colleagues to submit original works of art or other media about RG and enhance public awareness on the issue.



*"This has been a great opportunity for me to creatively express my Responsible Gaming knowledge and understanding gathered through mandatory learning sessions and the optional game booths, which are regularly hosted around Melco's resorts. I am pleased that my film can help others identify problem gaming and understand that assistance is readily available to those who need it."*

— MS. CASS TAM, EXECUTIVE ASSISTANT, TABLE GAMES, OUR MACAU VIDEO COMPETITION WINNER,

# KEY PARTNERS & COLLABORATORS

## MELCO'S PARTNERS/ COLLABORATIONS

## KEY IMPACTS OF PARTNERSHIP/ COLLABORATIONS

Macao Gaming Industry Employees Home Integrated Services Centre

NGO partnership to organize engagement workshops and to provide onsite counseling support services for women to colleagues

Gaming regulators:

- > Macau: The Gaming Inspection and Coordination Bureau (DICJ)
- > Philippine Amusement and Gaming Corporation (PAGCOR)
- > Cyprus Gaming and Casino Supervision Commission

Support engagement, monitor and provide feedback on our RG strategy

The Institute for the Study of Commercial Gaming (ISCG), University of Macau

Partnership for RG gaming research

Macao Polytechnic Institute

Life Change Recovery Center (Philippines)  
 Social Welfare Bureau: Problem Gambling Prevention and Treatment Division (Macau)  
 The Macao Industrial Evangelistic Fellowship Rehabilitation Centre S.K.H. Macau Social Service Coordination Office (Macau)  
 Caritas Lifehope (Macau)  
 Advisory Station DECIDE (Cyprus)

Counseling and treatment center for problem gambling

Social Welfare Bureau - Problem Gambling Prevention and Treatment Division

Collaboration on gambling addiction, prevention training courses and community RG activities

National Betting Authority (Cyprus)

Collaboration with the Cyprus gaming regulator to hold RG Awareness Week 2019

European Casino Association

Member of the RG working committee



# ENVIRONNEMENT



# ENVIRONMENT

**OUR ENVIRONMENTAL STRATEGIES ARE INEXTRICABLY LINKED AS A SYSTEM — THERE IS NO SILVER BULLET. WE AIM TO SUPPORT THE GROWING CONSTELLATION OF EFFORTS, EVEN BEYOND MELCO'S RESORTS, TO PROTECT OUR ECOSYSTEMS, MOVE TOWARDS CLEAN ENERGY, ELIMINATE WASTE AND IN THE PROCESS, HELP ALLEVIATE SOME OF THE WORLD'S HEALTH PROBLEMS.**



# 2019 HIGHLIGHTS

## Setting Benchmarks

In 2019, Melco was the first integrated resort and hotel operator in Macau and Hong Kong to achieve certification to the three International Organization for Standardization (ISO) system standards for environmental management (14001:2015), facilities management (ISO 41001:2018) and effective energy management systems (ISO 50001:2018).

All our hotels in Macau have received the industry-renowned Green Key Award, meeting the highest environmental management standards set by the Foundation for Environmental Education for the hospitality sector.

## The Carbon Disclosure Project (CDP)

The CDP recognized Melco as one of Asia's leaders in corporate climate action and environmental stewardship with the "CDP 2019 Best First Time Performer" accolade in 2019. Our rating of "A-" for our Climate Change response to investors places us in the Leadership band and higher than both the Asia regional average and other entertainment facilities scores of "C". We are amongst the 31% of companies that reached the leadership level in our business activity group globally.

- ★ **Gold: Environmental Performance**  
Business Awards of Macau
- ★ **Best Environmental Responsibility**  
Asian Excellence Award
- ★ **Macau Green Hotel Awards**  
Gold award for Morpheus and Silver awards for The Countdown Hotel and NÜWA
- ★ **CEM Macau Energy Saving Awards**  
CEM Macau Energy Saving Activity 2019 City of Dreams, Studio City and Altira Macau have won a total of five awards
- ★ **Recognition for Energy Management**  
Sustainable Business Awards Philippines
- ★ **Green Booth Award**  
Macao International Environmental Co-operation Forum & Exhibition (MIECF)
- ★ **Waste Reduction "Excellence"**  
"Wastewi\$e" Excellence" ranking for the past 11 consecutive years from 2009-2019 for our Hong Kong offices



# A SUSTAINABLE FUTURE: THE ONLY FUTURE

Applying the full spectrum of our unique assets for positive impact requires not only significant investment, but also passion. We are laser-focused on delivering sustainable returns by harnessing the resourcefulness of our people to create innovative luxury experiences that also safeguard our environment. Melco sees no other option but to lead and inspire others by showing them that a sustainable future is the only future.

We have set ourselves ambitious environmental goals to achieve by 2030, and it is these goals that are pushing us to challenge ourselves and the industry to not only be creative, but fastidious in tackling the most phenomenal challenges of our time:

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**BUILDING AND  
OPERATING CARBON  
NEUTRAL RESORTS**

**ACHIEVING 20%  
IMPROVEMENT<sup>4</sup> IN  
ENERGY PERFORMANCE  
FOR ALL NEW  
DEVELOPMENTS**

**ACHIEVING ZERO WASTE  
ACROSS OUR RESORTS  
AND CONTRIBUTING TO  
THE CIRCULAR ECONOMY  
IN ASIA**

**EXTENDING OUR  
POSITIVE IMPACT BY  
SOURCING SUSTAINABLE  
GOODS AND SERVICES**

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# A SUSTAINABLE FUTURE: THE ONLY FUTURE

As we continue to expand our presence globally, environmental responsibility is at the very heart of how we build our future resorts. Our commitment to the highest global standards and achieving internationally-recognized certifications is built into our vision to both future-proof designs and redefine the experience of sustainable luxury.

Since the launch of our ambitious Above & Beyond goals, we have undertaken a group-wide effort to review the environmental impact of all that we do across our operations; from how we organize ourselves and work together, to how we build and operate our resorts, to what and how we procure items and services, to how we build the capacity of our suppliers to source and deliver items with sustainability attributes along our supply chains. This is a journey and 2019 has very much been about taking stock and planning our approach, as part of our holistic and comprehensive strategy. Recognizing that sound management requires robust metrics, concerted effort has gone into conducting reviews of our baseline and establishing systems and processes to track and monitor our performance – from procurement to how we consume resources to the waste we generate.

As we aim to continuously improve the quality and accuracy of our environmental performance data, several amendments were made to 2018 data previously disclosed in our

2018 Sustainability Report. For instance, data that had been estimated for electricity, energy and water consumption were amended for some resorts to reflect actual consumption based on purchase records and utility bills that were not available at the time of reporting. We also revised our methodology to quantify the environmental footprint of our tenants by transitioning from estimation based on floor area to data collected through internal metering at City of Dreams, Studio City and City of Dreams Manila. Furthermore, our GHG emission inventory was verified to the ISO 14064-1:2006 Greenhouse Gas Standard to enhance the rigor of our disclosure.

Conducting onsite waste audits across all our resorts enabled us to gain better visibility into our waste streams and to quantify our waste footprint more accurately, and consequently the 2018 waste data generated by the Mocha Clubs was amended accordingly. Our intensity performance by floor area was also revised to align with the metric system and with some revisions to occupied floor areas.

In support of our goals to increasingly procure products with sustainability attributes, we have initiated the configuration of a procurement management system with the aim of progressively implementing it across the group in 2020. The system will allow us to assess and rate the sustainability performance of the products we procure and to track our

progress towards sourcing more sustainable products on an ongoing basis. Going forward, we will not only be able to better measure the impact of our initiatives but also recognize and reinforce the positive benefits of everyone's collective contributions to achieve our goals.



# A SUSTAINABLE FUTURE: THE ONLY FUTURE

## The Executive Sustainability Committee

Sitting at the helm of our sustainability strategy, our Chairman and CEO Lawrence Ho actively participates in our Executive Sustainability Committee meetings. The priorities defined by the Committee set the tone and mobilize resources for all of our material topics across the business in all aspects of our governance, policies, actions, funding and reporting framework.

Our Chief Sustainability Officer leads the Committee with the support of our Chairman and CEO, our Chief Financial Officer and our Chief Operating Officer, along with our Property Presidents and Executive Vice Presidents of several corporate and business departments. The Committee is tasked with guiding the development of a bold vision for sustainability with clear goals and strategies for improving performance and establishing the governance, funding mechanisms and resources to meet the needs of the vision and strategies. Raising awareness and engaging employees in support of Melco's sustainability goals is also a key priority.

Three Working Groups have been set up under the Committee to achieve our three environmental goals by identifying and assessing best practices, prioritizing resources and projects across the business, and measuring and assessing our performance against metrics for:

- ↳ Carbon Neutral Resorts
- ↳ Zero Waste and Circular Economy
- ↳ Sustainable Sourcing

## THE EXECUTIVE SUSTAINABILITY COMMITTEE



**EXECUTIVE SPONSOR** CHAIRMAN & CEO

**EXECUTIVE CHAMPION** CHIEF SUSTAINABILITY OFFICER

**COMMITTEE MEMBERS** PRESIDENT

EVP, CHIEF OF STAFF TO CHAIRMAN & CEO

CHIEF FINANCIAL OFFICER

CHIEF OPERATING OFFICER, MACAU RESORTS

EVP, DESIGN & CONSTRUCTION

CHIEF MARKETING OFFICER

SVP, CHIEF RISK OFFICER

ALL PROPERTY PRESIDENTS



# A SUSTAINABLE FUTURE: THE ONLY FUTURE

## Engaging Our Colleagues & Community

Sustainability does not exist in a silo but change often starts in the mind. Our network of Sustainability Champions takes on the important tasks of encouraging colleagues to engage in environmental programs, to identify opportunities and, most importantly, to build belief that our optimism, skills and perseverance to make a positive change in the world is the precondition to actually doing so.

As part of our mandatory induction program, Melco Orientation, we instill in our new colleagues the importance of achieving our sustainability goals. We see each colleague as a facilitator of our success, not just by implementing our initiatives, but also by contributing ideas on how to continually improve our existing approaches.

To keep our colleagues abreast of trends on the sustainability front, we share relevant stories, facts, trivia, tips and suggestions through emails, discussion boards and shift briefings as part of our 'Sustainability Thoughts' initiative. Our extensive community efforts have also seen our colleagues collaborating with environmental organizations to clean up coastal areas, plant trees and run donation drives and recycling campaigns.



# OUR APPROACH: CATALYZING ON PROGRESS

Our multifaceted environmental strategy, together with our culture of responsiveness and the dedication of our people, puts us in a position for catalyzing progress across the industry. With each of our environmental focus areas, we aspire to be industry leaders while inspiring others with measurable outcomes.

## CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

Climate Resilience

Sustainable Buildings

Energy-efficiency

Transitioning to Renewable Energy

## ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

Our Waste Footprint

Towards a Circular Plastic Economy

Reusing & Recycling

Reducing & Recovering Food Waste

Water Use & Reuse

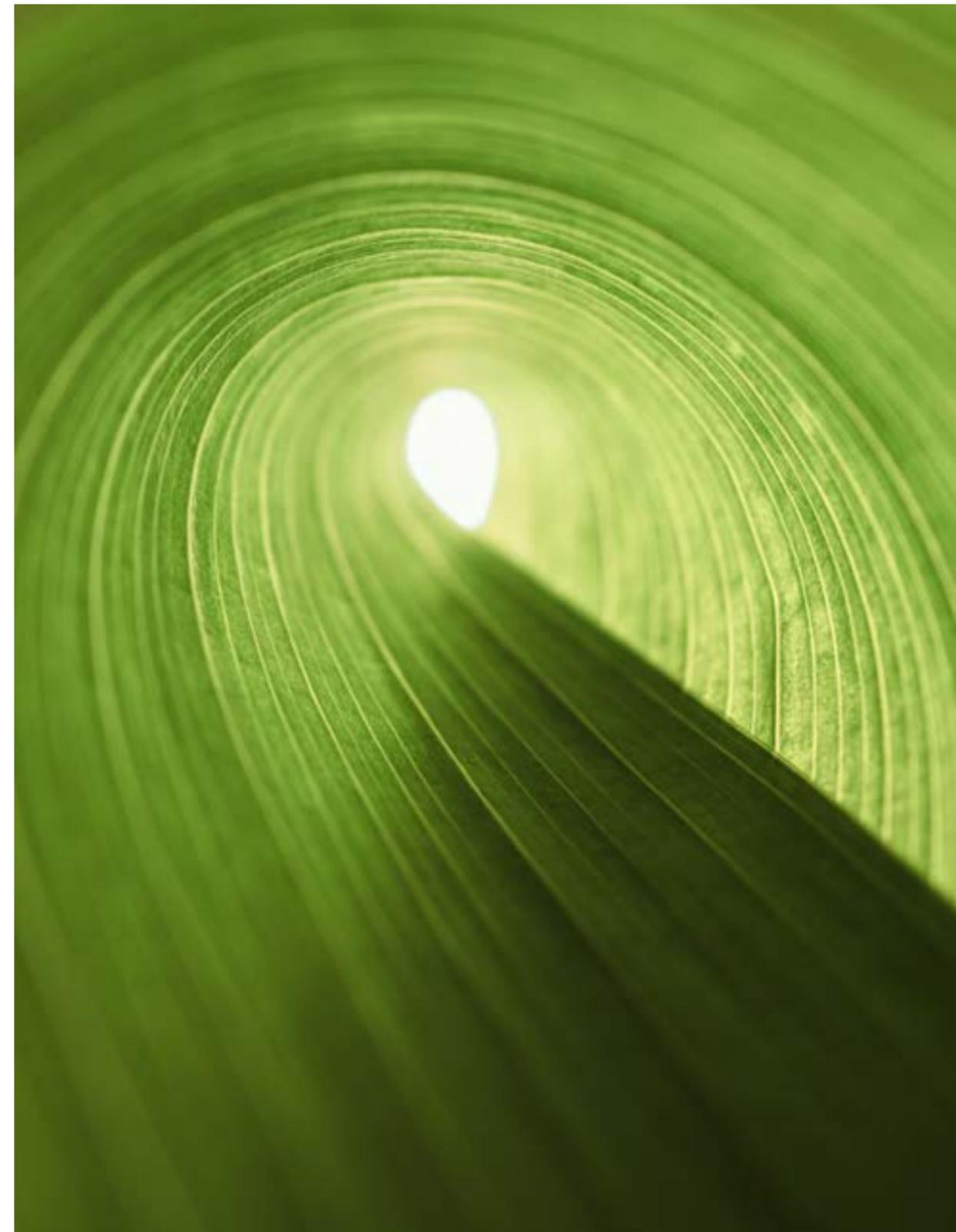
## SUSTAINABLE SOURCING

Products & Services with Sustainability Attributes

Cotton

Chemicals

Seafood



# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## Carbon Neutral Resorts

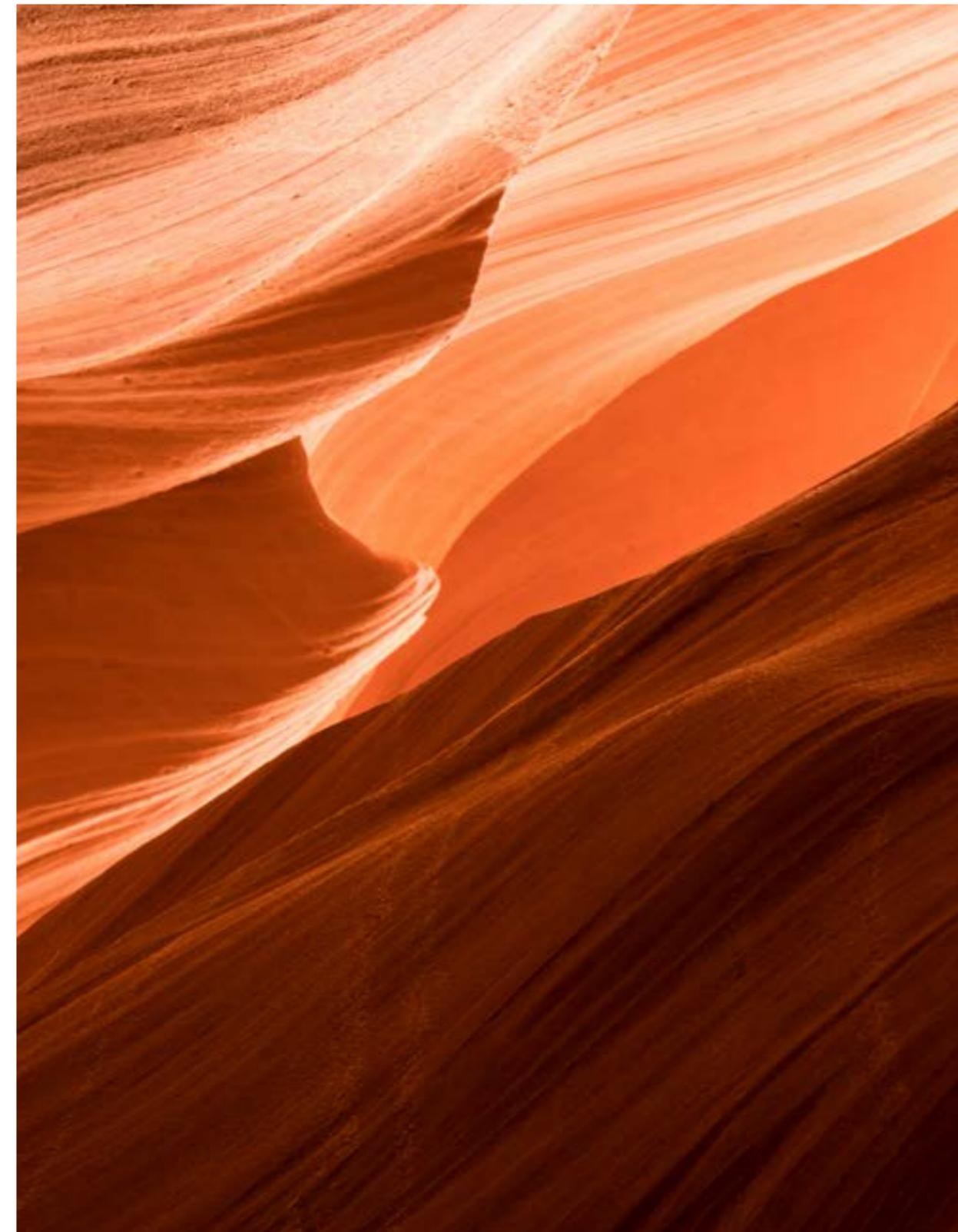
To radically decarbonize our systems and resorts to meet the ambitious target of becoming carbon neutral by 2030, we must relentlessly seek out the latest technologies, low-carbon materials and energy-efficiency measures to reduce our carbon footprint. These include:

1. Prioritizing investment in renewable energy by installing renewable energy systems onsite
2. Adopting efficiency measures to reduce overall energy consumption at all our resorts
3. Phasing in electric vehicles across resorts where the infrastructure exists, starting with shuttle buses, with a longer-term goal for all our vehicles to be fully powered by renewable energy where possible. Increasing the number of charging bays for electric vehicles for guests and colleagues to use across all resorts
4. Purchasing electricity from renewable sources in local markets through Energy Attribute Certificates (EACs), other renewable energy instruments or verified carbon credits, equivalent to the quantity of GHG emissions arising from electricity consumed by Melco

Our Carbon Neutral Working Group reports to the Executive Sustainability Committee and is tasked with establishing and implementing the Company-wide strategy for managing the related material topics and, importantly, for achieving our goal of Carbon Neutral Resorts by 2030, which includes:

- ↳ Reviewing industry best practices and technologies and engaging external stakeholders in support of goals
- ↳ Identifying, prioritizing and funding energy and emission reduction projects across resorts and corporate business functions
- ↳ Promoting employee awareness and engagement in support of the Carbon Neutral goal
- ↳ Measuring and verifying the sustainability and financial impact of the goal

Through our working group, all our operational teams and business units work closely to identify and share best practices and brainstorm new ideas to reduce GHG emissions. As a result of the measures adopted in 2019, our resorts and clubs reduced electricity consumption by 13,900 megawatt hours (MWh), which is equivalent to the GHG emissions avoided by switching over 373,000 incandescent lamps to LED<sup>5</sup>.



(5) COMPARATIVE METRIC DERIVED WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY'S GREENHOUSE GAS EQUIVALENCIES CALCULATOR.

# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## Climate Resilience

At the heart of our bold commitment to operate carbon neutral resorts is our responsibility to do what we can to address our climate emergency. The onslaught of extreme weather incidents in recent years has clearly demonstrated to us how climate change is affecting every corner of the world and that proactive measures are warranted. For us at Melco, the impact of the severe typhoons in Macau in 2018 and in Manila the year after was first hand and from this we have strengthened our response in anticipation of more frequent and severe storm events in the future.

At Melco, we are aware that in addition to minimizing our impact on the climate, increasing our ability to withstand the adverse effects of climate change is also equally important. As part of our sustainable sourcing strategy, we are engaging with our suppliers to enhance the resilience of our supply chains. Recognizing that our resorts are also at risk, we ensure that they are built to withstand climatic threats such as storms, flooding and sea-level rise, as well as extreme temperature. While all our resorts have adopted climate-resiliency measures, highlights of what has been adopted by Studio City Phase 2, are shared.

## Studio City Phase 2, Macau

Our development has been designed to withstand typhoons, extreme wind as well as flooding and sea-level rise. To withstand wind force based on the worst-case scenario happening once in 200 years, the Macau regulatory requirement for structural building design was followed, which is much more stringent than the Hong Kong standard. Higher standards were also adopted for the allowable building drift, which means the building is designed to move horizontally with reduced development of cracks, improving its structural integrity. Computational fluid dynamic and climatic modelling, using the highest wind speeds and pressure endured over the past ten years, was also applied to ensure that the building could remain resilient with the split-tower design allowing for sufficient ventilation and enhanced air circulation. Furthermore, flooding analysis was carried out in the design stage of the project, leading to the building being ready for the worst-case scenario rainfall and flooding happening once in 200 years.



# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## Sustainable Buildings

The foundation of our ambitious goals is to make our buildings sustainable. We seek to design new or retrofit existing buildings for enhanced performance from every possible angle – ensuring we consider how all elements of a building work together to meet Melco’s business needs, our guests’ experience, the environment and evolving climate risks.

As a provider of sustainable and premium integrated resorts, part of our promise is to minimize our overall impact on the environment – including species and habitat biodiversity – both during and after construction. This means not only constructing buildings that last, but also ones that are smartly placed, responsibly integrated into local environments and designed for resource efficiency and climate resilience. As the majority of a building’s environmental impact is determined at the design stage, we mandate our architects, engineers, material suppliers and other partners to start right by adopting the highest environmental standards and options for materials, buildings and systems, and this is continued through to the construction and operational phases.

## City of Dreams Mediterranean, Cyprus

In the design of Europe’s largest integrated resort development, our vision endures to make luxury gaming and hospitality experiences synonymous with Melco and assimilate them considerately into Cyprus’ breathtaking Mediterranean context.

The site’s design has been inspired by the native Cypriot landscape and bears resemblance to the enchanting old town area of Nicosia, with native plant species both mirroring the character of the environment while supporting the landscape’s ecology. Plans also include planting over 7,000 new trees to blend the resort into the surrounding landscape and to drawdown carbon. Working with the Environmental Department of Cyprus, a further 1,200 Cypress tree saplings will be planted alongside the adjacent nature reserve, providing increased habitat for migrating and resident birds and other species.

Beyond being adapted to the natural environment of the surrounding area, City of Dreams Mediterranean is being built according to the highest sustainability standards. It will be the first project in Cyprus obtaining the BREEAM certification for sustainable/green building and promisingly, an “Excellent” rating for the BREEAM Interim Certificate for the Design Stage has already been achieved. Furthermore, the integrated resort will also meet the standards as highlighted.

## CITY OF DREAMS MEDITERRANEAN

### RESPONSIBLE SOURCING

Care is being taken to use responsibly-sourced construction materials, legally-harvested and traded timber and materials, including paints, coatings, adhesives, sealants and flooring with no or low-Volatile Organic Compound (VOC) content. For approximately 80% of the materials used in construction, preference is given to suppliers with ISO 14001 certification or other responsible sourcing certifications.

### FOOD WASTE

All wet food waste will be separated at source, almost completely eliminating food waste from being sent for disposal offsite. Melco is currently working with local manufacturers of composting equipment to design a purpose-built composting facility. Food waste and trimmings from the lawns, trees and bushes will also be composted onsite and then used to fertilize the landscaped gardens surrounding the resort.

### GENERAL WASTE

Instead of a traditional waste compactor, general waste will be sorted and compacted by a waste baler that compacts individual waste streams simultaneously. The waste streams include paper, plastic containers, aluminum cans, as well as bagged mixed waste. The compaction ratio of a bale is up to 15:1, enabling efficient waste collection and transportation for recycling.

### WATER REUSE

A greywater ‘harvesting system’ has been designed that will collect all greywater from the hotel guestrooms, the podium as well as the condensate water from the air handling and fan coil units and treat it for use as flushing water in all hotel and casino toilets, saving an estimated 126 m<sup>3</sup> of water per day. Any excess will be used to irrigate the seven hectares of landscaped gardens, saving a further estimated 150 m<sup>3</sup> of fresh water per day.

### PLASTIC BOTTLE ELIMINATION

The resort will have its own water purification and bottling system provided by NORDAQ Fresh. The onsite automated water bottling plant will be able to refill 2,000 bottles of water per hour. It is estimated that this will eliminate the production, transportation and disposal of approximately two million plastic bottles annually, significantly reducing plastic waste and reducing Melco’s carbon footprint.

# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## City of Dreams Mediterranean is also committed to the following construction waste targets:

- ↳ Utilizing recycled aggregates in 37% of the development, including for pipe bedding and gravel landscaping where aggregate use is high
- ↳ Reducing construction waste by  $\geq 12.5$  tonnes of waste per 100 m<sup>2</sup> of the site by implementing procedures that specify requirements for ordering materials only as needed and not in excessive quantities, for reducing hazardous and non-hazardous waste and for the proper segregation, handling, storage, reuse and/or recycling of materials
- ↳ Diverting construction waste from landfill ( $\geq 70\%$  by weight or 60% by volume)

## Studio City, Macau (Phases 1 & 2)

Studio City Phase 2, which is planned to have approximately 900 rooms and suites as well as spectacular gaming and non-gaming attractions, is designed to support both our carbon neutral and zero waste goals. We are committed to achieving the highest standard of sustainability applicable in the local industry, setting a target for this project to achieve the Green Building Design Label (GBDL) and "Excellent" rating of the BREEAM certification.

Upon completion, Studio City Phase 2 will have the potential to become the first BREEAM-certified hotel in the South China region.

Melco's integrated sustainability strategy for Studio City included extensive planning to engineer the two hotel tower blocks to be precisely distanced from each other so as to create an adequate 'sky-stream' to facilitate bird migratory pathways. Beyond ensuring that the development was located away from the existing Macau Cotai Ecological Zone, comprising 15 hectares of protected wetland claimed as a resting place by many species of migratory birds, strategies also included minimizing the impact of basement excavation on both the wetland and underground water sources. An ecologist was specifically engaged to develop preservation measures for existing flora and compensatory planting with species compatible with the site's landscape and habitat.

The development also follows Melco's sustainable procurement plan, which ensures that all selected contractors use timber and timber-based products that are legally harvested, traded and sourced in accordance with Forestry Stewardship Council™ (FSC™) certification, as well as paints, coatings, sealants and adhesives that have no or low-VOC content where possible.



# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## Reducing Greenhouse Gas (GHG) Emissions

Based on our headline performance in 2019, we are in the early stages of realizing the benefits of the investments and actions we have taken and planned to move us towards meeting our 2030 target.

In 2019, our group-wide Scope 1 and Scope 2 (location-based) GHG emissions<sup>6</sup> increased slightly by 0.6% compared with 2018. While reductions in electricity consumption were achieved in 2019, and 92% of our total GHG emissions arise from purchased electricity consumption, they were offset by an increase in Scope 1 emissions from acquired vehicles and increased use of cooling systems. Overall

GHG intensity at the group level decreased by 1.6%, primarily as a result of reduced electricity consumption and efficiency measures applied across a greater floor area with the inclusion of the Hyatt Regency Hotel at City of Dreams Manila and additional corporate offices in Hong Kong, Japan and Taiwan.

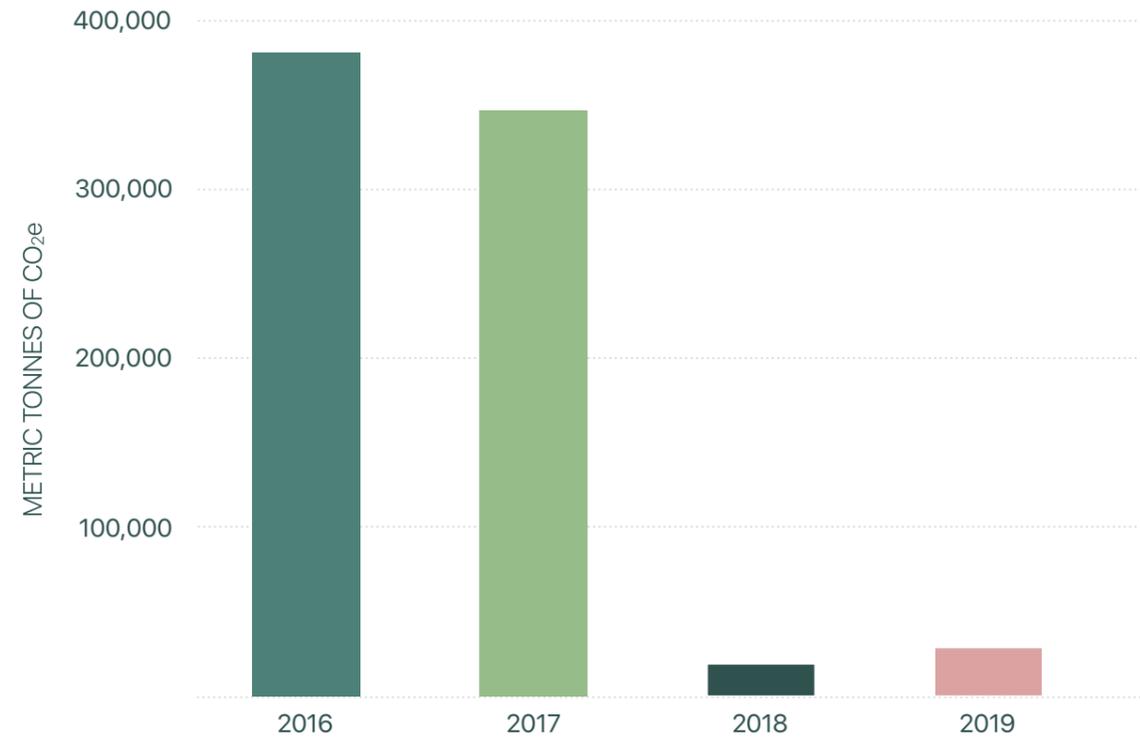
Four of our resorts, namely City of Dreams, Studio City, Altira Macau and City of Dreams Manila, account for over 95% of our group's total emissions in 2019. Across these operations, emissions decreased by 1.5% in absolute terms and by 2.9% in intensity terms, on a normalized basis based on the properties' floor area.

## TOTAL GHG EMISSIONS BY SCOPE AND INTENSITY 2016-2019\*

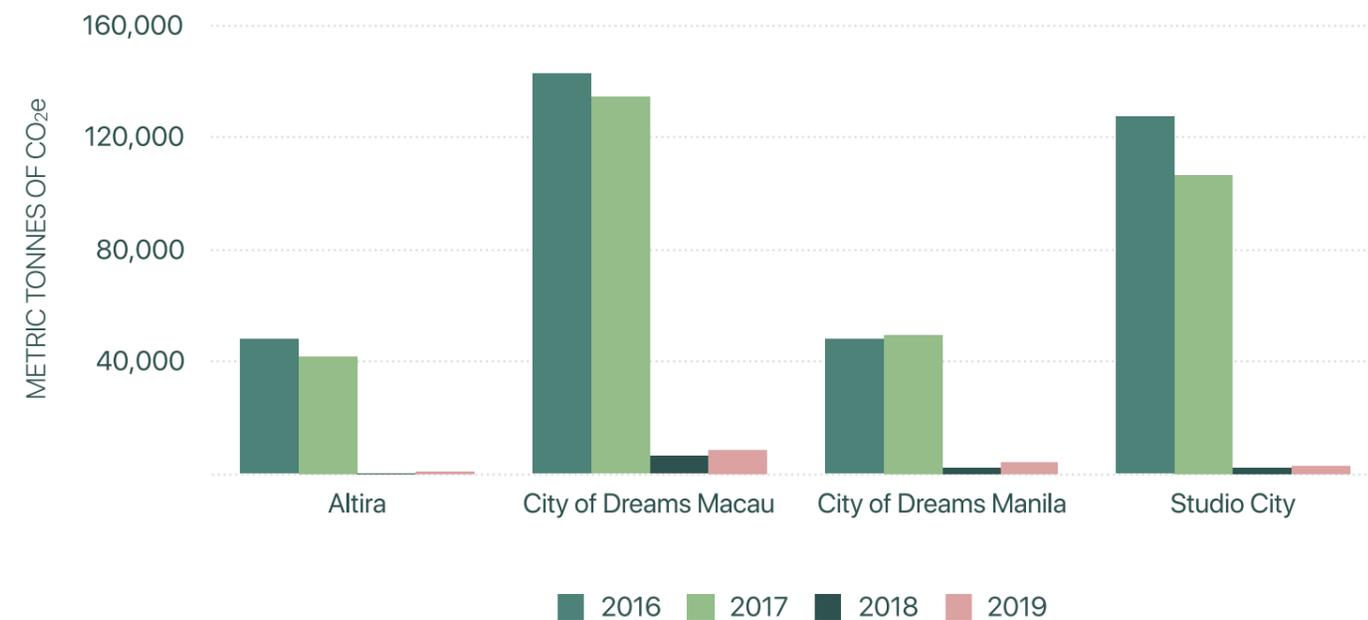
GHG emissions (in metric tonnes of CO <sub>2</sub> e)	2016	2017	2018	2019
Scope 1 emissions	13,551	15,105	19,768	29,192
Emissions from stationary fuel combustion	6,274	6,171	6,806	7,587
Emissions from mobile fuel combustion	5,372	5,622	8,964	12,880
Fugitive emissions from refrigerants	1,905	3,312	3,998	8,725
Biogenic emissions	313	352	163	331
Scope 2 emissions (location-based)	267,998	259,527	266,478	263,055
Scope 2 emissions (market-based)	366,909	331,834	-	-
<b>Total Scope 1 and 2 emissions (market based)</b>	<b>380,461</b>	<b>346,940</b>	<b>19,768</b>	<b>29,192</b>
<b>Total Scope 1 and 2 emissions (market based) intensity by floor area (in metric tonnes of CO<sub>2</sub>e / m<sup>2</sup>)</b>	<b>0.28</b>	<b>0.26</b>	<b>0.01</b>	<b>0.02</b>

(6) PLANNING HAS BEGUN TO MAP OUR SCOPE 3 EMISSIONS AND MEASURE MATERIAL EMISSION SOURCES.

## TOTAL MARKET-BASED GHG EMISSIONS 2016-2019\*



## TOTAL MARKET-BASED GHG EMISSIONS BY RESORT 2016-2019\*



\*EXPLANATIONS FOR RESTATEMENTS OF DATA ARE PROVIDED IN THE GRI CONTENT INDEX

# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## Energy-efficiency Measures

As we head towards an energy-efficient and sustainable future, the onus is on us to use energy more responsibly. Our roadmap towards reducing our energy footprint across our operations is developed based on a thorough audit of energy consumption across our resorts in 2018. With environmental and climate-related benefits, as well as cost savings from reduced consumption, integrating energy-efficiency measures across our operations, simply makes sense.

Part of the focus of the Carbon Neutral Resorts Working Group is engaging all resorts to improve existing operational efficiencies through such measures as delamping, reviewing and adjusting ventilation flow rates, retrofitting or installing more efficient plant and equipment, replacing sensors for carpark extractions and other operational changes such as fan coil unit and motor optimizations, among others. An estimated annualized savings of over 22,000 MWh of electricity is attributable to energy-efficiency measures implemented across our resorts.

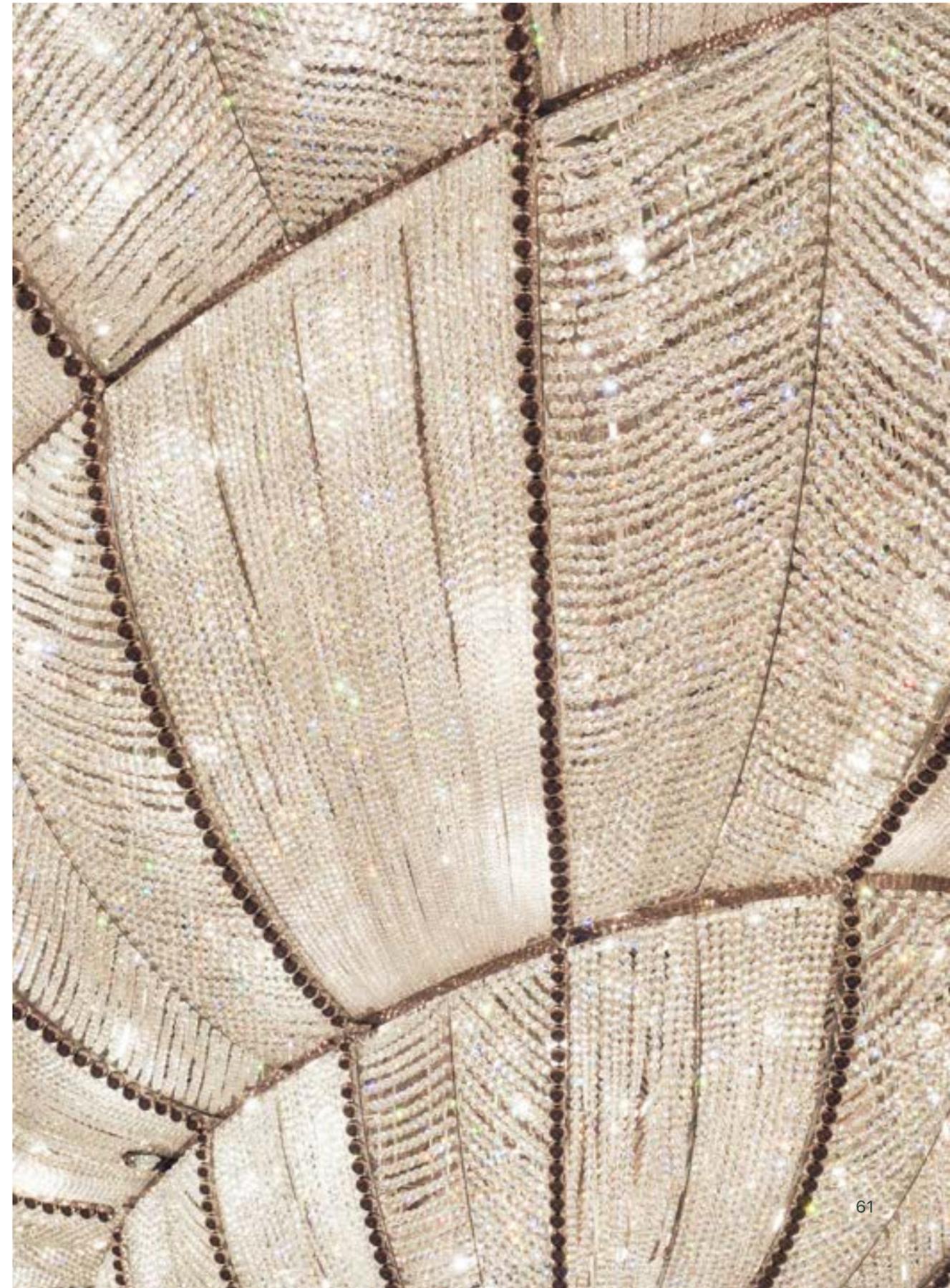
### Here are some of our highlights from 2019:

↳ Over 25,500 LED retrofits implemented across all resorts in 2019 for both exterior and interior illumination. All newly-constructed or renovated spaces are equipped with the latest LED technology

↳ City of Dreams implemented operational changes to its fan coil units to run on night mode in Heart-of-House offices and retail areas, and adjusted its air handling units in retail, kitchen and other areas. Altira Macau installed variable frequency drives for rooftop cooling towers and Studio City implemented delamping in multiple locations, adjusted kitchen ventilation flow rates and replaced its secondary chilled-water pump impeller

↳ Studio City was once again named Champion of the Hotel Group B category at the Macau Energy Saving Activity 2019 organized by Companhia de Electricidade de Macau (CEM) and the Office for the Development of Energy Sector of Macau SAR. City of Dreams and Altira Macau also received awards for excellence, and Studio City and Altira Macau were awarded the Continuous Energy Saving Award (Hotel Group) for the third consecutive year. These five awards recognize our continuous efforts in promoting energy efficiency and conservation

↳ City of Dreams Manila converted lights to LED lamps with motion sensors, photo sensors and timers. In 2019, this resulted in reduced consumption of 74,570 kWh, which is equivalent avoiding GHG emissions from the use of 2,000 incandescent bulbs<sup>7</sup>



# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## CASE STUDY

### ENERGY EFFICIENCY AT STUDIO CITY PHASE 2 CONSTRUCTION

Our target to reach a 20% improvement in energy performance compared to the ASHRAE baseline will be achieved through incorporating a wide range of sustainability features, including:

- ↳ Energy-efficient building envelope design for the external façade of the building, including glazing panels with a low U-value (thermal transmission) and low-shading coefficient, providing an effective thermal barrier between the interior of the building and the outdoor environment
- ↳ Up to 14,000 m<sup>2</sup> of solar photovoltaic (PV) panels on the Phase 1 Podium roof
- ↳ Use of natural daylight to reduce energy consumption
- ↳ LED light fittings, daylight dimming control and occupancy sensors
- ↳ Sub-metering to monitor energy consumption
- ↳ Efficient fixtures and fittings that consume 50% less water than conventional alternatives
- ↳ Cycle parking spaces and dedicated cyclist facilities to encourage carbon-free transportation

## CASE STUDY

### ENERGY EFFICIENCY AT CITY OF DREAMS MEDITERRANEAN, CYPRUS

City of Dreams Mediterranean will adopt a wide array of energy-efficiency measures, such as:

- ↳ Highly-efficient Dynamic Simulation Modelling (DSM) which provides a 58% reduction in primary energy consumption based on the Cyprus Energy Performance Certification (EPC) methodology
- ↳ Passive design measures such as thermal insulation, building façade shading and glass with low-shading coefficients
- ↳ Installation of a highly energy-efficient chiller as well as other highly energy-efficient equipment for building services such as air handling, heating, cooling and heat recovery and lifts and escalators with regenerative drives
- ↳ LED lighting, automatic daylight sensors and the connection of all external light fittings to the building management system, enabling automatic control and prevention of operation during daylight
- ↳ Installation of energy metering systems and sub-meters in smaller buildings for monitoring energy consumption and identifying opportunities to further efficiency

Other measures contributing to the reduction of GHG emissions at this resort will include the installation of 60 electric vehicle recharging stations within the parking area, space heating, and refrigerant systems with a zero-ozon-depleting potential and a low Direct Effect Lifecycle carbon dioxide (CO<sup>2</sup>) equivalent emissions indicator.

# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

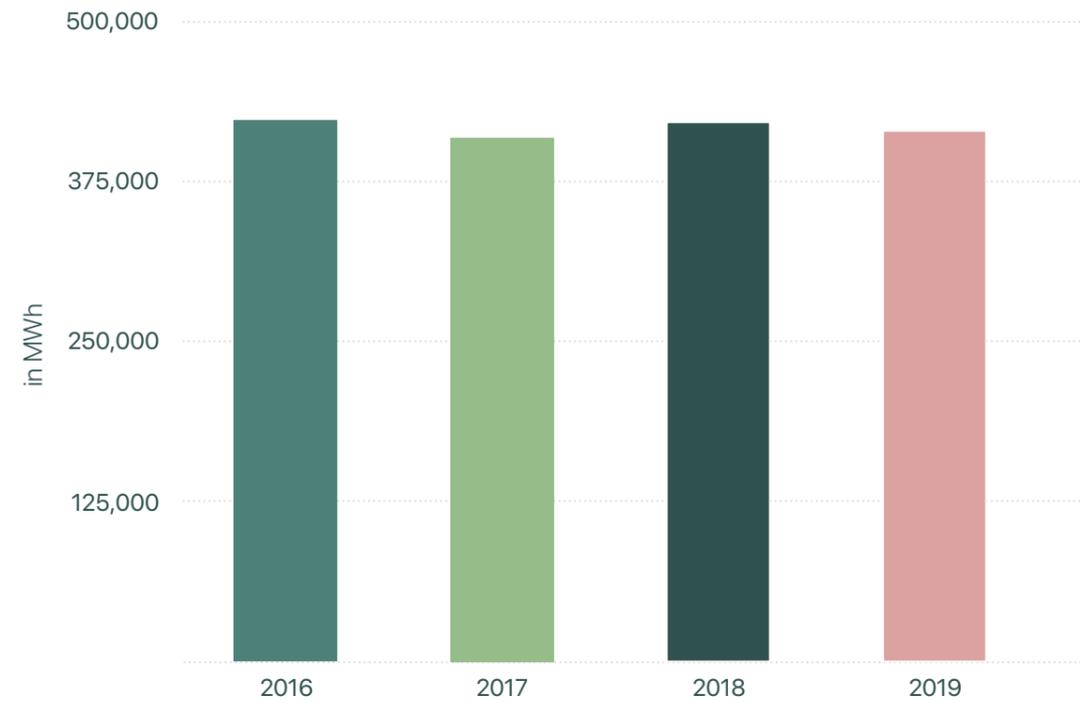
## Reducing Electricity Consumption

Compared to 2018 levels, our group-level electricity consumption decreased by 1.5% in 2019, despite the addition of new sites in our energy inventory, including the first full year of Morpheus' operations in Macau, the inclusion of the Hyatt Regency Hotel in our operations at City of Dreams Manila, our temporary operations in Cyprus and offices in Hong Kong, Japan and Taiwan. This is reflected in our electricity intensity decreasing by 3.7% over the same period. This reduction is driven by the implementation of energy-saving initiatives across our resorts in Macau and Manila, which altogether account for 98% of our total group-level electricity consumption.

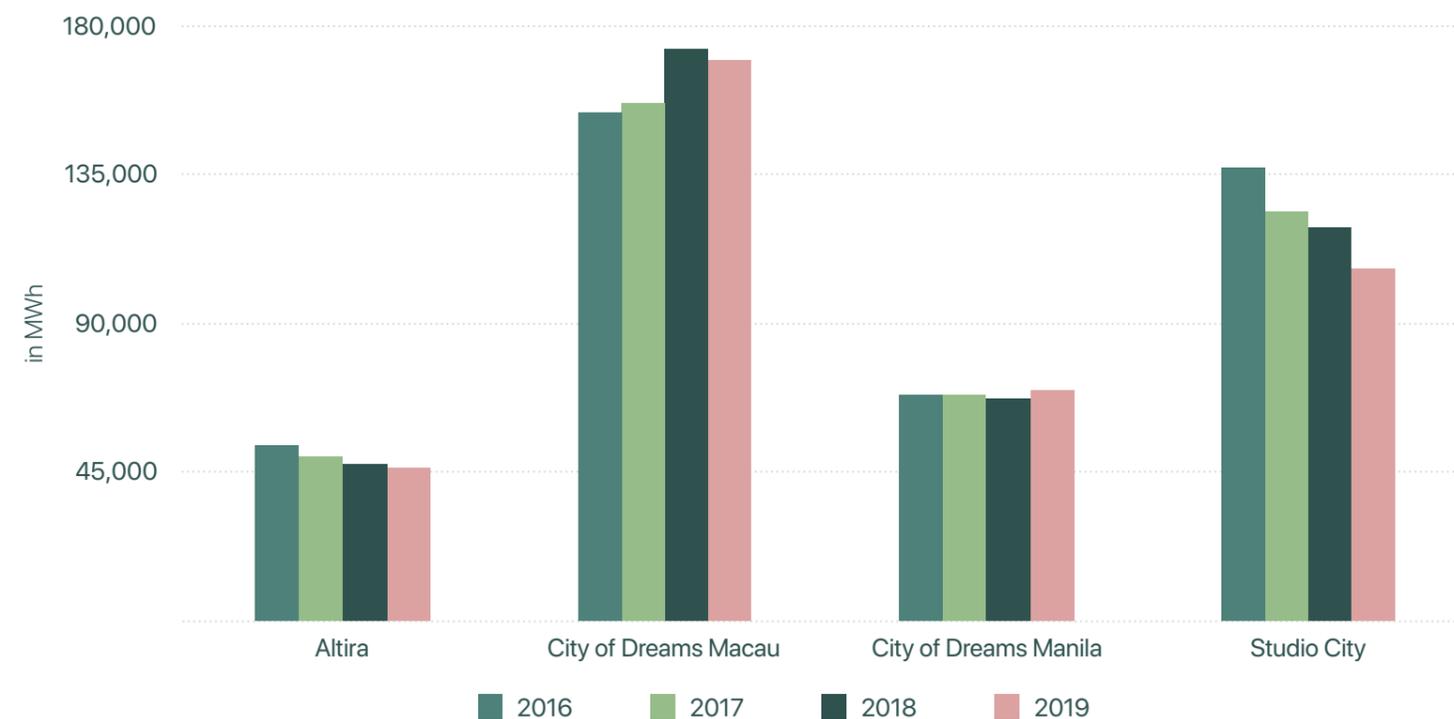
## TOTAL ENERGY CONSUMPTION & INTENSITY 2016-2019\*

Total energy consumption (in MWh)	2016	2017	2018	2019
Fuel consumption from non-renewable sources	55,170	55,765	74,917	97,387
Fuel consumption from renewable sources	-	-	-	-
Electricity consumption from non-renewable sources	423,012	409,495	420,682	414,314
Electricity consumption from renewable sources <sup>8</sup>	-	-	-	- <sup>9</sup>
<b>Total energy consumption</b>	<b>478,183</b>	<b>465,260</b>	<b>495,600</b>	<b>511,701</b>
<b>Energy intensity (in MWh/m<sup>2</sup>)</b>	<b>0.35</b>	<b>0.35</b>	<b>0.33</b>	<b>0.33</b>

## TOTAL ELECTRICITY CONSUMPTION 2016-2019\*



## TOTAL PURCHASED ELECTRICITY CONSUMPTION BY RESORT\*



(8) PREVIOUSLY ATTRIBUTED ELECTRICITY CONSUMPTION FROM RENEWABLE ENERGY SOURCES IS NOW REPORTED AS ELECTRICITY PURCHASED FROM RENEWABLE ENERGY SOURCES THAT IS EQUIVALENT TO THE CONSUMPTION OF ELECTRICITY BY MELCO IN LOCAL MARKETS. REFER TO PAGE 65 FOR DETAILS.  
 (9) SOLAR PV SYSTEMS WERE INSTALLED ACROSS MACAU AND MANILA RESORTS IN 2019. WE ARE WAITING TO OBTAIN A FULL YEAR'S WORTH OF ONSITE RENEWABLE ELECTRICITY GENERATION AND CONSUMPTION DATA BEFORE REPORTING ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES.

\*EXPLANATIONS FOR RESTATEMENTS OF DATA ARE PROVIDED IN THE GRI CONTENT INDEX

# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## Transitioning to Renewable Energy

The sheer magnitude of today's global challenges requires sizeable investment from the private sector. Through accelerating the adoption of renewable energy in our own resorts, we strongly believe we will set the bar and mobilize the scale of change that is needed now to make a clean future possible. We are investing into the following initiatives to accelerate our transition to renewable energy:

- ↳ Onsite solar photovoltaic (PV) energy generation and consumption
- ↳ Purchase of Energy Attribute Certificates (EACs) for 100% of our global electricity consumption since 2018<sup>10</sup>
- ↳ Expansion of electric vehicle fleets

## Largest Solar Energy System in Macau

We are proud to have partnered with a local company, Man Io Energy, to implement Macau's first, large-scale onsite solar PV project in 2019. With 18,000 PV panels covering 30,000 square meters of roof space at City of Dreams and Studio City, it is the largest solar array in Macau. At full capacity generating of approximately 7.7 MWh, this project is expected to avoid more than 6,000 tonnes of CO<sup>2</sup> a year, equivalent to the volume of GHG emissions avoided by getting 1,296 passenger cars off the road for a year<sup>11</sup>.

## CASE STUDY

### ONSITE RENEWABLE ELECTRICITY GENERATION AND CONSUMPTION, CITY OF DREAMS, MANILA

City of Dreams Manila completed the installation of solar panels at Phase 1 in December 2019, which became fully operational at the beginning of 2020. The inauguration of this solar solution is a milestone in our journey towards carbon neutrality, making us the first integrated resort in the Philippines to harness solar power. The installation has the potential to generate 100,000 kWh of electricity per month, equivalent to the amount of CO<sup>2</sup> absorbed by 1,196 tree seedlings grown for over ten years<sup>12</sup>.

## CASE STUDY

### COD MEDITERRANEAN, CYPRUS

In addition to a variety of measures adopted to reduce energy consumption, COD Mediterranean will install 1,750 solar PV panels over the ballroom and conference facilities with an additional 2,600 over the casino area, with an estimated capacity of 900 kWh per hour of electricity.



(10) OUR TEMPORARY OPERATIONS IN CYPRUS AND THE NEWLY-ACQUIRED OKUSHIGA KOGEN RESORT HOTEL IN JAPAN WILL BE INCLUDED IN OUR 2020 INVENTORY WITH AN EQUIVALENT QUANTITY OF EACS PURCHASED IN THE FUTURE.  
 (11) COMPARATIVE METRIC DERIVED WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY'S GREENHOUSE GAS EQUIVALENCIES CALCULATOR.  
 (12) IBID.

# CARBON NEUTRAL RESORTS & CLIMATE RESILIENCE

## Offsite Renewable Energy Sources

While we expand our consumption of renewable energy from onsite sources, Melco is investing in the generation of electricity from renewable sources to offset part of our carbon footprint.

Since 2018, we have been purchasing Energy Attribute Certificates (EACs) issued by the i-REC Standard (International Renewable Energy Certificate Standard). These certificates guarantee that renewable electricity, equivalent to 100% of our electricity consumption in Macau, Manila, Hong Kong and Taiwan, is generated in Mainland China and the Philippines through credible renewable energy generation projects. As a result, we are also contributing to the development of local renewable energy markets.

In Japan, we match our electricity consumption from our operations with local EACs generated through a scheme called PowerPlus™. The scheme follows a verified and validated J-Credit Standard and offers third-party assurance of electricity generation and emission reductions achieved.

Since we acquired the operations in Cyprus in 2019, we will also purchase EACs with Guarantees of Origin in Europe to cover 100% of these GHG emissions arising from purchased electricity.

## Zero-emission Transportation

With 22 electric vehicles and 14 more on the way in 2020, Melco has the largest fleet of electric vehicles in the gaming sector in Macau. In partnership with manufacturer Zhengzhou Yutong Bus Company, the electric buses operate as guest shuttles between the City of Dreams, Studio City and Altira Macau resorts, contributing to improvements in air quality and the health of our colleagues and the local community.

Throughout 2019, we have increased our zero-emission, electric bus fleet by 50% and we saw a 15% decrease in the use of diesel buses. Electric vehicles now account for 25% of Melco's total bus fleet in Macau, and we are expanding the number of charging points for electric vehicles for both guests and colleagues alike, with 16 as of 2019 and more planned for 2020.

Looking ahead, we are planning to continue expanding the size of our electric vehicle fleet in Macau and to explore the feasibility and reduction potential of transitioning to electric vehicles in Manila as well.

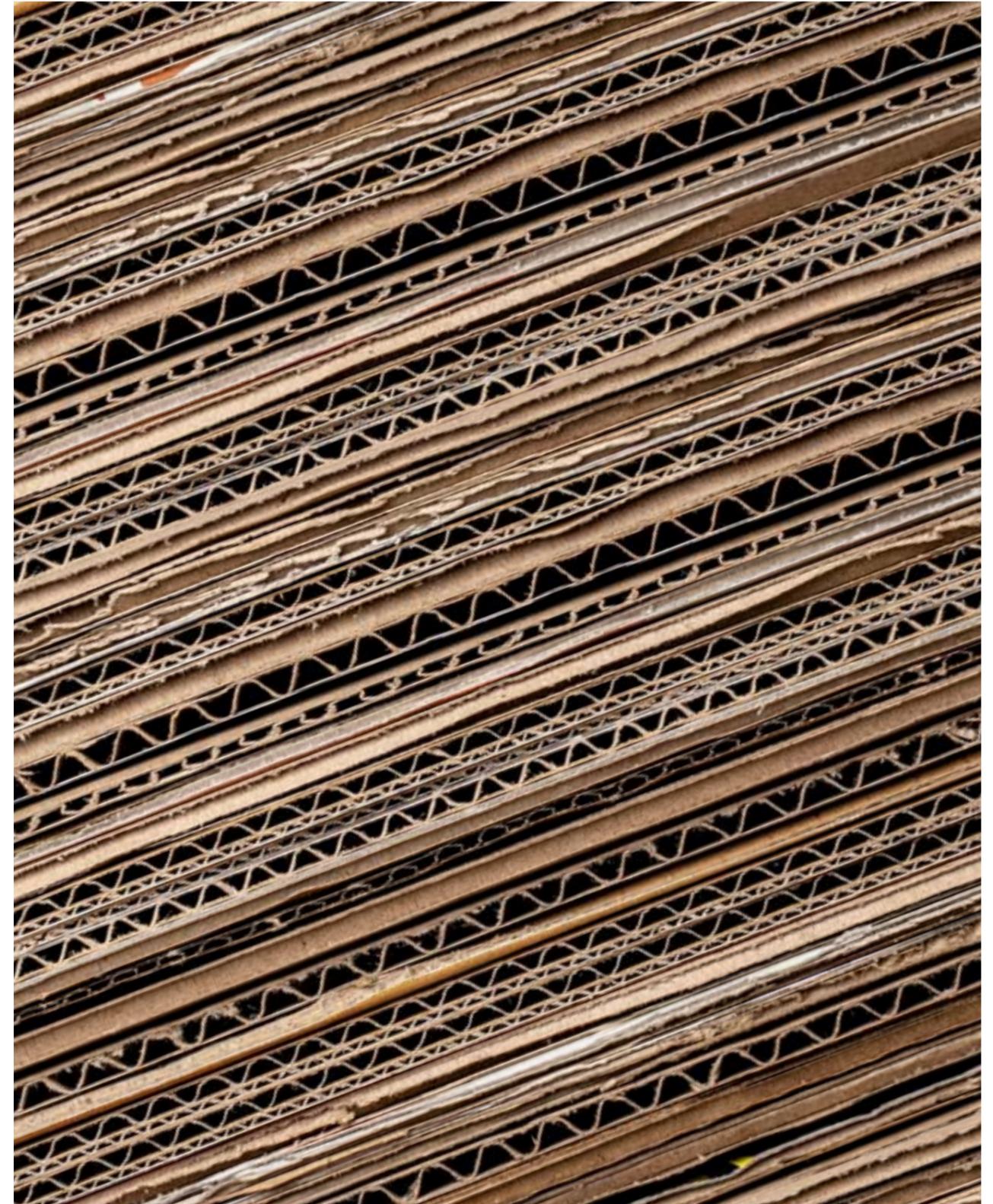


# ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

There is no question that the amount of waste produced at our resorts is considerable. We recognize that achieving zero waste resorts will be challenging, but it is exactly this challenge that we have set for ourselves - to be a leader in the Circular Economy. We are committing to the continual use of resources in a closed loop system to realize our zero waste goal by 2030. This includes not sending residual waste that cannot be repurposed to landfill or for incineration without energy recovery.

This goal is game-changing. It challenges us to rethink our operations in terms of material usage, durability and longevity, and it inspires us to find better opportunities for disposal and boosting circularity. Redesigning our operational strategy is key to our success and very much dependent on two key fundamentals: innovation and partnership. Our resourcefulness and pioneering spirit to seek out new solutions, and willingness to partner with our suppliers to develop ingenious ways to eliminate waste, is at the forefront of our strategy.

The Zero Waste Working Group is spearheading our Company-wide strategy for achieving our goals of Zero Waste and Leadership in the Circular Economy by 2030. The group identifies and assesses best practices and prioritizes waste reduction and circular economy projects to implement with funding, ensuring the effective management of the related material topics. It is also tasked with seeking constructive partnerships, while continuously engaging employees in support of the goal. Progress is reported to the Executive Sustainability Committee along with measurable achievements and financial impact.



# ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

## Our Waste Footprint

What gets measured gets managed for improvement and 2019 was very much about getting the house in order. We conducted comprehensive waste audits at City of Dreams, Studio City, Altira and City of Dreams Manila to identify both the types of and hotspots for waste generation. Each resort was then responsible for developing a Waste Reduction Action Plan to implement reduction and diversion opportunities based on the hotspots identified, with actions focused on reducing food waste, amenity kit and small toiletry bottle wastage, plastic reduction, and promoting recycling, among others. Priorities for reduction and diversion were calculated alongside estimated financial savings before being operationalized. We then engaged our Sustainability Champions to inspire colleagues through training and campaigns to achieve further reduction.

While waste generated across the group increased by 19%, primarily due to the expansion of our operations in Macau and Manila that account for 99% of our total waste stream, we expect progress to pick up pace in the coming years. Promisingly, 712 tonnes of waste was diverted from disposal through recycling and composting, an increase of 10% over 2018.

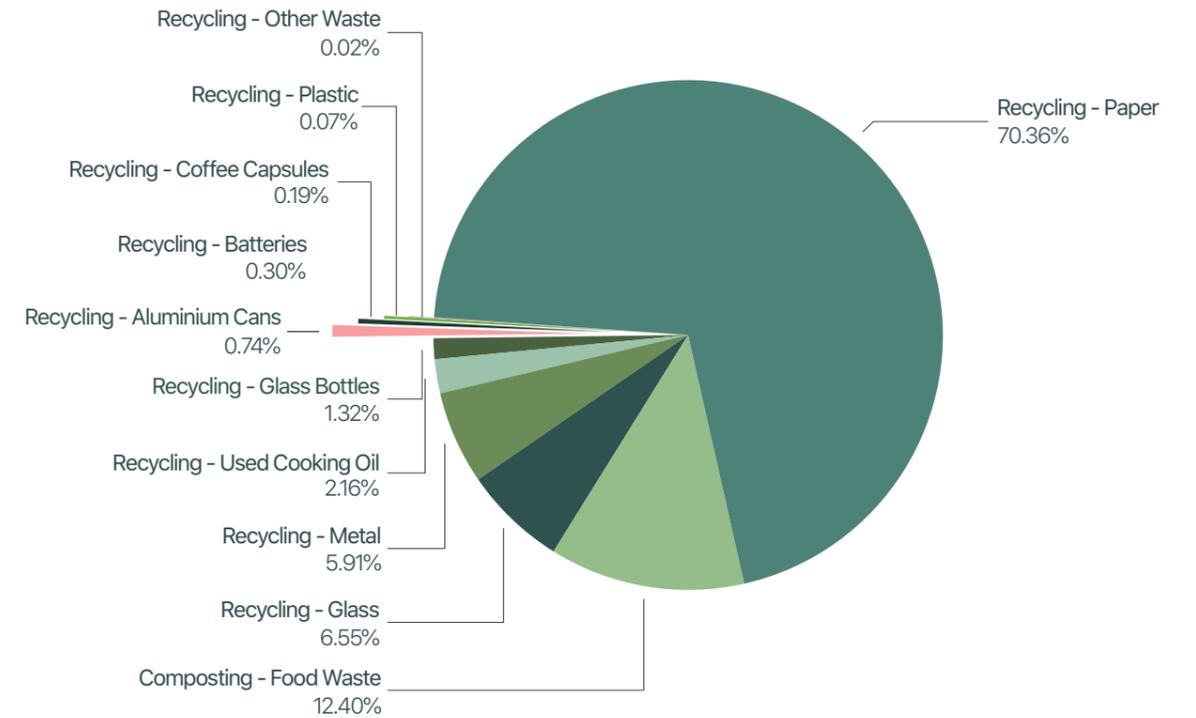
**TOTAL WASTE GENERATION BY DISPOSAL METHOD 2016-2019\***

Waste generation by disposal method (in metric tonnes)	2016	2017	2018	2019
Composting	29	32	71	88
Incineration	13,316	12,999	12,862	15,415
Landfill	2,556	2,540	1,890	2,232
Recycling	627	555	576	624
<b>Total waste generated</b>	<b>16,528</b>	<b>16,125</b>	<b>15,399</b>	<b>18,360</b>
Waste generation intensity (in metric tonnes/m <sup>2</sup> )	0.01	0.01	0.01	0.01

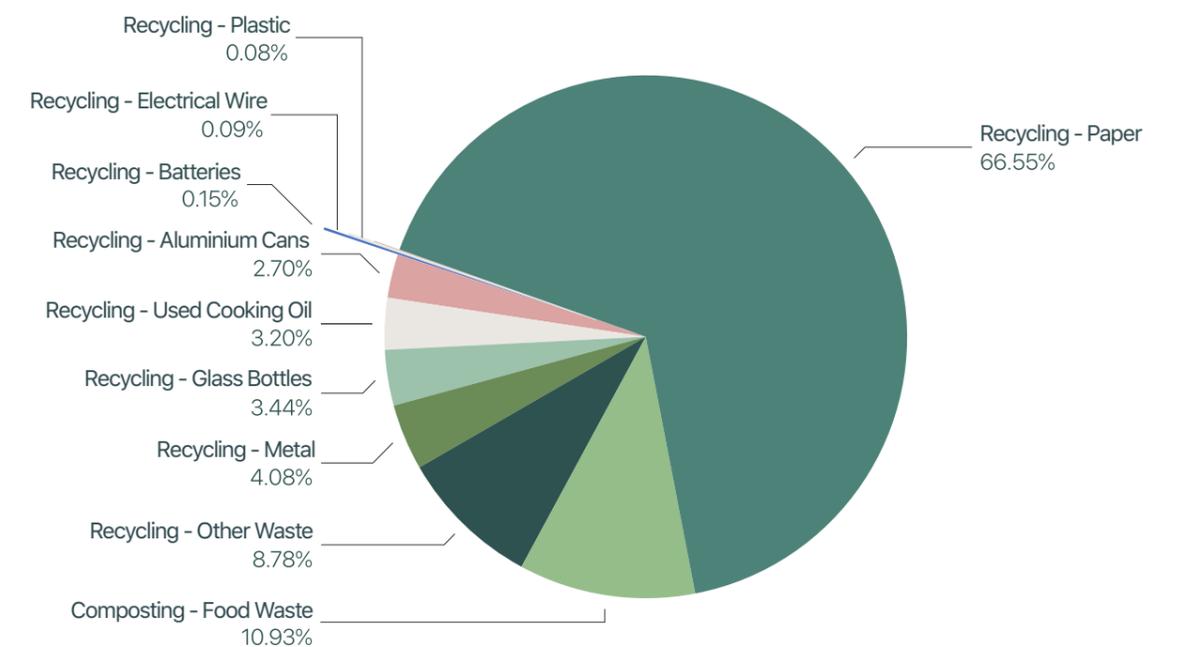
**TOTAL WASTE DIVERSION 2016-2019\***

Year	Diverted waste (in metric tonnes)
2016	656
2017	587
2018	647
<b>2019</b>	<b>712</b>
% change, 2018 to 2019	+10%

**TOTAL WASTE DIVERSION BY WASTE TYPE 2019\***



**TOTAL WASTE DIVERSION BY WASTE TYPE 2018\***



\*EXPLANATIONS FOR RESTATEMENTS OF DATA ARE PROVIDED IN THE GRI CONTENT INDEX

# ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

## Towards a Reduced Plastic Economy

Melco is the first hospitality and integrated resort operator, globally, to sign up to the New Plastics Economy Global Commitment. In developing roadmaps across our global operations to address the use of single-use plastic (SUP), we stand in support of the Ellen MacArthur Foundation and the UN Environment Programme's call for more businesses to commit to eliminating problematic packaging.

Being a signatory, we are committed to:

- ↳ Removing 100% of SUP bottles provided in all colleague areas by the end of 2019, which was successfully achieved, avoiding approximately 244,000 bottles, which is equivalent to 3.5 tonnes of PET plastic annually
- ↳ Developing a roadmap to reduce SUP in guest areas by the end of 2020. This covers amenity kits, garbage bags, plastic bottles and other items. This initiative has already started in Macau with water refill stations provided to reduce the use of SUP water bottles. We are also already trialing large shower amenities to replace small SUP amenity bottles at Countdown and Studio City hotels

- ↳ Identifying a full list of packaging in our portfolio that is not reusable, recyclable or compostable and developing a roadmap to address these by 2025. Across our operations, we have committed to replace all SUP Food and Beverage (F&B) containers and utensils with biodegradable, sustainable alternatives including items made from cornstarch, bamboo fiber or paper. With the progress made in 2019, along with replacing straws with reusable metal or paper alternatives, we are avoiding the use and wastage of 9.5 tonnes of SUP per year

- ↳ Understanding the amount of recycled content across all of our existing plastic packaging and developing a roadmap to work with suppliers to increase recycled content in our packaging by the end of 2023. As part of developing our roadmap, we have reviewed the content of all our packaging and we are working with suppliers to reduce the use of SUP in deliveries

Reaching these ambitious goals requires focused efforts from our colleagues across all departments and cooperation from our guests. We are also working closely with our supply chain to reinforce our commitment to eliminate SUP in our resorts, and we have made progress in having suppliers both adopt more reusable packaging, such as reusable and durable crates, containers and other packaging, and reclaim and reuse any plastic they use with their deliveries.

By weight, the majority of Melco's branded plastic packaging has come from beverages served in SUP bottles. We have been adopting alternative solutions that not only eliminate the use of SUP across our operations but also enhance the guest experience. From 2018 to 2019, a 16% total reduction in SUP has been recorded.

*“We are pleased with the leadership position we have taken to sign up to the New Plastics Economy Global Commitment. An organization like ours goes through a shocking amount of plastic, and we are committed to eliminating all problematic and unnecessary plastic items and promoting a positive vision of a circular economy.”*

— MS. DENISE CHEN, SENIOR VICE PRESIDENT AND CHIEF SUSTAINABILITY OFFICER

# ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

## Reducing and Recovering Food Waste

Food wastage exacerbates global food security risk and already strained natural resources and ecosystems. With one-third of the world's food never making it from farm or factory to fork, food waste is a global challenge that requires urgent attention to reduce both GHG emissions and the unnecessary use of resources, and conserve ecosystems.

With more than 115 restaurants, cafés and bars across our resorts, we are focused on reducing food waste, while inspiring others to up their game. From the waste audits we conducted, it was determined that food waste contributes to approximately half of the total waste we generate at each resort.

To reduce food waste at source, in 2019, we explored opportunities for leaner food production and improved demand forecasting in our production and commissary kitchens. As we look forward to 2020, Melco will trial Winnow AI technology to tackle food waste and operate more sustainable kitchens. Being the most advanced food waste measurement technology on the market, this initiative will allow us to maximize operational efficiency and data accuracy, with the ability to reduce food waste by up to 50% by value.

Composting also plays a big part in our food waste reduction strategy. In 2019, food waste composted increased by 24% over the previous year. In Macau alone, we composted a total of 52 tonnes in 2019. In Manila, with our existing rooftop vermicomposter and new composting plant installed in October 2019, we generated 36 tonnes of compost in 2019.

In 2019, another approach we adopted was to install a dewatering waste pulper system at the City of Dreams employee dining area, leading to a reduction of food waste by 15%. In Manila, we commissioned a decomposer to turn food waste into organic by-products that are reused as organic fertilizers in our onsite plant nursery, gardens and within other landscaping features, diminishing the need for chemical fertilizers.



# ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

## CASE STUDY

### STUDIO CITY PHASE 2 IN MACAU

Onsite dewatering and composting facilities are an integral part of the kitchen design for our latest development in Macau. When operational, we aim to manage 100% of the food waste from all our kitchens and F&B outlets onsite.



## CASE STUDY

### THE CLEAN PLATE CHALLENGE

Every day our F&B team serves a variety of cuisines for colleagues in our Heart-of-House. In Macau alone, on average, over 16,000 colleagues were fed each day in 2019. Internally, we have worked hard to increase awareness of the positive impact reducing food waste has on our planet and society. Starting on World Food Day, we launched our 'Clean Plate Challenge' campaign, which was a success in encouraging mindful eating amongst our colleagues by only taking what they could consume. Environmentally-themed rewards, ranging from gifts of plants to guides on how to use coffee grounds as an enzyme cleaner, were given to those taking responsibility to reduce food waste at source.

We further promoted healthy menus and organized Green Workshops, whereby dried coffee grounds were recycled into fertilizers, deodorizers and stain removers for home use. Colleagues at Altira were educated to sort their food waste across three bins - one for paper tissues, the second to drain away any liquid and the third for unwanted food.



# ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

## Reusing & Recycling

Whatever waste we fall short of eliminating or reducing, we strive to reuse and recycle it to close the loop and move towards a Circular Economy. We have made strides in reusing and repurposing linen in our resorts with City of Dreams Manila, donating over 5,700 pieces of used linen to seven NGOs in the Philippines<sup>13</sup>. In addition, a total of 33,777 pieces of linen were reused or repurposed in Macau with Studio City donating 6,778 pieces to a local NGO, called Everyone Stray Dogs Macau Volunteer Group.

Other materials that are currently being recycled in our resorts include coffee capsules, paper, aluminum cans, glass bottles, batteries, metal and used cooking oil. We will continue to work closely with local waste and recycling contractors to look for opportunities to recycle materials that are currently not readily recycled in local markets.

## CASE STUDY

### STUDIO CITY PHASE 2 IN MACAU

Dedicated areas for the collection and storage of recyclable materials are being incorporated into building designs to ensure we maximize the sorting and recovery of materials. Our principal contractor is required to implement a construction and waste management plan that facilitates the reuse, recycling and recovery of materials throughout the construction phase.

## CASE STUDY

### CITY OF DREAMS MANILA

Our Manila resort is proud to engage our people in a hands-on hospitality sector initiative, led by Soap for Hope, to recycle soap for children in need in Asia. In our purpose-built room, employee volunteers scrape, chop, sanitize, press and cut reusable soap. The outcome: 4,239 bars donated in 2019 to help provide sanitation to communities in need. In addition, 8.5 tonnes of soap were donated by our Macau resorts to the Clean the World initiative in 2019.



(13) NGOS INCLUDE ELSIE GACHES VILLAGE, EXECUTIVE HOUSEKEEPERS' ASSOCIATION OF THE PHILIPPINES, LUPUS, PHILIPPINE CHILDREN'S MEDICAL CENTER, DROP FOR HOPE AND ABS-CBN.

# ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

## Water Use & Reuse

Water is a precious resource that we are committed to using responsibly. We conserve water in the first place and reuse water in our resorts' water cycle wherever we can. Some key initiatives we have in place to conserve water resort-by-resort and tap-by-tap include:

- ↳ All resorts have automatic sensors on all faucets and water-saving toilets and showers in hotel guest rooms
- ↳ All resorts include a rainwater recovery system that stores rainwater for onsite irrigation
- ↳ Extensive planting minimizes water loss through wind evaporation from pools and river features
- ↳ Treating and recycling greywater from guest room sinks, showers and baths for use as flushing water reduces freshwater consumption by more than 50% at Altira Macau
- ↳ A sophisticated filtration system for The House of Dancing Water show at City of Dreams treats and reuses pool water indefinitely
- ↳ In City of Dreams Mediterranean, a high-tech 'harvesting system' will be installed to collect greywater to be treated and re-purposed for use in toilets and gardens
- ↳ At Studio City Phase 2, a leak detection system exposes water leaks within the building and between the building and utilities' water meters, enabling us to prevent water wastage
- ↳ Training our colleagues to be vigilant in their water usage while cleaning guest rooms and public areas also makes a big difference

In 2019, the overall consumption of water across the group increased by 6% over 2018. This was partly due to higher climatic temperatures resulting in an increased demand for cooling. 2019 also marked the first full year of Morpheus' operation at City of Dreams and the opening of the Garage, a one-of-a-kind attraction, featuring 11 dining options and a state-of-the art VR gaming zone at City of Dreams Manila. While our floor area increased in 2019 over 2018, water intensity increased by only 2%.



# ZERO WASTE RESORTS & CIRCULAR ECONOMY LEADERSHIP IN ASIA

## CASE STUDY

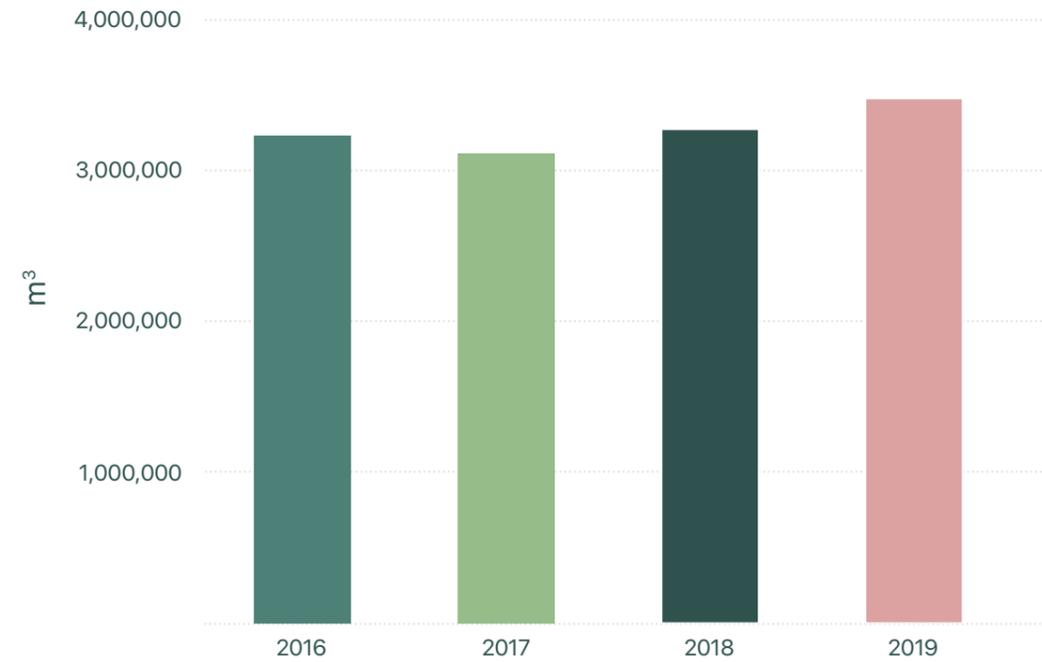
### CITY OF DREAMS MANILA

Using saltwater chlorination, instead of the chemical chlorine, for swimming pools is not only better for the environment; it brings health benefits for the skin and the calming and detoxifying effects of saltwater pools can also support the immune, nervous and lymphatic systems.

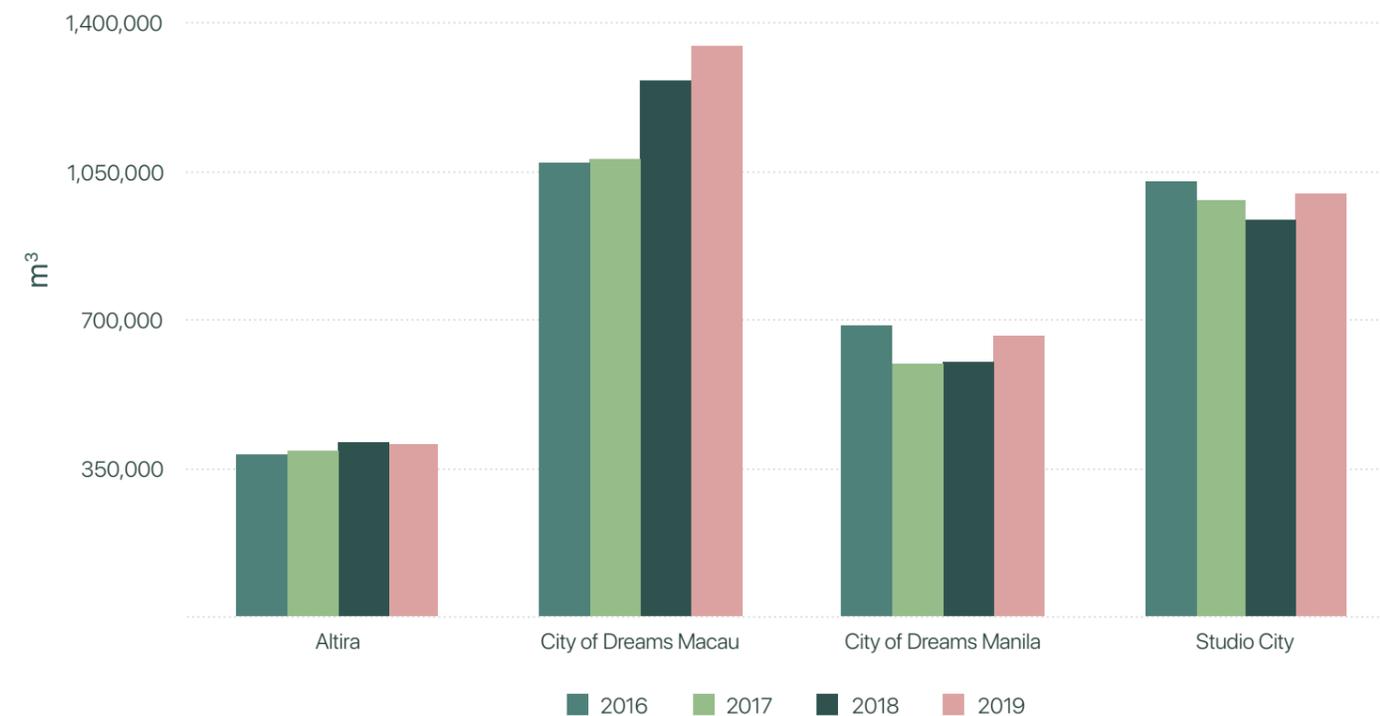
#### TOTAL WATER CONSUMPTION BY SOURCE & INTENSITY 2016-2019\*

Water consumption by water source (in cubic meters)	2016	2017	2018	2019
Municipal water (in m <sup>3</sup> )	3,181,198	3,065,854	3,218,930	3,423,319
Recycled water (in m <sup>3</sup> )	50,718	50,718	50,718	50,718
Total water consumption (in m <sup>3</sup> )	3,231,916	3,116,572	3,269,648	3,474,037
Water intensity by floor area (in cubic meters/m <sup>2</sup> )	2.40	2.31	2.15	2.23

#### TOTAL WATER CONSUMPTION 2016-2019\*



#### TOTAL WATER CONSUMPTION BY RESORT 2016-2019\*



\*EXPLANATIONS FOR RESTATEMENTS OF DATA ARE PROVIDED IN THE GRI CONTENT INDEX

# SUSTAINABLE SOURCING

## Products & Services with Sustainability Attributes

Our integrated resorts source sizeable quantities of products and a wide array of services. We are fully aware of our power to extend our sustainability commitments into our supply chain; with responsible purchasing specifications and supplier engagement, we further create positive impact through rigorous procurement processes.

Leading the Company-wide strategy is the Sustainable Sourcing Working Group with a mandate to enhance the sustainability attributes of procured goods and services. An important part of its work has been to identify and prioritize spend categories for implementing sustainable sourcing strategies and establishing sustainable purchasing criteria for those prioritized categories. As with the other working groups, it develops projects to implement with funding, and engages partners and colleagues in support of our goals and to ensure the effective management of related material topics. Progress is reported on a quarterly basis to the Executive Sustainability Committee, along with measurable achievements and the related financial impact.

We work hard to ensure that our colleagues are looked after with diverse and healthy options and part of that means understanding where

and how our food is sourced. Quality, safety and hygiene are all important along the supply chain but so is reducing the environmental impact of food sourcing, production and delivery. Given the substantive opportunity to effect change within our Heart-of-House, providing options and engaging our colleagues to make sustainable food choices is also a priority for us.

Engagement with suppliers around common ambitions is key to sustainable sourcing, with the ultimate aim to build sustainable and resilient supply chains that nimbly adapt to the changing global landscape. For Melco, sustainable sourcing also translates to investing in our local suppliers and local economies. This is well demonstrated by our impact in Macau where 80% of our procurement in 2019 was with local businesses or distributors, of which 33% involved local, micro and small enterprises in 2019. In Manila, 90% of our procurement supports local businesses.

Integral to our approach is also establishing a diverse supplier network through long-term engagement with our suppliers, which enables us to respond promptly and effectively to disruptions in the supply chain that may arise. These range from disease outbreaks to extreme weather events. Ensuring that our supply chain is climate resilient means that we must strengthen



*“Our impact extends far beyond our resorts, and therefore we constantly look at the world’s pressing issues to ensure we are up-to-date with our approach to sourcing.”*

— AUGUSTA VARGAS-PRADA, VP SUPPLY CHAIN

our suppliers’ capacity to address natural disasters and to manage any potential disruptions to the supply chain.

In 2019, we invited our suppliers to a series of Procurement Sustainability & Green Initiatives workshops, raising their awareness around the “whys and hows” of sustainable sourcing. Suppliers were also introduced to our Heart-of-House — to see

how we achieve not only our high standards for hygiene, safety and health and how we treat and care for our people, but also our practices to reduce environmental impact. By seeing our commitments in action, our aim was to increase their understanding of our requirements and to motivate them to suggest ways we can work together to achieve the necessary transformation.

# SUSTAINABLE SOURCING

## 2019 TRAINING HIGHLIGHTS

20 SME suppliers are trained quarterly on HACCP<sup>14</sup> and other hygiene requirements of Melco

Co-hosted a sustainable seafood sourcing workshop with the Marine Stewardship Council. Over 30 Melco employees and 20 supplier representatives from local Macau SMEs participated

In Macau, trained SME vegetable suppliers in the reduction of plastic packaging and the use of alternative packing materials

Co-hosted one "Procurement Sustainability and Green Initiatives Workshop" with the Macau Productivity and Technology Transfer Center (CPTTM) at Studio City. Over 50 SME representatives from various sectors attended both sessions

Invited Macau SMEs to our yearly "To The Table By SMEs" event which also includes vendor tours of specific areas of our resorts

## IMPACT OF TRAINING

Reduced the number of rejections from our Hygiene department, while empowering our business community for future development and growth

Increased awareness of Melco's seafood sourcing guidelines and how to identify sustainable options

In 2019, 10% and 15% of our seafood spend at our Macau and Manila resorts, respectively, was certified to recognized, eco-labels or standards

25% drop in the plastic intake into our Macau resorts, with the use of only reusable containers or biodegradable bags for transporting products into our resorts

The workshop provided a platform to both increase best practices in sustainability and opportunities for business development. Key areas of focus included the environmental impact and reusability of products and services, and introducing the ISO 24000 Sustainable Procurement Guidance and opportunities to jointly pursue sustainable products and solutions

Local SMEs showcased their products to our culinary teams, including any new ingredients, to discuss the latest market trends, to better understand each other's requirements and offerings, and to co-create new recipes and dining experiences. Resort tours allowed for a two-way dialogue on experiences to also highlight areas for consideration to enhance mutual business performance

In Manila, local procurement is substantive, and efforts are ongoing to engage more SMEs. Supporting SMEs, including micro, small and medium enterprises, youth entrepreneurs and local businesses, is an impactful way to further sustainable economic development in all our communities. We will continue to prioritize engagement and capacity building with local businesses in all our markets, while working towards greater transparency in the origins of the goods we purchase and social and environmental practices along the supply chain.

Our goal is to proactively continue to source procurement choices with sustainability attributes. In 2018, we started with developing sustainable sourcing guidelines for three key product categories – cotton, cleaning products and seafood. In 2019, we provided training to local Supply Chain and operational teams to raise awareness on the sustainability risks associated with these products and build capacity to identify and use sustainable alternatives. We also enhanced our sustainable sourcing guidelines for chemicals, to extend the reach of our program and to reflect limitations and opportunities in the local markets where we operate.

We proudly share our progress for these three product categories and are committed to expanding our reporting on the cascading benefits borne from our focus on these and future categories going forward.



(14) HAZARD ANALYSIS CRITICAL CONTROL POINT (HACCP) SYSTEM.

# SUSTAINABLE SOURCING

## Cotton

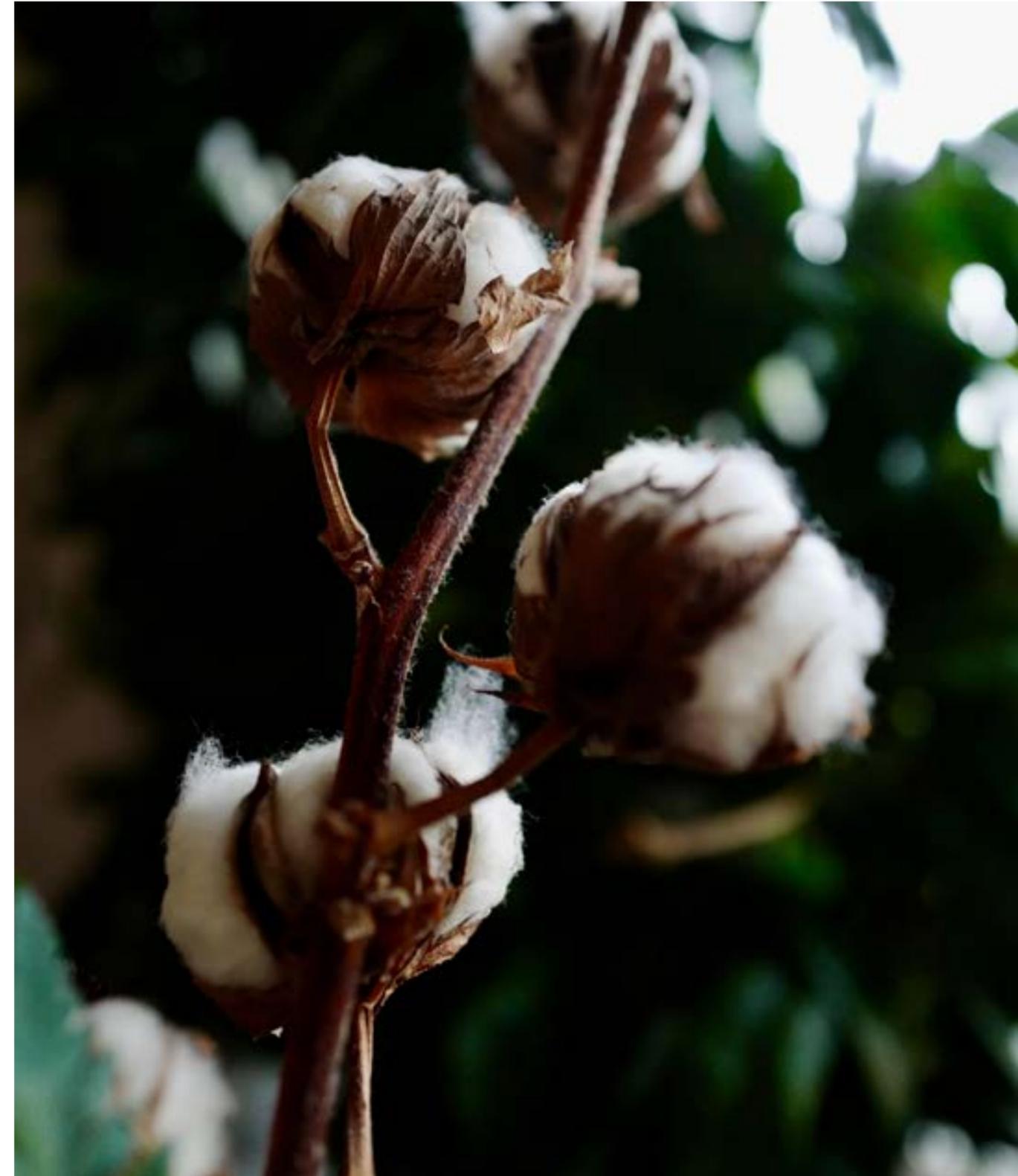
Cotton's most significant environmental impacts result from the use of agrochemicals, the consumption of water, and the conversion of habitat to agricultural use. While we procure large quantities of cotton predominantly for high-quality bed linens and towels to provide for a luxurious and restful experience, of equal importance to us is the need to mitigate the associated impact in the growing, harvesting and manufacturing practices of the cotton industry.

Melco is an industry leader in supporting the sourcing of sustainable cotton through the Better Cotton Initiative (BCI). As the largest cotton sustainability program in the world, BCI and its partners provide training to more than two million cotton farmers in 21 countries. Based on data available for the 2017-18 cotton season, licensed BCI Farmers produced more than five million metric tonnes of 'Better Cotton' – that accounts for around 19% of global cotton production. Through BCI and its Partners, farmers receive training on how to use water efficiently, care for the health of the soil and natural habitats, reduce use of the most harmful chemicals and apply decent work principles. In 2019, Melco became the first company in the hospitality sector globally to become a BCI member.

As part of our sustainable sourcing guidelines, we also procure OEKO-TEX® certified cotton products in our hotels, ensuring our linens and towels are completely free from harmful chemicals and safe for human use.

Our goal is for 100% of our bed linens and 50% of our bath linens to be sourced from OEKO-TEX® certified suppliers and as Better Cotton by 2030. We are also working towards extending this goal to other textiles and garments, including employee uniforms and guest slippers.

We have made substantive progress towards our goal in 2019, with all of the 100% cotton bed, table and bath linens procured for our Macau and Manila resorts made from cotton that is both BCI and STANDARD 100 by OEKO-TEX® certified.



# SUSTAINABLE SOURCING

## Chemicals

We are keenly aware of the beneficial role that cleaning products, detergents and other chemical-based products can play; but ubiquitous as they are, their use can result in acute and chronic impacts on both human and planetary health.

We undertook a comprehensive review of all our cleaning products and detergents purchased across our integrated resorts in 2018, which resulted in the development of sustainable sourcing guidelines. These guidelines provide a product sustainability rating methodology (green, amber or red rating depending on sustainability attributes) that clearly communicates our preference for internationally-recognized, high-quality products from reputable third-party eco-labels such as Green Key and Green Seal, while complying with all local regulations on safety and sanitation.

Our initial endeavors have not been without their challenges, persuading us to update our sustainability sourcing guidelines in 2019 to include a broader definition of chemicals including paints, coatings, sealants and adhesives, and to enhance the methodology within any potential constraints and opportunities in the local markets Melco operates in.

Our Supply Chain teams have been engaging chemical suppliers to find more sustainable alternatives and divert from toxic substances where feasible. In 2019, our Macau supply chain and operational teams have made significant advancement in progressively phasing out red chemical products and replacing them with amber or green alternatives as part of our biannual tender renewal process. Our City of Dreams Manila Supply Chain team reviewed all cleaning products and detergents, prioritizing the phase-out of high-spend red products and replacing them with eco-labelled alternatives, which altogether had accounted for more than 40% of our total spend on cleaning products and detergents in Manila in 2018.

Looking ahead, we are planning to identify additional opportunities to transition from amber products to green products by collaborating closely with our strategic chemical suppliers. We will also expand the scope of our program to chemical products purchased by contractors on our behalf, such as paints and coatings during the design and construction of new buildings (more information is provided in the '[Sustainable Buildings](#)' section).

## CASE STUDY

### GREEN KEY HOTEL CERTIFICATION, MACAU HOTELS

Green Key defines best practices in the hospitality sector on environmental stewardship. With regards to chemical management, Green Key promotes the use of eco-labelled cleaning products and detergents and prohibits several toxic and harmful substances as part of its Green Key Blacklist.

In 2019, all our hotels in Macau received Green Key awards, demonstrating our commitment to minimize our environmental footprint and to source more sustainable chemical products.



# SUSTAINABLE SOURCING

## Seafood

By making informed decisions when purchasing from sustainable fisheries and farms, we not only play a role in the responsible management of fish stocks and ocean restoration, but we also work to preserve marine ecosystems and the livelihoods of communities that depend on them. We are not shy to admit that when it comes to procuring seafood responsibly, we have found inspiration from our peers to make significant step-changes.

Our efforts towards sustainably sourcing seafood in 2019 were devoted to conducting a comprehensive assessment to understand the risks associated with the seafood that we purchased in 2018. Evaluation criteria considered major threats to the seafood industry, including issues such as species conservation status, risk of illegal, unreported and unregulated (IUU) fishing, traceability, and ecosystem degradation. We referenced scientific research and recommendations from the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the International Union for Conservation of Nature (IUCN), as well as the World Wide Fund for Nature (WWF)'s Seafood Guide in our assessment to rank each species as either Green (recommended) or Red (avoid).

Through this assessment, hotspots and immediate as well as medium-term opportunities have been identified. Results are informing

the development of a sustainable sourcing strategy that aims to increase procurement of responsibly-sourced seafood at our resorts and provide support to fisheries or farms working on fishery improvement projects (FIPs) or aquaculture improvement projects (AIPs). Our current sustainable sourcing guidelines outline our preference for Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) or Best Aquaculture Practices (BAP) certified seafood. We also provided MSC chain-of-custody training to our supply chain and restaurant colleagues and 20 supplier representatives in early 2019 to support our efforts.

10% and 15%, respectively, of our seafood spend at our Manila and Macau resorts in 2019 was certified to one of the above eco-labels. We also identified a plan to move towards increasing this contribution to a further 20 to 40% of our spend in Macau and Manila, respectively, based on sources available in those markets. As we increase our sourcing of seafood that is certified to credible eco-labels, we are engaging our suppliers to integrate chain-of-custody requirements into the procurement process and along the supply chain.

Despite the challenge of shark fin traditionally being perceived as a Chinese delicacy, we recognize the impact of the trade on shark species, which are critical to the health of

the planet. We therefore took the step to remove shark fin completely from all menus of our self-operated restaurants and provided training to our F&B colleagues to ensure they offer alternatives to our guests. We are also continuing our work with our F&B tenants to minimize shark-fin consumption across all of our resorts.

Going forward, we aim to confirm our baseline and targets for sustainable seafood by 2020, following the implementation of a new procurement system across all resorts. We will also be embedding new data requirements for our seafood suppliers as new seafood contracts are awarded in the coming years to ensure we have better visibility over where our seafood comes from.

Our initial work has seen Melco increase sustainable seafood purchases substantially. To support our culinary and supply chain teams, and seafood suppliers with particular efforts with local SME suppliers, we have also identified medium-term opportunities. This includes developing specific training and awareness courses on sustainable sourcing that further deepen our partnerships and build bridges from where we are to where we should be for protection of life underwater.



# KEY PARTNERS & COLLABORATORS

## MELCO'S PARTNERS/ COLLABORATIONS

## KEY IMPACTS OF PARTNERSHIP/ COLLABORATIONS

New Plastic Economy Global Commitment, led by the Ellen MacArthur Foundation and the UN Environment Programme (UNEP)

New Plastic Economy Global Commitment business signatory. Signatories commit to three actions to realize this vision. Eliminate all problematic and unnecessary plastic items. Innovate to ensure that the plastics we do need are reusable, recyclable, or compostable. Circulate all the plastic items we use to keep them in the economy and out of the environment

Better Cotton Initiative

Engagement with the NGO to phase in BCI-certified cotton

Clean the World Asia

Investment and partnership with this social enterprise to repurpose soap to be given together with hygiene education to low-income communities

Macau Productivity and Technology Transfer Center (CPTTM)

Joint-collaboration to engage suppliers and SMEs in Macau to implement and increase their adoption of best practices in sustainability, while also fostering opportunities for business development

Negrense Volunteers for Change Foundation

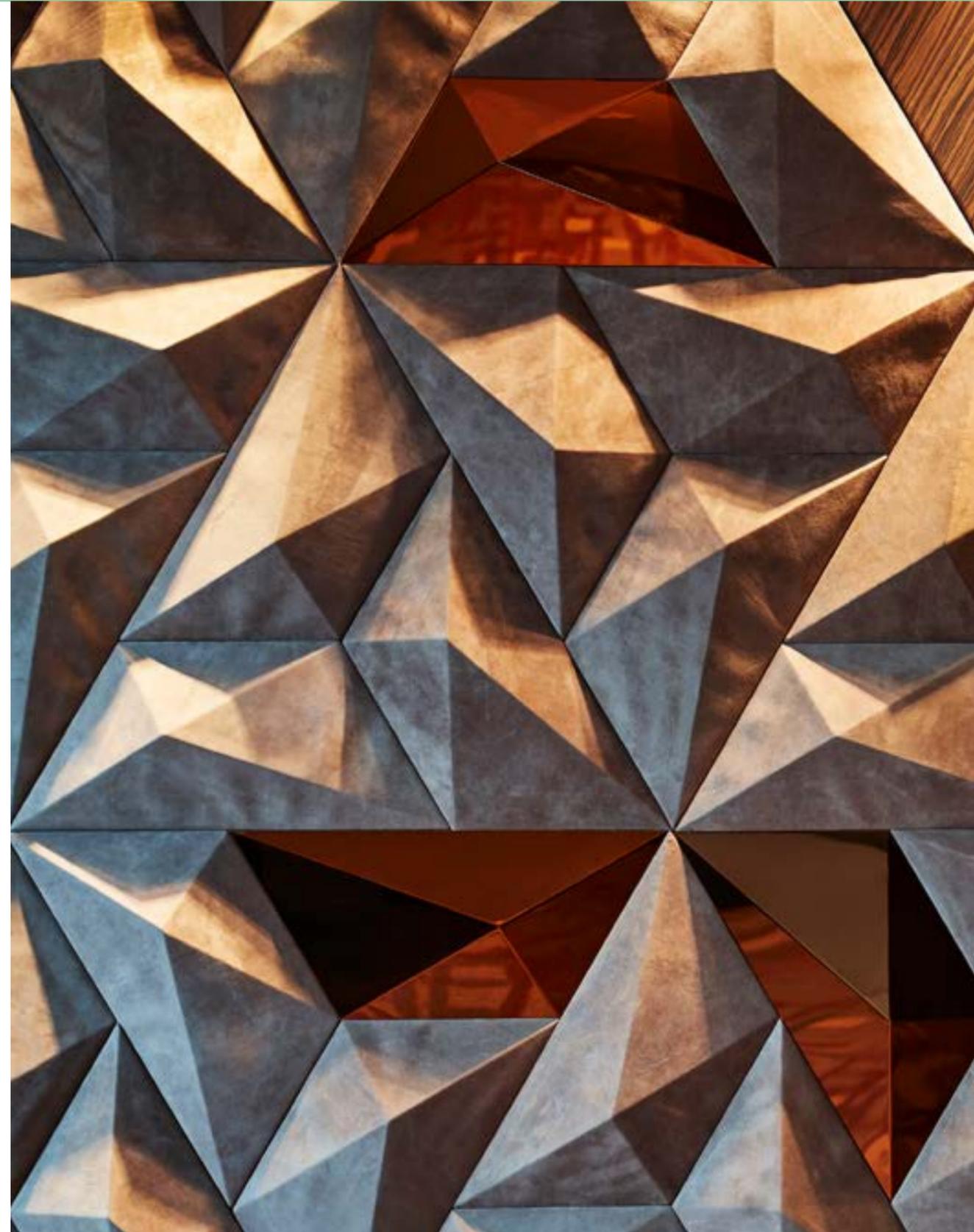
Engagement with the NGO to upcycle used Nespresso capsules into decorative items by artisans, in partnership with Nespresso Philippines

NORDAQ

Investment and partnership to implement this sustainable, onsite guest water bottling system to reduce SUP bottles significantly

Winnow

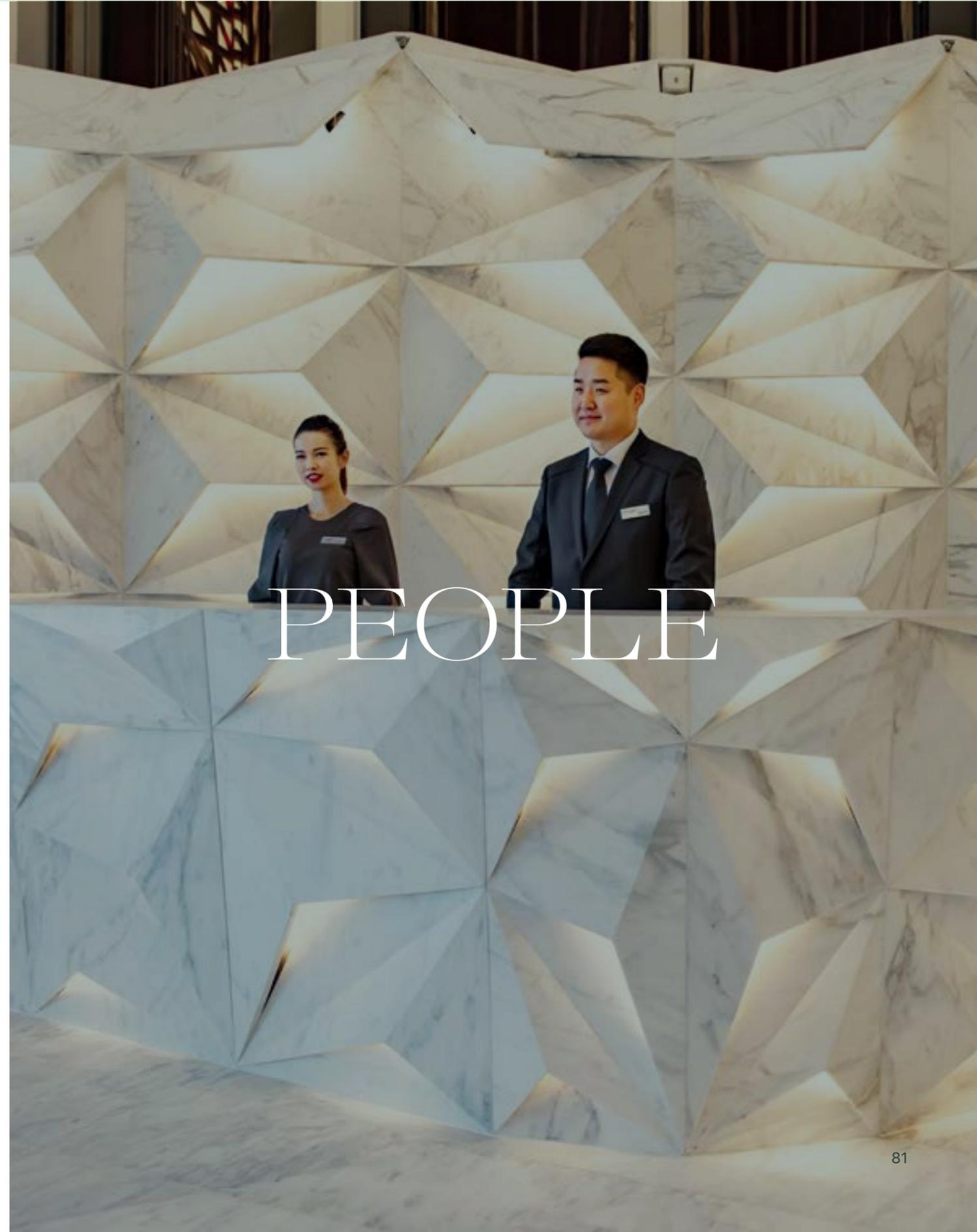
Investment and partnership to implement the Winnow AI food waste technology





# PEOPLE

**THE SUCCESS OF MELCO DEPENDS ON OUR PEOPLE. THEY DRIVE OUR BUSINESS AND SUSTAINABILITY GOALS AND HELP US CREATE PREMIUM GUEST EXPERIENCES IN OUR RESORTS EACH AND EVERY DAY. OUR REPUTATION AS A PLACE WHERE OUR PEOPLE ARE AT THE HEART OF OUR CORPORATE STRATEGY HAS ENABLED MELCO TO BE AN EMPLOYER THAT PEOPLE CHOOSE TO WORK FOR AND STAY WITH.**





# 2019 HIGHLIGHTS

## **The Heart of our Business**

Our culture of excellence is what differentiates us, and our colleagues' perspectives and ideas help improve what we do and how we do it. By placing colleagues at the core of our corporate strategy, we create a best-in-class working environment for them.

As a testament to how we nurture our talent pool from within, we are proud to note that 34% of our job openings were filled by our existing colleagues in 2019.

Through the dedication of our colleagues, Melco attained a record-breaking 107 stars in the 2020 Forbes Travel Guide, and we were honored with ten Michelin stars from the Michelin Guide Hong Kong Macau 2020 for six signature restaurants.

- ★ **2019 Best Companies to Work for in Asia (Hospitality)**  
– HR Asia
- ★ **2019 Gold Award, Excellence in Global and Local HR Strategies**  
– Human Resources Magazine
- ★ **2019 Gold Award, Best Mass Recruitment**  
– Human Resources Magazine
- ★ **2019 Sustainable Business Awards Philippines**  
– Honored for workforce talent development programs in Manila and Macau

# PRIDE & PURPOSE WITHIN THE ORGANIZATION

Melco's vision of "The Future is Ours" echoes our commitment to foster a culture of innovative thinking; fusing the present while embracing the future to ensure a sustainable leadership position. In particular, our people strategy ensures that we deliver an enriching experience for our colleagues, who in turn deliver a memorable experience for our guests.

Our leadership is committed to creating an environment where our standards set the benchmark. Melco's people strategy is regularly evaluated and approved by our Corporate Executive Committee; the Board monitors performance and progress on a quarterly basis.

Melco remains committed to our goals of:

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**BEING THE COMPANY PEOPLE CHOOSE TO WORK FOR AND STAY WITH**

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**BEING BEST-IN-CLASS IN SAFETY FOR GUESTS AND COLLEAGUES**

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# OUR APPROACH: CELEBRATING PURPOSE & PROGRESS

To be the company that people choose to work for and stay with, we want everyone to look forward to coming to work every day. This is reflected in our policies and programs that are designed to attract, engage and retain

high-performing colleagues. Our management approach to 'People' strategy includes the material topics of Talent Attraction & Retention, Inclusion & Diversity and Safety & Health, and focuses on the following:

## CULTURE OF EXCELLENCE

Systems Aligned to Premium Brand Standards

## CAREER DEVELOPMENT OPPORTUNITIES

Whole Person Development

## WORKFORCE INCLUSION & DIVERSITY

An Equal Opportunity Employer

## WORK ENVIRONMENT

Where People Feel Valued, Cared For and Recognized

## QUALITY OF LIFE

Work, Family and Personal Wellbeing

## SAFETY & HEALTH

Keeping our Colleagues & Guests Safe

*“It has always been our fundamental belief that if we take care of our colleagues, they will take care of our guests. We are proud of our colleagues who are dedicated to the Melco brand and provide our guests with unparalleled service excellence.”*

— LAWRENCE HO, CHAIRMAN AND CEO

# CULTURE OF EXCELLENCE — SYSTEMS ALIGNED TO PREMIUM BRAND STANDARDS

Our colleagues take great pride in the organization’s international reputation for its culture of excellence. From the top, our leadership is committed to creating an environment where our standards set the benchmark. Our premium levels of service are achieved by our people, who are supported through a system that integrates:



*1*  
LEADERSHIP  
VISION AND  
COMMITMENT

*2*  
AN ENVIRONMENT  
THAT FOSTERS  
SUCCESS

*3*  
DILIGENT PROCESSES  
AND STRUCTURES FOR  
DELIVERY OF OUR BRAND  
PROMISE, INCLUDING A  
TRAINING SYSTEM THAT  
DELIVERS MEANINGFUL  
PROGRAMS AND  
CUSTOMIZED CONTENT

*4*  
CONTINUOUS  
MEASUREMENT OF  
SERVICE DELIVERY  
AND BEHAVIORAL  
STANDARDS

*5*  
ATTRACTIVE  
REWARD  
STRUCTURES

*6*  
A CULTURE THAT  
CELEBRATES  
OUR  
ACHIEVEMENTS

# CULTURE OF EXCELLENCE — SYSTEMS ALIGNED TO PREMIUM BRAND STANDARDS

At Melco, we believe every day offers an opportunity to grow. Our highly structured training system and its related programs are established to both empower our colleagues in developing their careers, and provide the cornerstone of our genuine, memorable and first-class service standards.

Examples of training elements that foster pride in our organization include:

## ↳ MANDATORY ORIENTATION

An induction program that introduces new joiners to our core values, our philosophy and what makes Melco a winner.

## ↳ TECHNICAL SKILLS TRAINING

Our philosophy to “hire for attitude, potential and image, and train on skills” means that technical skill development is a major component of our training program.

## ↳ “MY FIRST 90 DAYS” INTEGRATION PROGRAM

A bespoke, proprietary program that offers a structured integration process to ensure the necessary knowledge is shared, skills cultivated, and expectations understood for each department.

## ↳ CUSTOMIZED CONSUMER BRAND AND SERVICE TRAINING

Our people are the face of Melco and this training ensures that our colleagues understand our consumer brand and market positioning, which is crucial in making our service stand out in this competitive market.

## ↳ MELCO CORE SERVICE STANDARDS

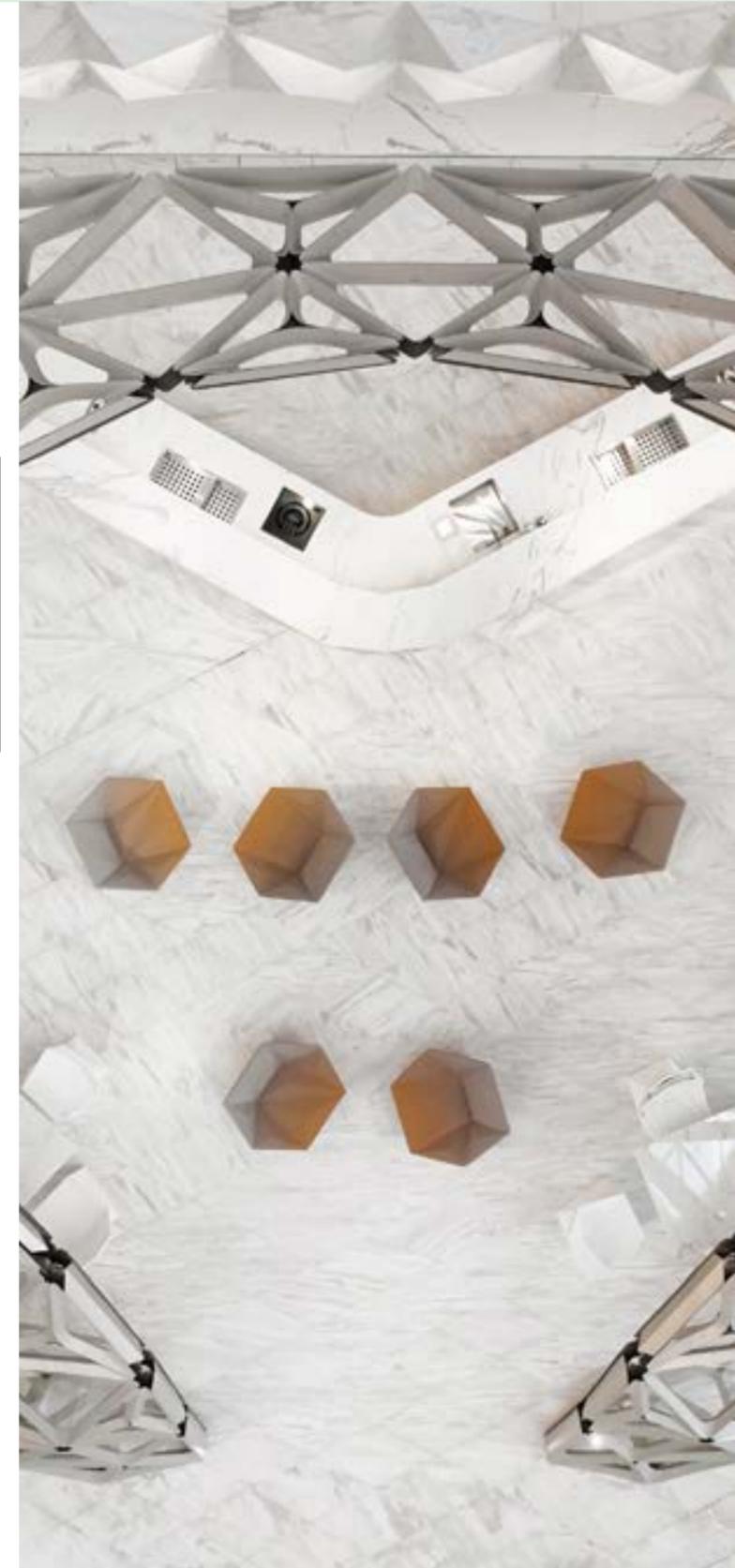
As part of the mandatory orientation program, this is a training module to align our people’s service levels. We accept nothing short of excellence and consistently high standards of service behavior at all times. We do our best to support our people and to bring out the best of their potential.

## ↳ FORBES STANDARDS TRAINING

Forbes Five-star standards mean a promise of exquisite service. This comprehensive training raises our people’s awareness of the work that goes behind the premium service we offer.

## ↳ MYSTERY SHOPPERS

A process where our colleagues are trained to become mystery shoppers and experience our high standards of service from the other end. We believe this personal experience speaks louder than words and will ensure their own commitment to provide the best service.



# CULTURE OF EXCELLENCE — SYSTEMS ALIGNED TO PREMIUM BRAND STANDARDS

## CASE STUDY

### AWARD-WINNING MORPHEUS HOTEL

In preparation for the 2018 opening of Morpheus Hotel, the focus for Melco's leadership was to deliver on our brand promise of creating memorable guest experiences. Our premium service would be achieved through:

#### ↳ HIRING THE BEST FOR ATTITUDE AND POTENTIAL

Melco's hiring philosophy is to "hire for attitude, potential and image, and train on skills"

#### ↳ TRAINING TO BE THE BEST

Colleagues undertake a highly structured and systematic service training program aligned with our brand service standards

#### ↳ BEING COMMITTED TO BEING THE BEST Leadership that inspires commitment

In keeping with our hiring philosophy, we employed many people who didn't have any previous hospitality experience. 70% of the team comprised new hires, and the remaining were internal transfers hired to fill a range of over 30 different job categories. The entire team was trained from the start according to our standards. Frontline colleagues completed

the specially-developed "Morpheus Story-Teller Certification Program" enabling them to talk about highlights of Morpheus. All Morpheus colleagues were offered the opportunity to stay at the hotel to experience first-hand the premium standard expected from them. Others acted as mystery shoppers, providing regular observation and feedback, to help our colleagues forge habits of exceptional service.

The dedication of our colleagues to a culture of excellence has garnered global recognition. Within two months of opening, the restaurant Alain Ducasse at Morpheus was recognized by the Michelin Guide Hong Kong and Macau. Within six months of opening, Morpheus was listed in TIME Magazine's World's Greatest Places. The 2020 Forbes Travel Guide (FTG) also honored the Morpheus Spa by naming it the FTG Spa of the Year.

Morpheus is the first and only establishment in the world to attain FTG Five-Star awards across its entire collection of hotel, spa and dining facilities, just one year after its grand opening.



# CAREER DEVELOPMENT OPPORTUNITIES — WHOLE PERSON DEVELOPMENT

Melco colleagues find more than just a “job” at Melco, they are also offered career development and opportunities. As part of Melco’s commitment to recruiting, training and developing people, we have adopted an innovative approach called Whole Person Development. It is a holistic approach where our people are encouraged to work and grow beyond a technical or functional-only focus.

This approach breaks the boundaries of traditional training styles, and highlights experiences that promote well-rounded professional and personal growth so we keep growing and succeeding together. Some components of Whole Person Development are highlighted below:

## ↳ INTERNAL CAREER OPPORTUNITIES

Melco promotes career development through opportunities in-house. Since opening our first resort a little over a decade ago, more than 27,800 colleagues have been promoted or transferred internally to other departments or resorts. This is largely made possible by our policy that mandates vacancies be internally posted, and where qualifications are equal, priority be given to the internal candidate. With a hiring focus



more on attitude, potential and image, and training provided for skills, Melco further facilitates cross-functional career paths by placing confidence in transferrable traits rather than prior job experience.

## ↳ FOUNDATION ACCELERATION PROGRAM

Our training and development system does not stop at classroom training because service excellence requires a broad spectrum of exposure. That is why the Foundation Acceleration Program (FAP) was created, to offer short- or long-term, cross-functional placements or specific assignments to fine-tune our colleagues’

business acumen and their ability to understand multiple perspectives. The variety of assignments offers exposure beyond their specialty, both in terms of knowledge and experience, and plays a key role in enhancing our colleagues’ confidence, broadening their skill set and enabling them to engage with people from different backgrounds.

Examples of FAP placements vary. Longer examples include Dealers working in hotel operations for six months or a hotel Front Office Manager spending a year rotating through a variety of cross-functional roles from the contact center, reservations, revenue management, F&B, to marketing and public relations. Examples of shorter placements include groups of human resources (HR) professionals spending one day each in the business units they support, or specific assignments to stretch skills in areas such as public speaking.

## The Learning Academy

Sustaining innovation and success only materializes when we all commit to personal growth and advancement; Melco’s Learning Academy, the first in-house academy in Macau, embraces this commitment to lifelong learning. Since its inception in 2009, 5,845 courses have been offered across our operations in Macau and Hong Kong and more than 639,600 seats have been filled by Melco colleagues. It provides a curriculum, in the most customized way, across multi-functional tracks including gaming and non-gaming technical training, sales and marketing, legal, service, language, finance, computer application, HR, leadership and lifestyle topics that relate to personal development.

# WORKFORCE INCLUSION & DIVERSITY — AN EQUAL OPPORTUNITY EMPLOYER

Our people come from all parts of the world and all walks of life. Ensuring that our workplace is respectful and bias-free is essential for our success. We are an equal opportunity employer. We do not tolerate any form of discrimination or harassment based on age, race, religion, gender identity, sexual orientation, disability, parental/marital status or other non-meritocratic factors.

## Women

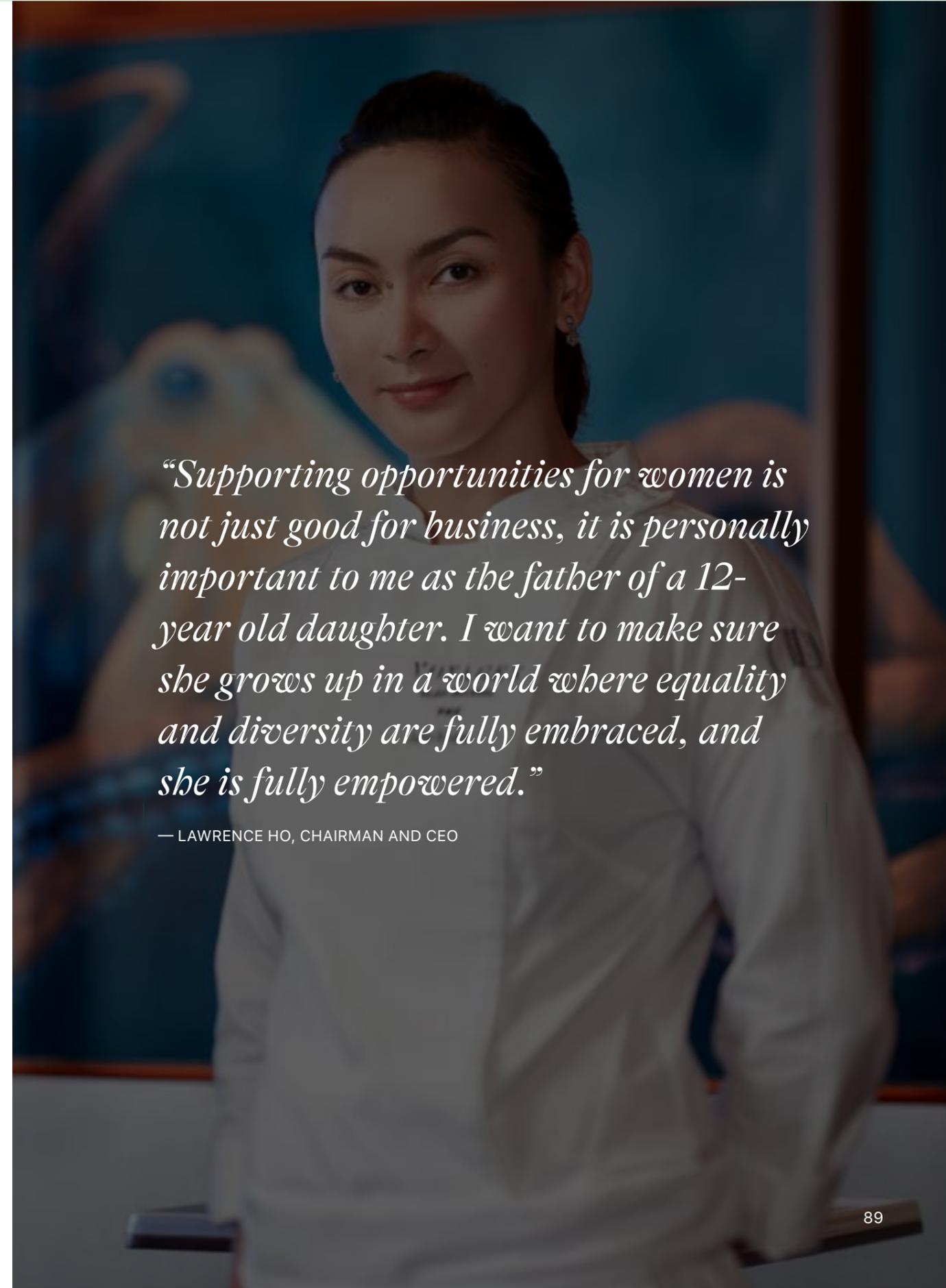
Over the years, we have focused our efforts to further gender equality at all levels of the Company. We are proud of the gender diversity of both our Boards and among our senior executives. Across the four Boards overseeing Melco Resorts and Entertainment companies, we have a significant proportion of female leaders:

- ↳ 9 female directors across our Boards
- ↳ 31% of the Corporate Executive Committee
- ↳ 38% of senior leadership
- ↳ 40% of general management

## Family-friendly Workplace

Melco is by far the industry leader when it comes to providing a family-friendly workplace. In Macau where childcare is both expensive and scarce, Melco is the first and only operator with plans to establish an in-house nursery for the children of our colleagues. Once opened, the management operator will be Santa Casa da Misericórdia de Macau (The Macau Holy House of Mercy).

We are also the first gaming operator in Macau to provide fully-equipped lactation rooms across our global operations for nursing mothers at work.



*“Supporting opportunities for women is not just good for business, it is personally important to me as the father of a 12-year old daughter. I want to make sure she grows up in a world where equality and diversity are fully embraced, and she is fully empowered.”*

— LAWRENCE HO, CHAIRMAN AND CEO

# WORKFORCE INCLUSION & DIVERSITY — AN EQUAL OPPORTUNITY EMPLOYER

## CASE STUDY

### “BEST I CAN BE”

Our ‘Best I Can Be’ message empowers women to embrace life’s choices to bring out the best in themselves. In 2019, we inspired women to be the best they can be through hosting both a Women’s Forum and the Best Mom Award.

#### ↳ WOMEN’S FORUM

In March 2019, we hosted the Melco Women’s Forum, inviting a panel of inspirational and influential female guests from around the world to speak in Macau to over 600 management and non-management colleagues and members of the community. The stellar speaker lineup included Ms. Ann Osman, Malaysia’s first female professional Mixed Martial Arts fighter who was voted one of TIME Magazine’s Next Generation Leaders and Ms. Julia Morley, Chairman and Chief Executive Officer of Miss World Organization, as keynote speakers. Forum panelists comprised prominent female figures including Ms. Maria Helena de Senna Fernandes, Director of the Macau Government Tourist Office, Ms. Karuna Shinsho, Board Director, Melco International Development, Ms. Dominique Mielle, Board Director, Studio City, Ms. Vanessa Ponce de León, Miss World 2018 and Ms. Kanako Date,

Miss World Japan 2018, who shared their experiences, both professional and personal.

#### ↳ BEST MOM AWARD

In partnership with The Women’s General Association of Macau, Melco co-hosted the Best Mom Award in August 2019 to celebrate the virtues of women, pay tribute to maternal love and promote positive family values, and to provide a platform through which one can show gratitude and appreciation towards women and motherhood. The award provided the local Macau community with a platform to show gratitude and appreciation for the important women in their lives.



# WORK ENVIRONMENT — WHERE PEOPLE FEEL VALUED, CARED FOR & RECOGNIZED

## Two-way Communication

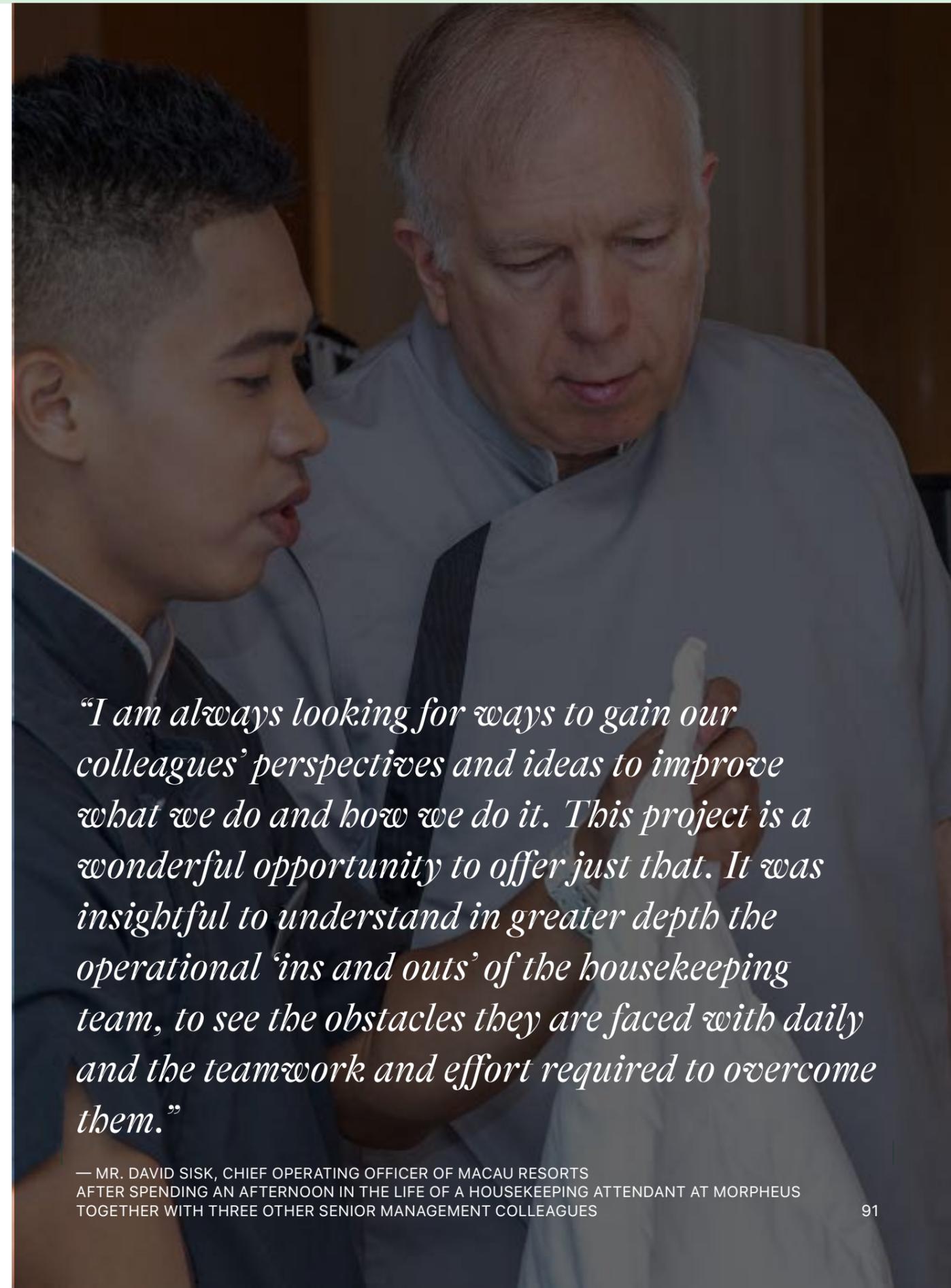
Receiving and responding to our colleagues' open feedback is the most direct way of caring for our people and improving our service quality. This is made possible through various formal and informal channels, including:

- ↳ Colleague surveys
- ↳ Regular focus groups across various business functions and resorts. For example, between 2012 and 2019, 1,344 focus groups were organized for our Table Games Dealers, through which 96% of the suggestions were addressed
- ↳ "Meet Management" sessions allow resort presidents to share and discuss business updates with up to 50 colleagues at a time
- ↳ Leadership Forums
- ↳ Performance appraisals
- ↳ Other communications channels such as the "Talk to Management" feature of our MelcoToday colleague mobile app, newsletters and social media

## In Your Shoes

Melco introduced the 'In Your Shoes' program for the management team to experience 'A Day in the Life of' frontline colleagues. Members of the management team and other senior management colleagues use this as a precious chance to advance their understanding of frontline roles in areas such as Housekeeping and F&B, experience first-hand the day-to-day complications faced by colleagues, and gain insights that will boost team spirit and help them devise and implement practical solutions.

To date, 64 management colleagues have taken part in the program with seven 'In Your Shoes' sessions held across Melco's resorts in Macau.



*"I am always looking for ways to gain our colleagues' perspectives and ideas to improve what we do and how we do it. This project is a wonderful opportunity to offer just that. It was insightful to understand in greater depth the operational 'ins and outs' of the housekeeping team, to see the obstacles they are faced with daily and the teamwork and effort required to overcome them."*

— MR. DAVID SISK, CHIEF OPERATING OFFICER OF MACAU RESORTS  
AFTER SPENDING AN AFTERNOON IN THE LIFE OF A HOUSEKEEPING ATTENDANT AT MORPHEUS  
TOGETHER WITH THREE OTHER SENIOR MANAGEMENT COLLEAGUES

# WORK ENVIRONMENT — WHERE PEOPLE FEEL VALUED, CARED FOR & RECOGNIZED

## Hardship Assistance

To show our care and provide resources to colleagues facing extraordinary situations in life, such as medical issues or natural disasters, Melco does not hesitate to mobilize donation drives across the Company – from colleagues up to our Chairman and CEO – to help alleviate the challenges faced by individual colleagues.

## Scholarships

Melco provides various scholarships to encourage the concept of life-long learning. These scholarships are provided for our colleagues and their immediate family. We also instill hope in colleagues who may face immense challenges that would otherwise prevent them from achieving relevant qualifications and reaching their full potential. To see them through the tough times, Melco provides Hope Scholarships for relevant academic programs.

## Heart-of-House

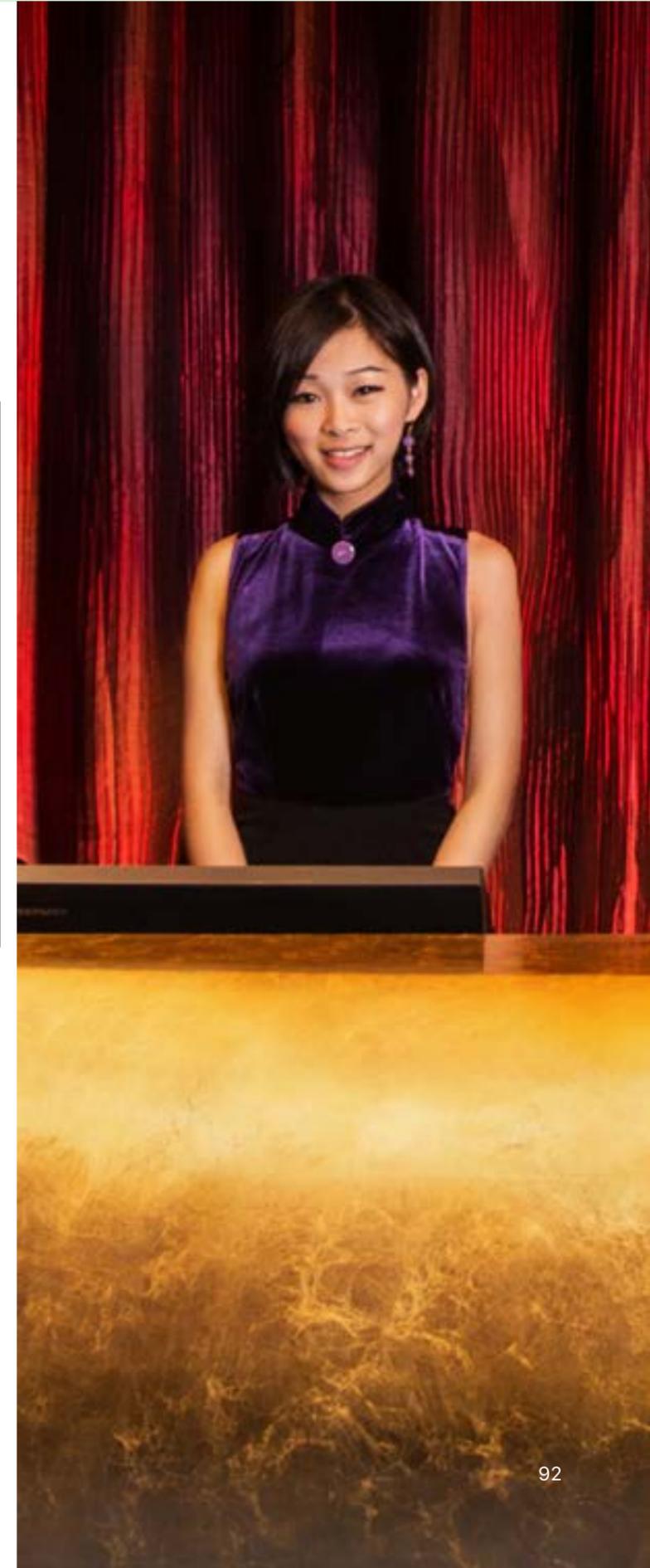
Our premium service extends not just to our guests but also internally to our colleagues. Our colleagues spend an important part of their working days in our resorts, and we have invested in designing and building what we call “Heart-of-House” to take care of our people. The Heart-of-House contains facilities and amenities such as:

- ↳ Dining rooms for colleagues that offer an extensive selection of varied cuisines including stations with Asian, international and healthy options
- ↳ Learning Academy training center with course offerings and onsite facilities for all levels of career and skill development
- ↳ Relaxation rooms fitted with amenities like massage chairs, hammocks and TVs
- ↳ Break areas to relax with a coffee, tea or other refreshments, all with access to computers for browsing
- ↳ Concierge desk for colleagues

## Work-life Balance

To support our colleagues to adopt a healthy work-life balance, we have the following ongoing initiatives in place to meet individual needs:

- ↳ FlexCompress: a flexible working scheme that allows our colleagues to work the same number of hours in a compressed work week so they can enjoy more days off
- ↳ Strawberry Life: a part-time scheme that allows colleagues to remain eligible for full-time benefits on a pro-rated basis
- ↳ Lifestyle Programs: the Melco Learning Academy provides workshops on personal development and lifestyle knowledge



# QUALITY OF LIFE — WORK, FAMILY & PERSONAL WELLBEING

Being the best place to work means facilitating our colleagues to strike a balance between work, family and personal wellbeing. We go to lengths to organize a range of activities to engage colleagues' families and to make them feel included. Since 2009, Melco has hosted more than 1,500 activities for colleagues and their families, an average of ten events per month.

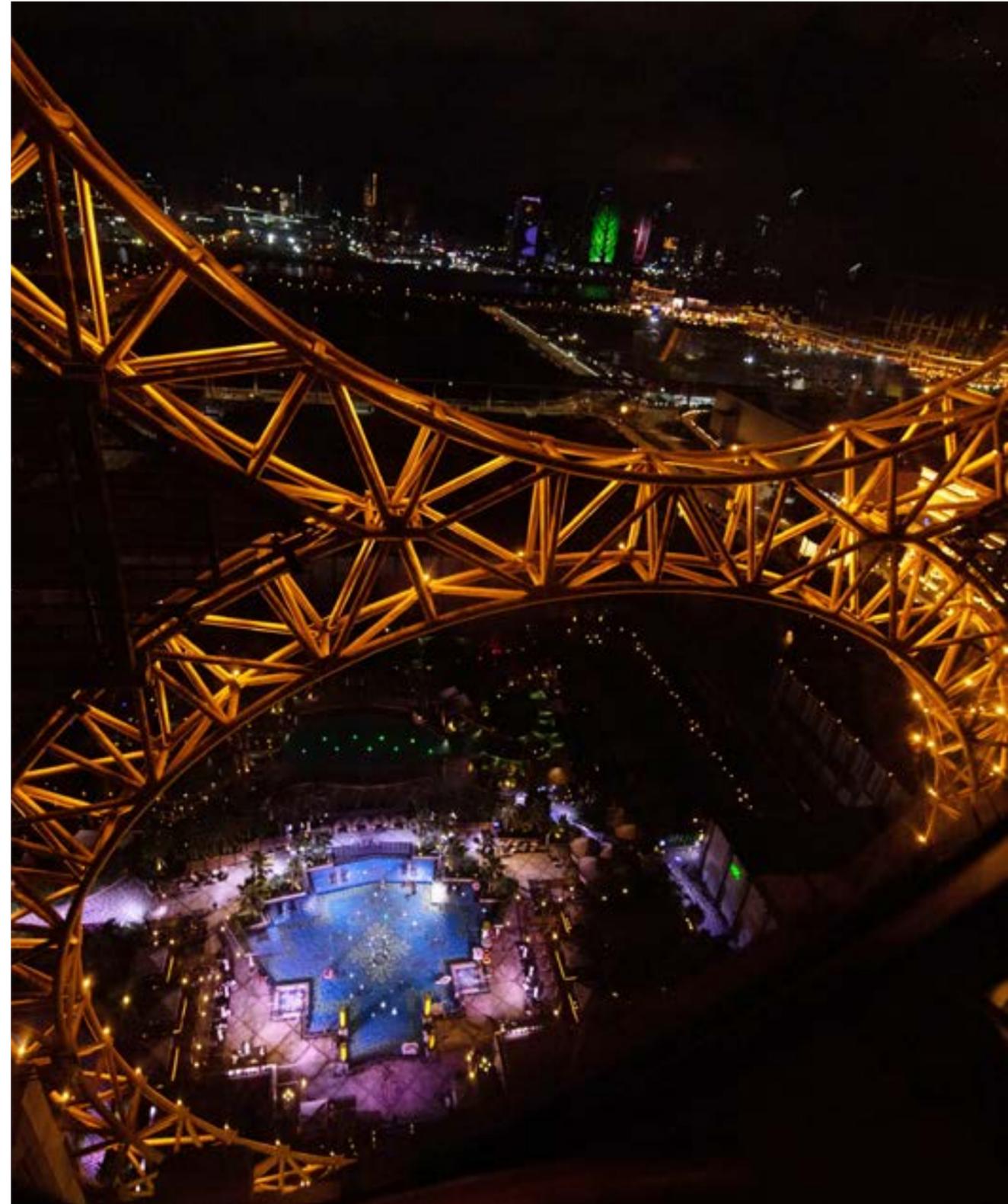
## Summer Fun Nights

Melco welcomed more than 4,000 colleagues and their families and friends to Studio City, the Hollywood-themed integrated resort, for the Summer Fun Night event. Extending invites to family members aligns with Melco's values, which recognize family as an important

part of our colleagues' lives. Colleagues and their families were treated to food at the Gala Garden and entertainment attractions across the resort, including the outdoor and indoor pools, Batman Dark Flight, and the world's highest, figure-eight Ferris wheel, the Golden Reel.

Other family activities include:

- ↳ FAMILY DAYS: events focused on families of colleagues
- ↳ HEART-OF-HOUSE TOURS: tours of Heart-of-House that reassure families and friends that colleagues are working in an environment where they are valued and cared for



# SAFETY & HEALTH — KEEPING OUR COLLEAGUES & GUESTS SAFE

The safety of our colleagues, guests and contractors is of paramount importance. We work in concert with the government and local authorities, and also invest in people and technology to address safety and health matters.

## Physical Security & Technology

Melco recruits experienced security and safety leaders who know how to best employ technology and physical security to combat any illegal and undesirable behaviors and manage emergencies. We coordinate regularly with police authorities to conduct joint enforcement operations, share intelligence and cooperate on training and planning activities.

We deploy strong, visible and undercover security teams across our resorts, which are trained to identify and respond to a range of incidents. These teams are backed by surveillance personnel who use the latest facial recognition technology, CCTV and access control systems to monitor the whole integrated resort environment.

## Crisis Management

Melco has extensive experience dealing with a range of casino-related incidents and other serious emergencies. Melco's crisis management and disaster prevention measures are overseen and responded to by the security and safety teams. Our emergency management planning and procedures include a robust crisis management plan and regular training and drills for all colleagues, including on appropriate responses to fires and any other need for evacuation.

## Occupational Safety & Health

Established in 2008, Melco's Occupational Safety and Health ("OSH") Policy evidences the company's pledge to comply with legal requirements, to prevent injuries and illnesses, and to continual improvement in OSH performance. Maintaining our safety and health standards across our resorts is also achieved through strict compliance to the requirements of our OSH management systems with our operations in Macau and Hong Kong also being certified to the ISO 45001 standard.

OSH Committees at each of our resorts meet monthly and are responsible for:

- ↳ Reviewing OSH performance trends and following up on any OSH incidents to ensure root-cause investigations are effectively conducted and that corrective and preventative actions are identified and implemented
- ↳ Ensuring that the ongoing implementation of OSH promotion and awareness activities are appropriately targeted and that education and training programs are topical and reflective of OSH performance trends
- ↳ Coordinating regularly-scheduled auditing and inspection activities and reviewing results to identify areas for improvement and to allocate additional resources as required
- ↳ Updating management on OSH issues and concerns raised by colleagues and contractors and recommended measures to improve OSH performance



# SAFETY & HEALTH — KEEPING OUR COLLEAGUES & GUESTS SAFE

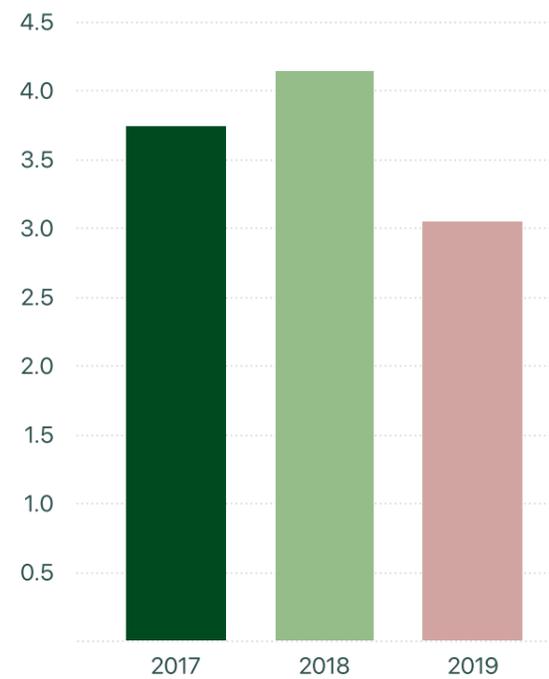
Colleagues attend OSH training during induction, ongoing industry safety training and regular OSH refresher courses. We engage our contractors in mandatory OSH orientation training and continuously monitor onsite practices to ensure the avoidance of hazards and the adoption of best practices. All training covers applicable topics in accordance with ISO 45001 requirements.

Melco adopts a holistic approach to safety in all public areas of our integrated resorts. External risk engineers perform quarterly assessments of key public areas such as hotel rooms, entertainment attractions, all guest elevators, and main entrances/exits of the integrated resorts to ensure these areas satisfy international safety standards. Any significant near miss or actual incident is reviewed by

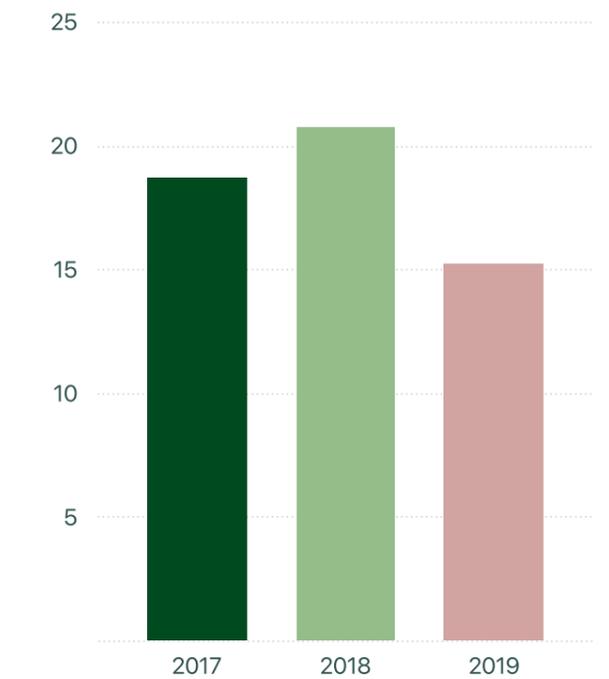
the CRO and, depending on severity, relevant Business Unit heads to identify and implement corrective and preventive actions. We also maintain Emergency Response Teams at each resort and collaborate with local emergency response teams on site-specific plans.

We focus on prevention and strive for continuous improvement on all safety and health indicators as measured by standard industry metrics and established goals. As a result of our holistic and diligent approach over the years, we saw a 24.6% reduction in both our recordable work injury rate<sup>15</sup> and lost-time injury frequency rate across all Melco resorts and offices over 2018. We did not have any work-related fatalities in 2019.

MELCO TOTAL RECORDABLE INJURY FREQUENCY RATE - GROUP AVERAGE



MELCO TOTAL LOST-TIME INCIDENT FREQUENCY RATE - GROUP AVERAGE



(15) IN 2018, WE REPORTED AN OSHA LOST-TIME INJURY RATE OF 3.2, DOWN FROM 3.7 IN 2017 AND 4.0 IN 2016. IN 2019, WE REPORT WORK-RELATED INJURIES AND RECORDABLE WORK-RELATED INJURIES ACCORDING TO GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 (A. I AND II).

# SAFETY & HEALTH — KEEPING OUR COLLEAGUES & GUESTS SAFE

## Food Safety

Excellence in Melco’s food and beverage experience is founded upon our impeccable food safety standards. Our world-class, Michelin-star restaurant line-up is an integral part of our brand appeal. Food quality and hygiene at all food outlets, for guests and our colleagues, are regularly assessed and audited by Melco F&B department managers and our highly trained Food Safety team, as well as external advisors, including the Food Safety Centre of the Macao SAR.

In 2019, we proudly achieved the Hazard Analysis Critical Control Point (HACCP) certification for food safety at Altira and COD with Studio City expected to be HACCP-certified by the end of 2020. Across all our resorts, assessments for safety are regularly conducted and in 2019 we did not have any incidences of non-compliance resulting in a fine, penalty or warning.

## Indoor Air Quality

Indoor air quality in both our guest and Heart-of-House areas is monitored by installed sensors to ensure compliance with applicable requirements and prompt actions are taken by Melco’s in-house engineers to rectify any need for repairs. Patrolling security officers ensure that smoking is restricted to designated smoking areas and colleagues are also encouraged to report any violations of the lawful smoking policy.



# KEY PARTNERS & COLLABORATORS

## MELCO'S PARTNERS/ COLLABORATION

## KEY IMPACTS OF PARTNERSHIP/ COLLABORATION

CPTTM (Macau Productivity and Technology Transfer Centre)

Collaborated to offer various training courses to support the professional development and career progression of colleagues (such as computer applications, language skills, etc.)

DSEJ (Education and Youth Affairs Bureau)

Partnered to implement Back to School General Education Programs in pursuit of secondary education qualifications

Edinburgh University – Edinburgh Napier University

Partnered to implement YOU-niversity, providing scholarships to colleagues to pursue higher learning

Escola Secundária Luso-Chinesa de Luís Gonzaga Gomes

Partnered to implement the Back to School General Education Program in pursuit of secondary school education

Macau Holy House of Mercy

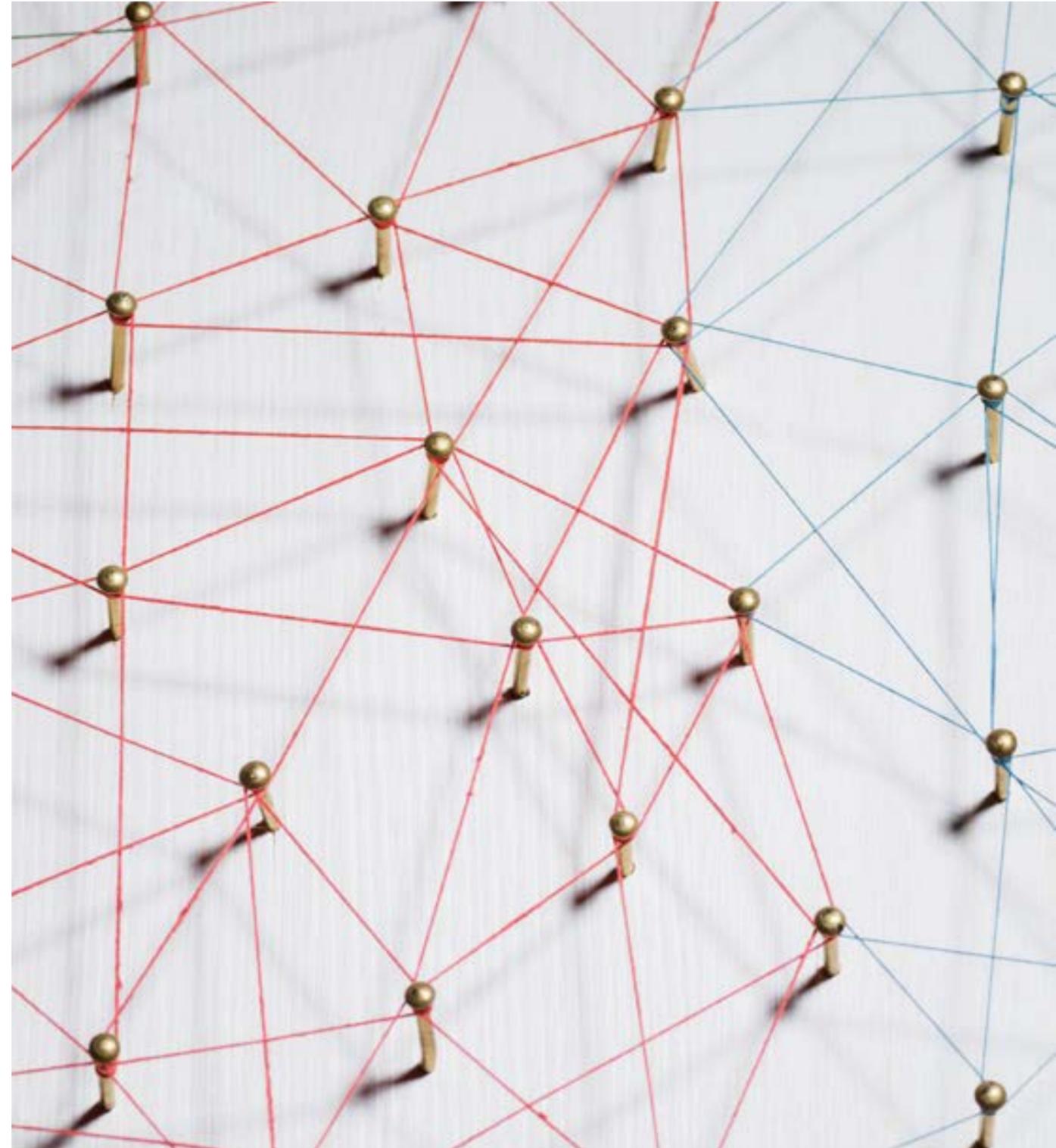
Partnered to establish the first and only onsite, workplace nursery

Local government and police authorities

Partnered to coordinate joint enforcement operations, the sharing of intelligence and to cooperate on training and planning activities to maintain public safety at our resorts

The Women's General Association of Macau

Collaborated on Best Mom Award and various CSR activities



The background is a complex marbled pattern in shades of teal, blue, and gold. The colors swirl and blend together, creating a rich, organic texture. The gold flecks are scattered throughout, adding a touch of elegance and contrast to the darker teal tones.

# SOCIETY & COMMUNITY



# SOCIETY & COMMUNITY

MELCO FOCUSES ON THE NEEDS OF THE SOCIETIES IN THE COMMUNITIES WHERE WE OPERATE. WE RESPECT AND ARE SENSITIVE TO THE LOCAL WAYS OF DOING THINGS. COLLABORATION AND PARTNERSHIP WITH GOVERNMENTS AND LOCAL ORGANIZATIONS IS A CORE PRINCIPLE OF THIS, AND WE INVEST IN STRENGTHENING THESE RELATIONSHIPS WITH EFFORTS THAT ARE TAILOR-MADE FOR EACH OF OUR COMMUNITIES. DEDICATION AND HARMONIOUS RELATIONSHIPS WITH OUR STAKEHOLDERS ALLOW US ALL TO PROGRESS AND PROSPER TOGETHER.



# 2019 HIGHLIGHTS

## **Collaboration & Deep Relationships**

Partnership and collaboration are core tenets of our relationships across the globe, in particular with the local communities in which we operate. Whether it be international governments, local businesses, charities, educational institutes or other community organizations, we prioritize our efforts in creating unique and differentiated programs.

## **BEST CORPORATE SOCIAL RESPONSIBILITY CONTRIBUTION — 2019 G2E ASIA AWARDS**

Melco's recognition for Best Corporate Social Responsibility Contribution in the 2019 G2E Asia Awards distinguishes our CSR strategic programs and acknowledges our position as a leading integrated resort operator. We constantly strive to excel in what we offer to our guests while engaging and investing in local communities.

## **★ Overall Corporate Responsibility Best Corporate Social Responsibility Contribution**

— 2019 G2E Asia Awards

*“As part of Melco’s corporate social responsibility, we are committed to contributing to the sustainable development and wellbeing of those from the local communities where we operate”.*

— LAWRENCE HO, CHAIRMAN AND CEO

# PARTNERSHIP FOR PROGRESS & PROSPERITY

We know it takes more than financial aid to drive sustainable change; the immense challenges facing us all today call for both awareness and collective effort. The more ways we can connect, the more significant Melco's and our community partners' societal impact will be.

To this end, Melco has set Society & Community commitments to:

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BE A LEADING CORPORATE CITIZEN IN THE COMMUNITY

BOLSTER ECONOMIC PROSPERITY FOR SMES

DEVELOP UNIQUE AND DIFFERENTIATED PROGRAMS IN COLLABORATION WITH OUR LOCAL PARTNERS TO ADDRESS SPECIFIC LOCAL ISSUES AND NEEDS OF THAT SOCIETY

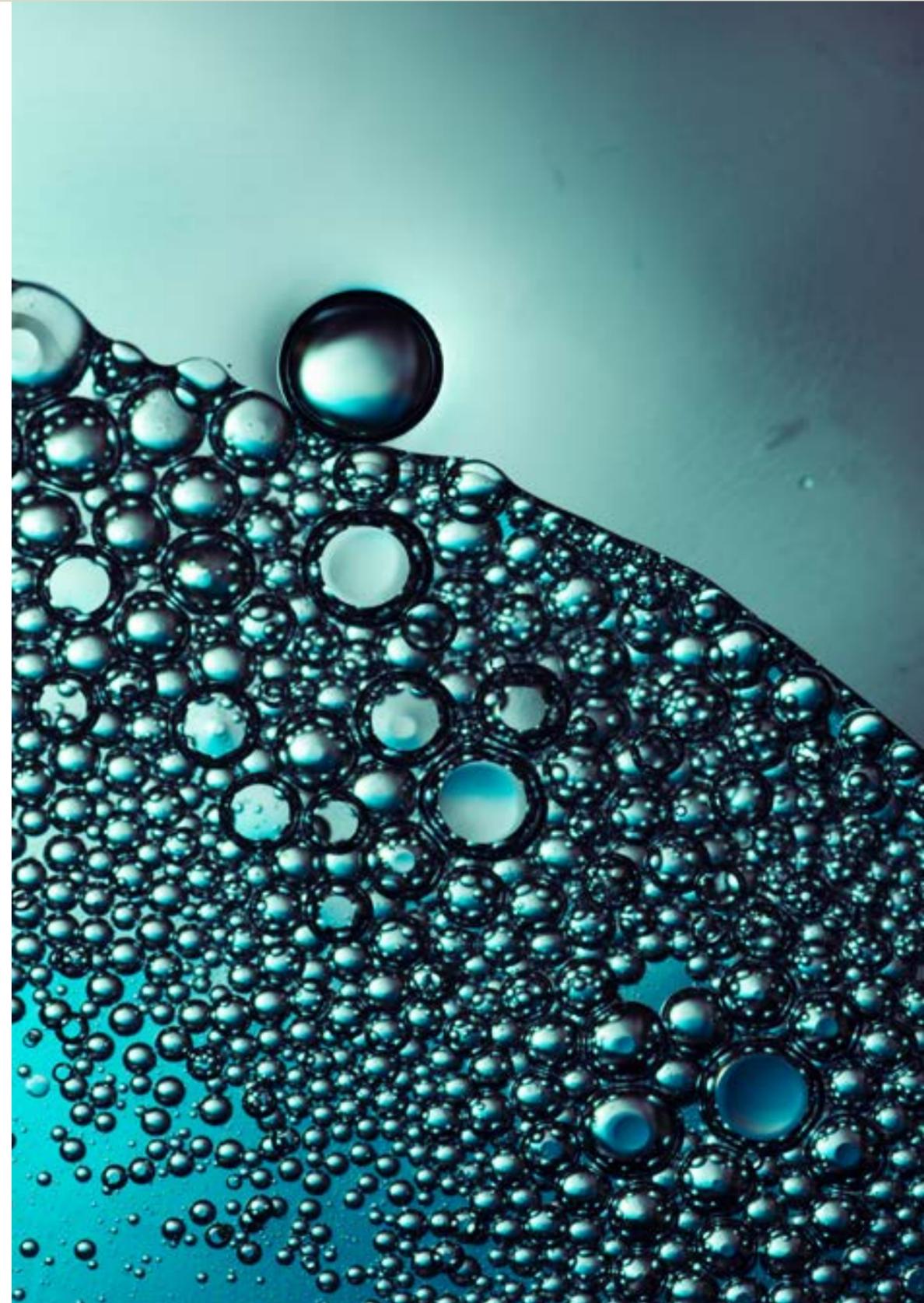
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The great importance Melco has placed on community investment is evidenced by the active participation in our CSR Steering Committee from our Chairman and CEO, and by the Board, where these important issues regularly appear in the agenda of our Board meetings.

### CSR Steering Committee

To give voice to our local colleagues and to ensure relevance to local community needs, our CSR Steering Committee primarily comprises local colleagues and we work hard to cultivate relationships with local NGOs and associations. We regularly meet face-to-face with stakeholders in the community; opinions and ideas are usually shared through meetings but can also be formally raised via our regular feedback channels.

The CSR Steering Committee meets every month, with our Chairman and CEO, who is the committee's Executive Sponsor, regularly attending, to review the proposed initiatives of various working committees and to provide oversight and direction for all of Melco's CSR programs. The working committees meet more frequently to implement approved initiatives.



# OUR APPROACH: FOCUSED ON OUR COMMUNITIES

Community engagement plays a key role in our overall business strategy. Volunteering, sensitivity to local culture and philanthropy are ways through which we honor our commitment to the community. Wherever possible, we partner, collaborate and run a host of programs to help build the capacity of the organizations and institutions we support be they charities, government, educational institutes or other community organizations. Through understanding their needs, we provide customized, sustainable support, and seek out every opportunity to uplift the local economy by working with local suppliers and SMEs.

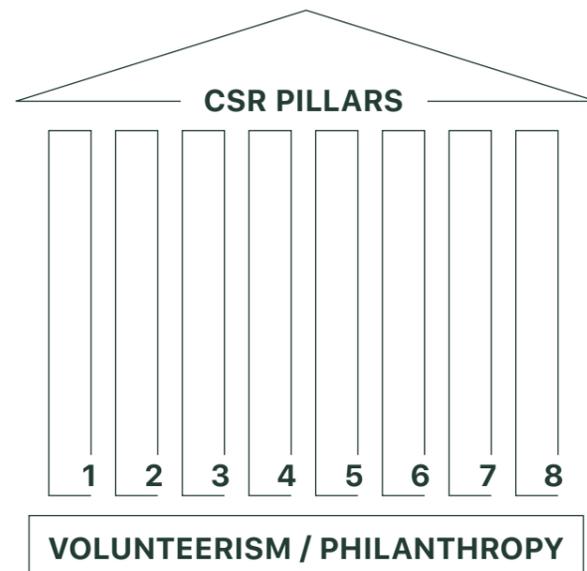
To plan and deliver meaningful and impactful community investment programs, we:

- ↳ customize both the issues we address and how we engage for each of the unique communities where we operate
- ↳ develop unique and differentiated programs
- ↳ bring proactive solutions to recognized social issues
- ↳ partner and collaborate with local NGOs, charities, academia, government departments, associations and other organizations
- ↳ align societal needs with business strategy, for a sustainable approach
- ↳ identify related opportunities to enhance the economic prosperity of local suppliers and SMEs

## CSR Pillars

We aim to make a meaningful difference in our communities, and through our strategic CSR pillars, we ensure societal and community initiatives are aligned to both our business strategy and local priorities in the markets where we operate.

Our strategic CSR pillars govern our efforts and are focused on the following eight areas<sup>16</sup>:



1. YOUTH
2. EDUCATION
3. WOMEN
4. ENVIRONMENT
5. CULTURE & HERITAGE
6. RESPONSIBLE GAMING
7. WHOLE PERSON DEVELOPMENT
8. SMALL & MEDIUM ENTERPRISES



Over 2,000 Melco volunteers and their families joined the Walk for a Million 2019 charity event. Melco team uniforms were designed and produced by local Macau fashion brand and

(16) OUR CSR PILLARS RELATED TO RESPONSIBLE GAMING AND THE ENVIRONMENT ARE ADDRESSED IN SEPARATE SECTIONS OF THIS REPORT.

# OUR APPROACH: FOCUSED ON OUR COMMUNITIES

In reporting on our programs, partnerships and endeavors to build the capacity of our communities, we highlight the following five areas:

ECONOMIC PROSPERITY FOR LOCAL SMES

CULTURE & HERITAGE, YOUTH & EDUCATION

DISASTER RELIEF RESPONSE

PHILANTHROPY

VOLUNTEERISM



# ECONOMIC PROSPERITY FOR LOCAL SMES

Melco believes that economic prosperity for local businesses is vital to the sustainability and health of our communities. We support local suppliers, particularly SMEs by proactively educating them on our procurement standards. We host regular events such as open houses, industry seminars, workshops, business matching sessions and tours of our front- and Heart-of-House. It's a win-win situation; all the opportunities we provide to our SME suppliers equip them to provide the best products and services to us. As a result of these efforts, out of the 80% of Melco's procurement with local companies and distributors in Macau, over 30% was with micro and small enterprises in 2019. In Manila, over 90% of our procurement supports local businesses.

## **SME Academy**

Our SME Academy was established to provide local SMEs with additional technical knowledge, such as the latest information in occupational safety and health, the Hazard Analysis Critical Control Point System for identifying, calculating and controlling hazards in the food production process and ISO and other international standards. Training is conducted regularly in workshop and forum formats, including:

### ↳ TRAINING CLASSES ON FOOD SAFETY

To help local SMEs improve their product quality and better understand Melco's standards, we provided training classes on chain-of-custody procedures as well as food safety and ISO standards at Studio City.

### ↳ WORKSHOP ON OCCUPATIONAL SAFETY AND HEALTH (OSH) EXPERIENCE AND SAFETY CHARTER

Our experienced City of Dreams teams shared key OSH learnings with 40 local SME representatives. The workshop was supported by the Labour Affairs Bureau (DSAL) and the Macau Productivity and Technology Transfer Center (CPTTM).



# ECONOMIC PROSPERITY FOR LOCAL SMES

## Promoting Sustainable Economic Growth

Melco is passionate about supporting the long-term, sustainable success of local SMEs through strategic engagement and providing platforms for them to thrive.

↳ 'KNOWING YOU, KNOWING US' CAMPAIGN  
Melco organizes frequent "Knowing You, Knowing Us" activities for local SME suppliers from different fields such as marketing, furniture, fixtures and equipment, hospitality operating supplies and equipment, maintenance services, and parts and entertainment equipment. The objective is to facilitate direct dialogue between SMEs and our Supply Chain and Business Unit end users with the ultimate goal of enabling SMEs to become Melco suppliers. In 2019, these activities included:

### ↳ "TO THE TABLE BY SMES"

Melco welcomed close to 100 representatives from around 60 local SMEs to an F&B-themed event, "To the Table by SMEs", providing an exclusive opportunity for direct dialogue between SMEs and Melco's award-winning culinary team as well as our F&B and Supply Chain teams.

### ↳ CITY OF DREAMS' UNIFORM DESIGN COMPETITION

Melco launched a uniform design competition in collaboration with the Macau Productivity and Technology Transfer Centre. The competition encouraged participation from local talent working in the fashion industry and/or those with their own fashion brand, local uniform retailers and garment manufacturers. The winning design will be produced and worn by City of Dream's almost 400-strong Environmental Services Team.



# ECONOMIC PROSPERITY FOR LOCAL SMES

## ↳ STUDIO CITY BUSINESS MATCHING SESSION

Melco welcomed representatives from local SMEs at Studio City's receiving dock, to learn about Melco's loading and receiving processes. The event concluded with a business matching session, where SMEs presented their company products and registered for further approval towards becoming a vendor.

## ↳ LOCAL COFFEE IN THE PHILIPPINES

At City of Dreams Manila, Melco has shifted to sourcing all coffee beans from local Filipino suppliers, playing our part to support local farmers. We also partnered with Le Café Filipina to reuse our coffee grounds as fertilizer.

## ↳ CERTIFICATION BY JAPAN EXTERNAL TRADE ORGANIZATION (JETRO)

Melco's outlets in Macau were awarded certificates by the Japan External Trade Organization (JETRO) for supporting Japanese vendors and suppliers.

## CASE STUDY

### OFFERING DIRECT ACCESS TO PREMIUM GUESTS AND MELCO COLLEAGUES

Melco facilitates direct access between local brands, our premium guests and Melco colleagues through various SME-only channels. In our resorts, we provide dedicated retail areas for local vendors in both our guest areas and Heart-of-House, and we run public events with SME vendors. Special SME events in 2019 included:

#### ↳ STUDIO CITY CHRISTMAS BAZAAR

Open to the general public, this event provided rent-free booths to over 40 local SMEs to showcase and sell their products and services in a festively-decorated, outdoor marketplace.

#### ↳ MELCO EMPLOYEE PRIVILEGE PROGRAM

We invite local businesses to offer special discounts to Melco colleagues and to open temporary pop-up stalls in our Heart-of-House. We prioritize these pop-up stalls for local SMEs as well as charitable organizations to sell their "Made in Macau" goods.

#### ↳ STUDIO CITY POP-UP STORES

Announced in 2019 exclusively for local SMEs, and subsidized by Studio City, the initiative provides rent-free retail spaces and essential operational resources to participating SMEs. SMEs can optimize revenues through the marketing and selling of their products and services directly to Studio City's visitors, tourists and shoppers.

#### ↳ LOCAL FESTIVALS IN JAPAN

Melco planned, designed and executed the "Smart Summer" event for Motomachi, Yokohama, Japan, supporting local tourism and economic growth by drawing crowds to the district. We also channeled our experience and expertise in F&B and entertainment through our participation in other local festivals in Japan.



# CULTURE & HERITAGE, YOUTH & EDUCATION

Conservation of heritage, whether in the form of tangible buildings or intangible customs and traditions, is instrumental to fostering a sense of pride and identity for local communities, and the thread of continuity it provides in a fast-changing world has immense significance for our future generations. While preserving our legacies is vitally important, so is creating opportunities for our youth and colleagues to contribute to their future. Melco is honored and privileged to be in a unique position to help protect and promote local culture, provide opportunities for our youth, and to empower people through education in the places where we operate.

## Programs in Macau

### DARE TO DREAM, MACAU

Fostering creative talent in Macau through our signature youth development programs, such as 'Dare to Dream', is a key focus of Melco's community engagement efforts. Since 2012, this innovative program connects local youth with world-class artists who offer unparalleled, award-winning entertainment in our resorts. Our partnership with local educational institutions made it possible for internships and scholarships to be offered to talented winning students.

These renowned artists generously shared their expertise and inspired local youth to dare to dream:

- ↳ Yundi Li – international piano maestro
- ↳ Franco Dragone – producer and creative director of the award-winning "The House of Dancing Water"
- ↳ Late Dame Zaha Hadid – legendary architect known as the "Queen of the Curve"
- ↳ Barney Cheng – named one of the 25 most influential designers in fashion by Forbes
- ↳ Alain Ducasse and Pierre Hermé – international culinary masters

We offer our sincere gratitude to all the partners who worked with us to inspire youth to make their dreams come true:

- ↳ Cultural Affairs Bureau of the Macau Government
- ↳ Partnership with Macao Polytechnic Institute
- ↳ Tertiary Education Services Office of Macau Government
- ↳ Macau Productivity and Technology Transfer Centre (CPTTM)
- ↳ Institute for Tourism Studies



## "Melco Star Macao" youth talent competition promotes Chinese cultural performances

In November 2019, Melco partnered with the National Conditions Education Association to host the finals and award ceremony of the 'Melco Star Macao' youth talent competition at Studio City. With an audience of around 2,000 guests, the event's objectives were to cultivate and strengthen a sense of national identity

in Macau's youth. Through performances in Chinese cultural arts, the competition exhibited the vitality and talent of Macau's younger generation. 'Melco Star Macao' has been warmly received by the local community; more than 650 participants from local schools and organizations for young people took part to perform over 170 original acts.

# CULTURE & HERITAGE, YOUTH & EDUCATION



## "SPLENDORS OF CHINA"

In collaboration with the Liaison Office of the Central People's Government in the Macao SAR (CLO), the 'Splendors of China' is a learning program about China's cultural heritage, economic policies, social systems and values. This creates deeper insight for our colleagues into understanding the majority of our business' customer base, as well as appreciating the achievements of Macau's mother country.

## ↳ SPLENDORS OF CHINA FORUM

In January 2019, together with CLO, Melco delivered a forum featuring an eminent professor from the world-renowned Tsinghua University. The lecture was attended by 800 Melco colleagues and community members and was focused on China's economic opportunities, challenges, and future development trajectory. In November 2019, a second forum was organized to discuss opportunities and challenges for the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).

## ↳ GREATER BAY AREA EXECUTIVE TOUR

A team of Melco senior executives went on a visit to Zhuhai as part of an initiative to gain a better understanding of opportunities within the GBA. The group visited Gree Electric Appliances' headquarters in Zhuhai, as well as the Hengqin integrated tourism and entertainment project, Novotown.

## ↳ CONGJIANG TEACHER AWARD PROGRAM

Melco is greatly honored to have the opportunity to contribute to targeted poverty alleviation in Congjiang County, as supported by the CLO and the Macao Government. Melco will sponsor the program for two consecutive years through a donation of over US\$71,000. Nominated by the Congjiang Government, 25 teachers from 19 villages will receive recognition for their outstanding contributions; each benefiting from a cash subsidy in addition to a three-day, expenses-paid trip to Macau. We trust that the program will help broaden the horizons of teachers, benefit their professional development, and positively impact and inspire the students whom they teach.

## WHOLE PERSON DEVELOPMENT

Development of local people is a top priority for Melco; we can only sustain our continued success in an inclusive, growing economy that has an adequately-skilled populace and educated labor force. In 2008, 38% of managers in Macau came from the local community; today, that figure is 80%.

The following programs support the development of local people for management roles:

## ↳ BACK TO SCHOOL

Melco's pioneering 'Back to School' program was launched in 2010 in partnership with the Education and Youth Affairs Bureau to address the issue of young people in Macau leaving formal education prematurely in pursuit of an income-generating job. This in-house high school diploma curriculum sees us bringing teachers from the Escola Secundária Luso-Chinesa de Luís Gonzaga Gomes to our colleagues, enabling them to continue to work at their job while attending classes onsite. We aspire to reinstill a sense of hope and lifelong learning in our people, and we are tremendously proud to offer colleagues this unique opportunity for personal growth.

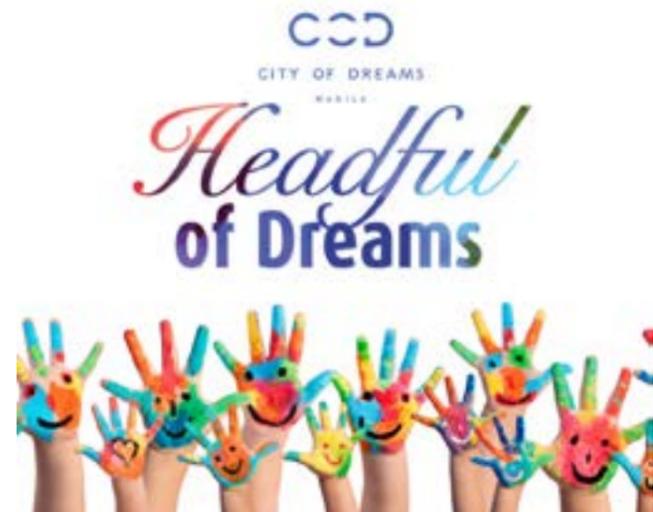
## ↳ MELCO YOU-NIVERSITY

We are in a privileged position to not only sponsor talented colleagues to learn, but to also lay the foundation for them to reach their full potential. As part of our Whole Person Development initiative, and together with our partner, Edinburgh Napier University, Melco developed a groundbreaking program for local colleagues to achieve a university degree while in our employment. The first entrants into the You-niversity Bachelor program graduated in 2017, with more colleagues in the pipeline to graduate in the coming years.

# CULTURE & HERITAGE, YOUTH & EDUCATION

## Programs in the Philippines

City of Dreams Manila’s year-round outreach program includes provisions for basic needs, social and learning activities for orphans, and care of the elderly. CSR events are typically held seven to eight times a month and colleagues of all levels and departments rally to support the less fortunate and conserve the environment. In 2019, 3,662 City of Dreams Manila volunteers contributed their time to programs, some of which are highlighted below.



### ↳ HEADFUL OF DREAMS

Last year, City of Dreams Manila adopted San Antonio Elementary School, a government-owned school located in Paranaque City. Melco Manila colleagues volunteered to tutor students and this year, 177 volunteers assisted with various types of repair work. Our adopted school

was recognized last year as one of the top three schools in The Most Improved Facility category for all schools in the Paranaque region.

### ↳ SPOONFUL OF DREAMS

Spoonful of Dreams is focused on the support of orphans and street children; including offering engaging experiences that provide camaraderie, nourishment and above all, care for the children.

### ↳ HOPEFUL OF DREAMS

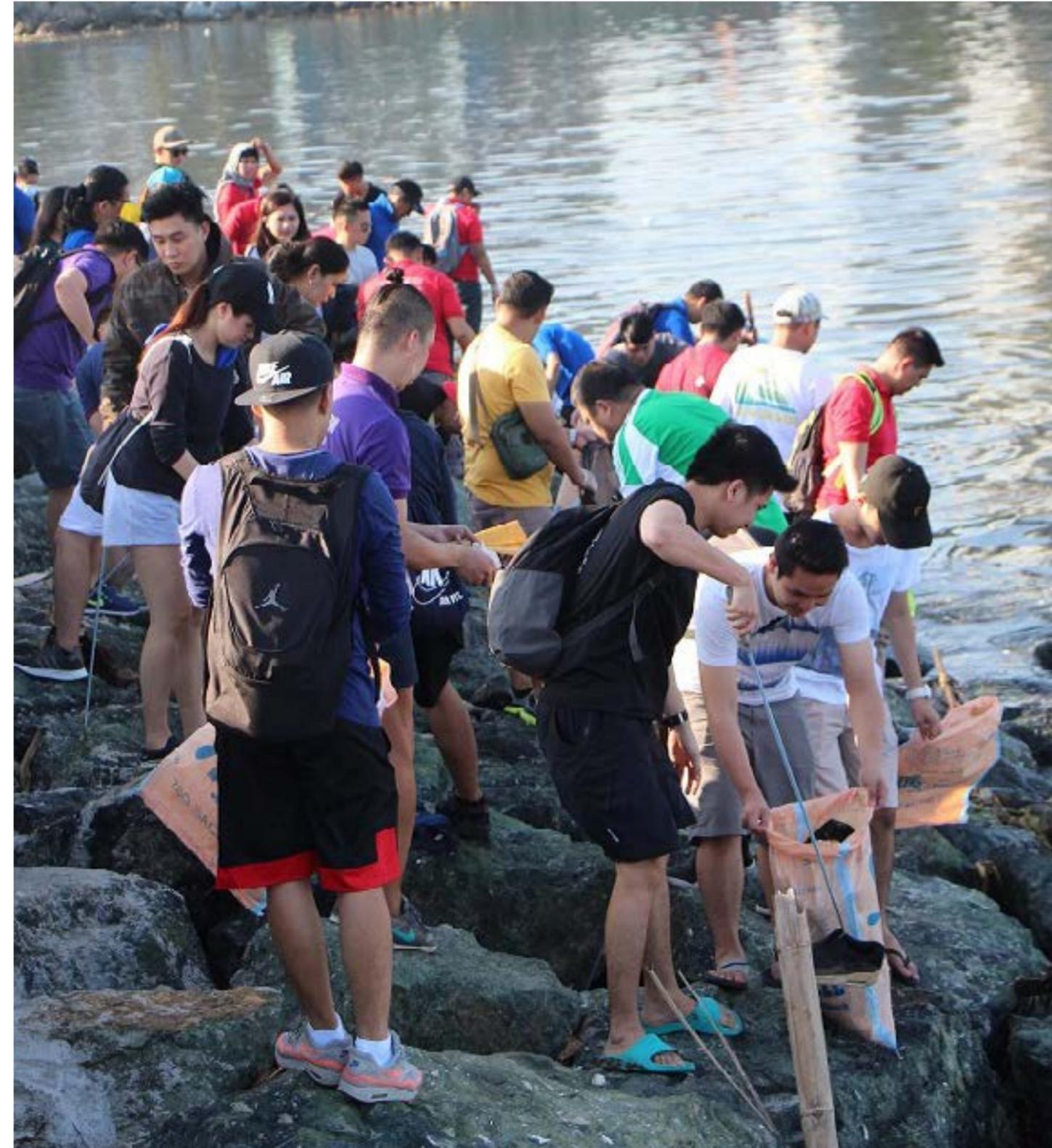
Hopeful of Dreams provides engagement through hospital visits to indigent patients.

### ↳ BUILDING DREAMS

Building Dreams includes participating in the building and/or refurbishing of classrooms and core institutions such as hospitals; supporting our integrated resort’s various programs to care for children, the sick and those in need.

### ↳ SOAP FOR HOPE

City of Dreams Manila is the first integrated resort to participate in the “Soap for Hope” program in the Philippines. This award-winning global program cooperates with hotels to eliminate soap waste by hygienically reprocessing used soap into new soap bars and donating them to various charitable institutions. In 2019, our colleagues helped reprocess used soap bars into 4,239 new bars.



# CULTURE & HERITAGE, YOUTH & EDUCATION

## Programs in Japan



↳ DARE TO DREAM, JAPAN - YOKOHAMA F. MARINOS FOOTBALL CAMP  
Our latest collaboration with Yokohama F. Marinos J1 League football club connects local youth to once-in-a-lifetime opportunities that they never dreamed possible. The program hosts a football camp for 50 primary school football enthusiasts with the chance to train with the esteemed professional club and guest coach Yuji Nakazawa, former Marinos player and captain of the Japan National Football team.

↳ "LEADER 101" PROGRAM, CULTURAL PRESERVATION IN HIMEJI  
In partnership with the Junior Chamber International Macau, Melco sponsored a group of promising young leaders from Macau to join an international cultural preservation program of Himeji Castle. The objective of the program is to educate youth on the importance of legacy preservation for the next generation through leadership training workshops, as well as training on language and culture.

↳ SUPPORTING JAPANESE ARTS – HYOEN  
Melco actively supports events that promote the heritage of Japan, such as Hyoen, a performance retelling the Japanese literature classic, the "Tale of Genji." Melco donated tickets to help make the performance more accessible to the local community.



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# CULTURE & HERITAGE, YOUTH & EDUCATION

## Programs in Cyprus

### HERITAGE SIGNS IN CYPRUS

In collaboration with the Department of Antiquities in Archaeological Heritage Management of Cyprus, Melco announced a unique initiative that will offer long-term and continual support to sustainably preserve and promote the culture of Cyprus. Project 'Heritage Signs' will actively promote the authenticity of the island's most significant heritage sites by sponsoring heritage enhancements and sharing information that will significantly improve the tourist experience when visiting these special sites in Cyprus.



SANCTUARY OF APOLLON HYLATES



# DISASTER RELIEF RESPONSE

In times of catastrophe and natural disaster, Melco has consistently come to the aid of our communities during difficult times. Our past history includes helping our guests, communities and colleagues with disaster relief in Macau, Mainland China, the Philippines and Japan, and for the more recent Australian bushfires, to name but a few. Fortunately, in 2019, there were no major catastrophes to the communities where we operate, but as we work through the already known challenges of 2020, we remain very much committed to sharing resources to forge ahead through these difficult times.

Past examples of cooperation between Melco, the government and community to respond to disasters are shared below.

↳ **MACAU**  
2017 and 2018 Typhoon Hato and Mangkhut.

↳ **MAINLAND CHINA**  
For the 2008 and 2013 Sichuan earthquakes, company donations and organized donation drives for colleagues to contribute supported the relief efforts.

↳ **PHILIPPINES**  
In 2013, company donations and organized donation drives for colleagues to contribute supported the response efforts to typhoon Yolanda.

↳ **JAPAN**  
In 2011, the magnitude-9 Tohoku earthquake shook northeastern Japan. Melco donated to relief efforts which included financing a short trip for 300 disaster-affected children to be away from the aftermath of the catastrophe. The goal was to lift their spirits through trips to Okinawa and Osaka. We also assisted in the relief efforts for the 2018 earthquake and flooding in Osaka.

## CASE STUDY TYPHOON HATO, 2017

The most devastating disaster to hit Macau in the last 50 years, resulted in the loss of human life and catastrophic damage to buildings and infrastructure.

- WITHIN 24 HOURS:**
- ↳ Almost 3,000 Melco volunteers joined government-led clean-up efforts
  - ↳ Delivered meal boxes and bottles of water to the homes of hard-hit neighborhoods
  - ↳ Melco electricians and carpenters helped restored power to over 40 local businesses

- AFTER 3 DAYS:**
- ↳ US\$3.75 million relief fund targeting community and colleagues, that also included a personal donation from Chairman & CEO
  - ↳ 1,900 colleagues benefited



# PHILANTHROPY

Melco supports local communities by investing in their wellbeing. Our contributions are outlined below:

## CHARITABLE CONTRIBUTIONS (US\$)<sup>17</sup>

2008-2019 (cumulative)	US\$62.8 MILLION
2019	US\$17.1 MILLION



(17) COMPRISED OF CASH CONTRIBUTIONS, IN-KIND DONATIONS AND MELCO'S PHILIPPINES FOUNDATION

# VOLUNTEERISM

Apart from direct financial support, we are also proud of our efforts in mobilizing volunteerism and instilling a culture of care in our colleagues. Inspired by our colleagues' passion to serve, Melco expresses our gratitude to our volunteers through various programs, including Volunteer Recognition Events.

A total of 134,913 colleague participants have contributed to our global community engagement activities since 2007.

### Teaching Children Values:

Passing on important values to the next generation is also key to our contributions to society, and so we created Melco's "Teaching Children Values" program. Through family volunteering activities and fun educational workshops, the program aims to impart values such as respect for the environment.

Teaching Children Values program promotes respect for environment and volunteerism in youth.



# KEY PARTNERS & COLLABORATORS

## MELCO'S PARTNERS/ COLLABORATION

## KEY IMPACTS OF PARTNERSHIP/ COLLABORATION

ABS-CBN: Lingkod Kapamilya

Donation of linen and bedding to be repurposed to support disadvantaged Filipino Children

Department of Antiquities in Archaeological Heritage Management of Cyprus

Promoting local cultural heritage and tourism with the Heritage Signs project in Cyprus

Liaison Office of the Central People's Government of the Macao Special Administrative Region

'Splendors of China' Leadership Forum, Teacher Award Program, Greater Bay Area Executive Tour and Executive Study/National Education Trip deepens colleagues' and the community's understanding of our cultural roots, as well as China's economic policies and social systems and values

Macau Junior Chamber International Macao, China  
Pan Mac Junior Chamber  
Hou Kong Junior Chamber

Leader 101 program to educate youth on the importance of legacy preservation through leadership, language and cultural training in Japan

Macao Chamber of Commerce

Collaborate to enhance awareness within the local business community of the opportunities for business development and growth with Melco and to organize a Organize Vendor Open Day

National Conditions Education Association (Macao)

Promoting Chinese culture and artistic performance through the 'Melco Star Macao' youth talent competition

Associacao de Feliz Paraiso / Caritas Macau / Concordia School for Special Education / Cradle of Hope Association / Fuhong Society of Macau / General Union of Neighbourhood Associations of Macau (UGAMM) / Macau Special Olympics / S.K.H Astor Shore / Tung Sin Tong

Representative NGOs that work together with Melco regularly to plan and organize volunteer activities



# ABOUT MELCO

# ABOUT MELCO

Melco Resorts & Entertainment Limited (Melco) is a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia and Europe. Headquartered in Hong Kong, China, we employ 23,078 people. Melco is listed on NASDAQ under the ticker symbol "MLCO".

The sole majority shareholder of Melco is Melco International Development Limited (Melco International). Melco International is listed on the Main Board of The Stock Exchange of Hong Kong Limited (HKEX) and is substantially owned and led by Mr. Lawrence Ho, our Chairman and CEO.

Melco has operations in Macau, the Philippines and Cyprus with corporate offices in those locations as well as Japan, Taiwan and our headquarters in Hong Kong. In Macau, we operate Altira Macau, a casino hotel, as well as City of Dreams, an integrated urban casino resort. We also operate Mocha Clubs, the largest non-casino-based operations of electronic gaming machines in Macau. In addition, the Company has a majority ownership and operates Studio City, a cinematically-themed integrated

entertainment, retail and gaming resort. In the Philippines, Melco's Philippine subsidiary operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort. Melco currently operates and manages a temporary casino in Limassol and four satellite casinos in Nicosia, Larnaca, Ayia Napa and Paphos in Cyprus, with plans for the creation of our integrated casino resort, City of Dreams Mediterranean, under way.

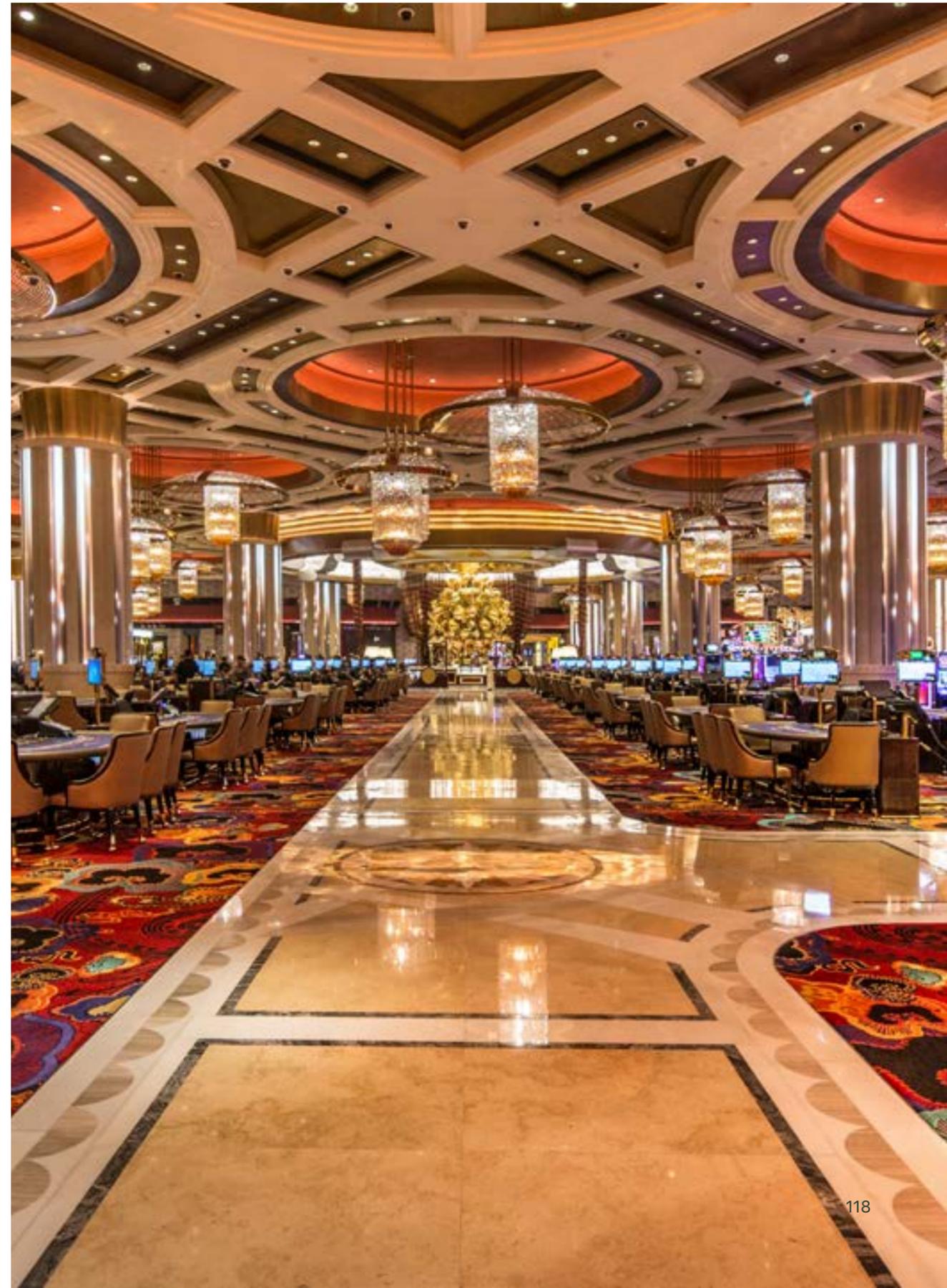
Melco is a pioneer and innovator in premium luxury, culinary offerings and entertainment, continuously striving to raise the bar. For example, in 2018 we opened Morpheus, the latest addition to City of Dreams. Morpheus offers travelers the most remarkable experiences that go beyond gaming and sets a new benchmark for luxury hospitality in Macau. In terms of culinary experiences, we attract global recognition, from our Michelin-starred restaurants to offering pioneering entertainment with "The House of Dancing Water", an award-winning water show offered at City of Dreams.

Further details on our operations can be found in our [Annual Report](#).



# OUR OPERATIONS

	ACTUAL GFA	GUEST ROOMS SUITES & VILLAS	GAMING TABLES	GAMING MACHINES
CITY OF DREAMS Macau	<b>631.7 thousand</b> m <sup>2</sup>	<b>2,170</b> rooms	<b>516</b> tables	<b>822</b> slots
STUDIO CITY Macau	<b>473.8 thousand</b> m <sup>2</sup>	<b>1,600</b> rooms	<b>293</b> tables	<b>947</b> slots
ALTIRA Macau	<b>102.2 thousand</b> m <sup>2</sup>	<b>230</b> rooms	<b>103</b> tables	<b>178</b> slots
MOCHA CLUBS Macau	<b>12.2 thousand</b> m <sup>2</sup>	-	-	<b>1,300</b> slots
CITY OF DREAMS Manila	<b>297.3 thousand</b> m <sup>2</sup>	<b>950</b> rooms	<b>311</b> tables	<b>2,265</b> slots
CYPRUS <sup>18</sup>	<b>4.6 thousand</b> m <sup>2</sup>	-	<b>38</b> tables	<b>388</b> slots



(18) CYPRUS GFA ONLY INCLUDES FLOOR SPACE OF THE TEMPORARY CASINO

# PROGRESS ON KEY SUSTAINABILITY INDICATORS

## Economic & Social Impact

Success in economic and social impact is measured by the financial value we generate and the contributions we make in terms of our overall community investment. For a strategic review of our economic and social progress, refer to Our Annual Report and the Society & Community section, respectively.

## ECONOMIC VALUE GENERATED & DISTRIBUTED (IN US\$)

	2017*	2018*	2019
Total revenue ( in thousands of US\$ )	\$5,284,823	\$5,188,942	\$5,736,801
Total operating costs & expenses ( in thousands of US\$ )	\$4,680,283	\$4,575,495	\$4,989,123
Operating income ( in thousands of US\$ )	\$604,540	\$613,447	\$747,678
Cash and cash equivalents ( in thousands of US\$ )	\$1,436,940	\$1,472,423	\$1,394,982
Dividends declared per share	\$0.5604	\$0.1867	\$0.2135
Total employees	19,609	21,413	23,078
Community investment (charitable giving)	-	\$10,728,954	\$17,092,288

\*"FOLLOWING MELCO'S ACQUISITION OF 75% OF THE CYPRUS DEVELOPMENT AND EXISTING OPERATIONS FROM ITS SINGLE LARGEST SHAREHOLDER (MELCO INTERNATIONAL DEVELOPMENT LIMITED) ON JULY 31, 2019, THE COMPARATIVE INFORMATION FOR 2017 AND 2018 HAS BEEN ADJUSTED TO INCLUDE THE ASSETS, LIABILITIES AND FINANCIAL RESULTS OF THE CYPRUS GROUP OF ENTITIES FROM ITS ACQUISITION BY MELCO INTERNATIONAL DEVELOPMENT LIMITED IN SEPTEMBER 2017 IN ACCORDANCE WITH THE RELEVANT ACCOUNTING STANDARDS."

**Environment**

Our environmental impact and performance is managed and reported against a number of indicators. These include our GHG emissions, energy consumption, waste management, including recycling and compositing, and water consumption and reuse. All data covers Melco’s sustainability performance for the calendar year ending December 31st, 2019, unless otherwise stated, with historical data provided for comparison purposes. For a strategic review of our environmental progress, as well as detail regarding the scope of data and any restatements, review our [Environment](#) section.

**TOTAL GHG EMISSIONS BY SCOPE AND INTENSITY 2016-2019\***

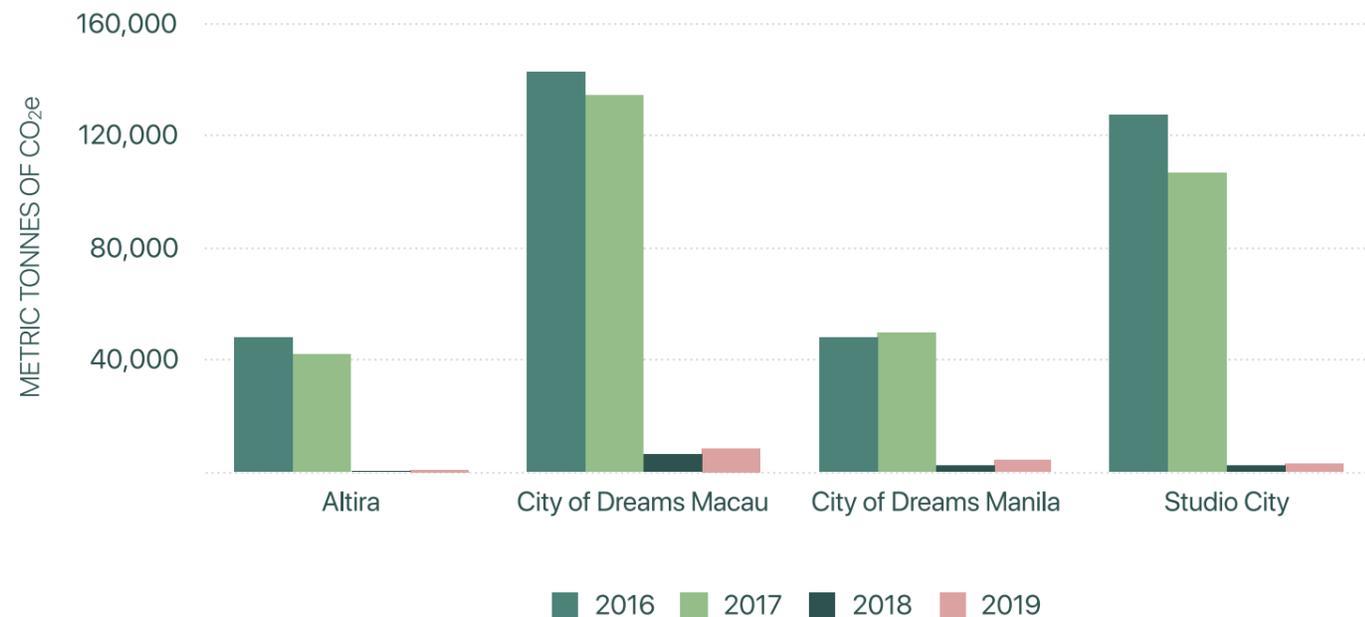
GHG emissions (in metric tonnes of CO <sub>2</sub> e)	2016	2017	2018	2019
Scope 1 emissions	13,551	15,105	19,768	29,192
Emissions from stationary fuel combustion	6,274	6,171	6,806	7,587
Emissions from mobile fuel combustion	5,372	5,622	8,964	12,880
Fugitive emissions from refrigerants	1,905	3,312	3,998	8,725
Biogenic emissions	313	352	163	331
Scope 2 emissions (location-based)	267,998	259,527	266,478	263,055
Scope 2 emissions (market-based)	366,909	331,834	-	-
Total Scope 1 and 2 emissions (market based)	380,461	346,940	19,768	29,192
Total Scope 1 and 2 emissions (market based) intensity by floor area (in metric tonnes of CO <sub>2</sub> e / m <sup>2</sup> )	0.28	0.26	0.01	0.02

**GHG Emissions**

**TOTAL MARKET-BASED GHG EMISSIONS 2016-2019\***



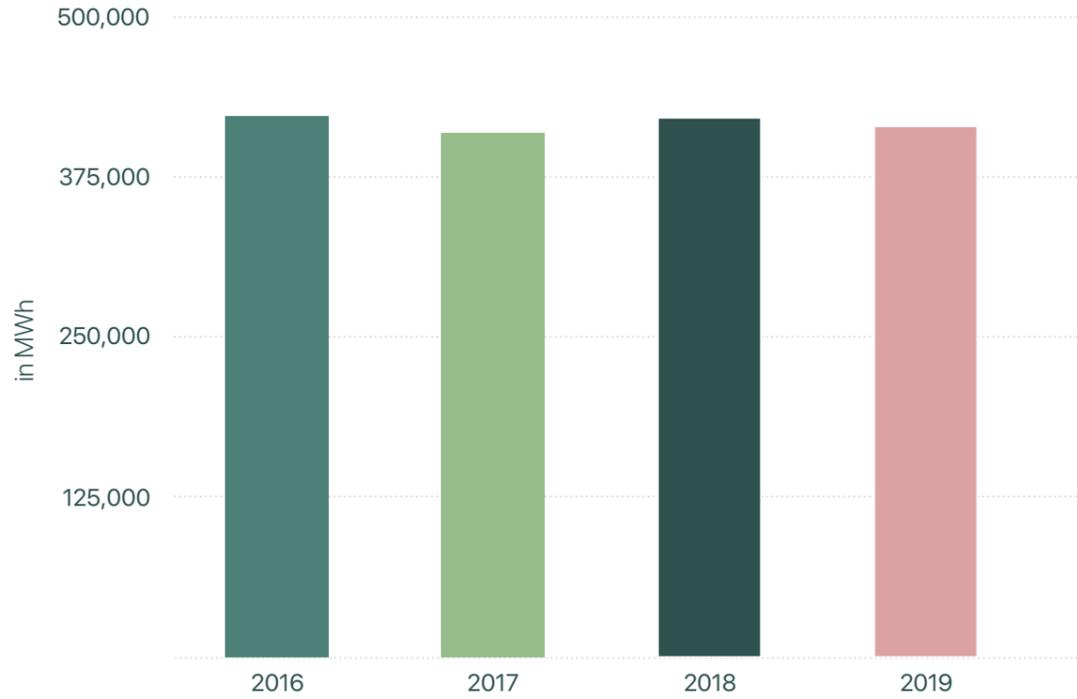
**TOTAL MARKET-BASED GHG EMISSIONS BY RESORT 2016-2019\***



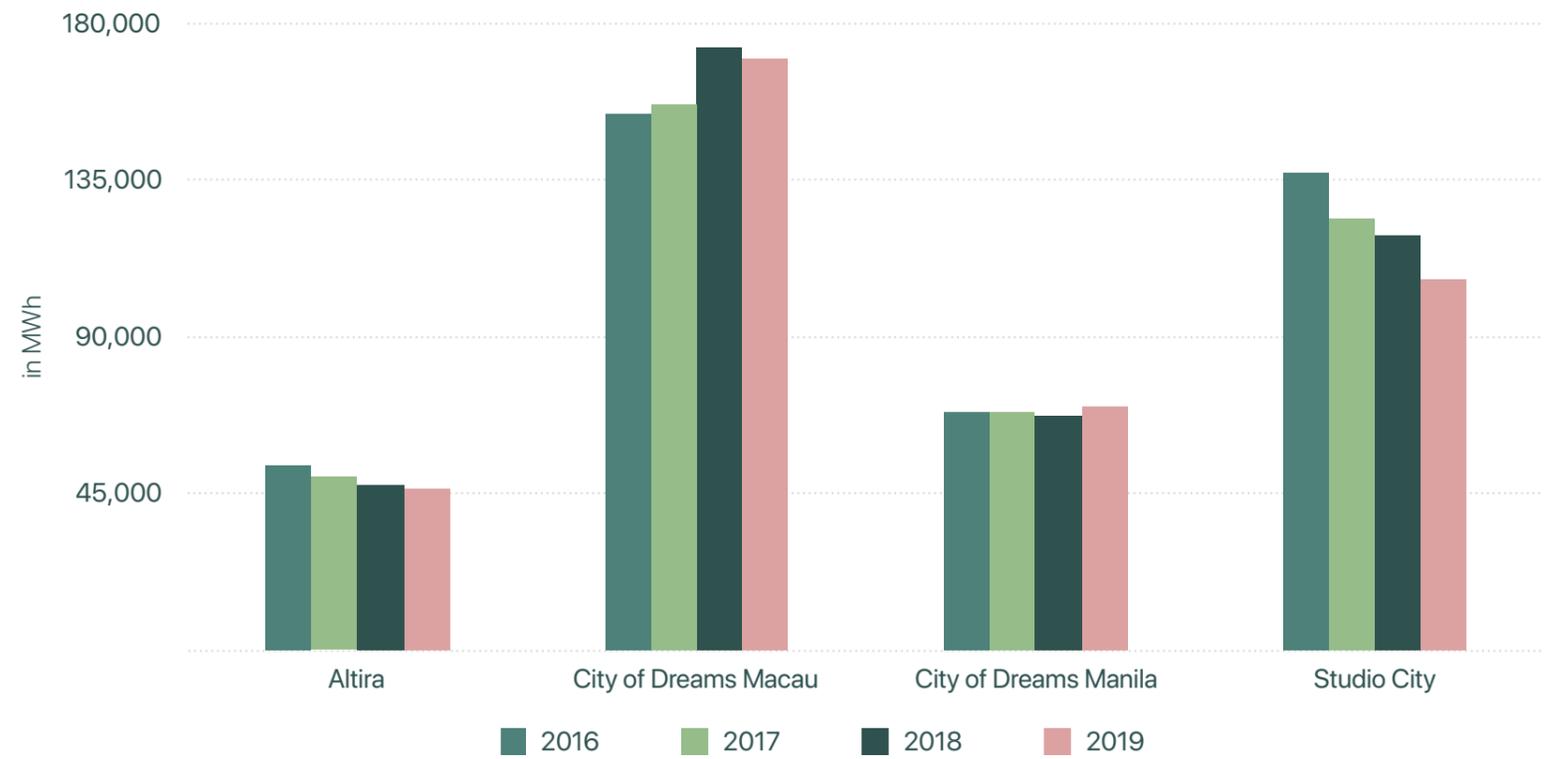
\*EXPLANATIONS FOR RESTATEMENTS OF DATA ARE PROVIDED IN THE GRI CONTENT INDEX

## Energy Consumption

### TOTAL ELECTRICITY CONSUMPTION 2016-2019\*



### TOTAL PURCHASED ELECTRICITY CONSUMPTION BY RESORT\*



### TOTAL ENERGY CONSUMPTION & INTENSITY 2016-2019\*

	2016	2017	2018	2019
Total energy consumption (in MWh)				
Fuel consumption from non-renewable sources	55,170	55,765	74,917	97,387
Fuel consumption from renewable sources	-	-	-	-
Electricity consumption from non-renewable sources	423,012	409,495	420,682	414,314
Electricity consumption from renewable sources <sup>19</sup>	-	-	-	- <sup>20</sup>
<b>Total energy consumption</b>	<b>478,183</b>	<b>465,260</b>	<b>495,600</b>	<b>511,701</b>
<b>Energy intensity (in MWh/m<sup>2</sup>)</b>	<b>0.35</b>	<b>0.35</b>	<b>0.33</b>	<b>0.33</b>

(19) PREVIOUSLY ATTRIBUTED ELECTRICITY CONSUMPTION FROM RENEWABLE ENERGY SOURCES IS NOW REPORTED AS ELECTRICITY PURCHASED FROM RENEWABLE ENERGY SOURCES THAT IS EQUIVALENT TO THE CONSUMPTION OF ELECTRICITY BY MELCO IN LOCAL MARKETS. REFER TO PAGE 65 FOR DETAILS.

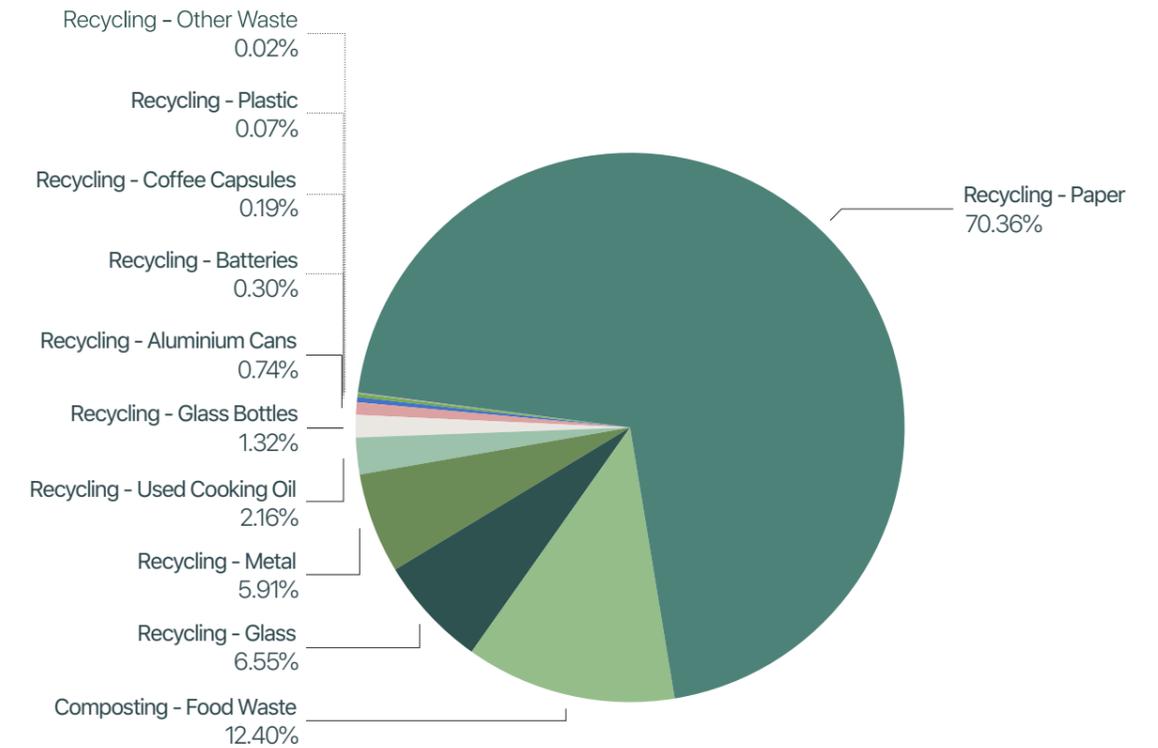
(20) SOLAR PV SYSTEMS WERE INSTALLED ACROSS MACAU AND MANILA RESORTS IN 2019. WE ARE WAITING TO OBTAIN A FULL YEAR'S WORTH OF ONSITE RENEWABLE ELECTRICITY GENERATION AND CONSUMPTION DATA BEFORE REPORTING ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES.

**Waste Generation**

**TOTAL WASTE GENERATION BY DISPOSAL METHOD 2016-2019\***

Waste generation by disposal method (in metric tonnes)	2016	2017	2018	2019
Composting	29	32	71	88
Incineration	13,316	12,999	12,862	15,415
Landfill	2,556	2,540	1,890	2,232
Recycling	627	555	576	624
<b>Total waste generated</b>	<b>16,528</b>	<b>16,125</b>	<b>15,399</b>	<b>18,360</b>
Waste generation intensity (in metric tonnes/m <sup>2</sup> )	0.01	0.01	0.01	0.01

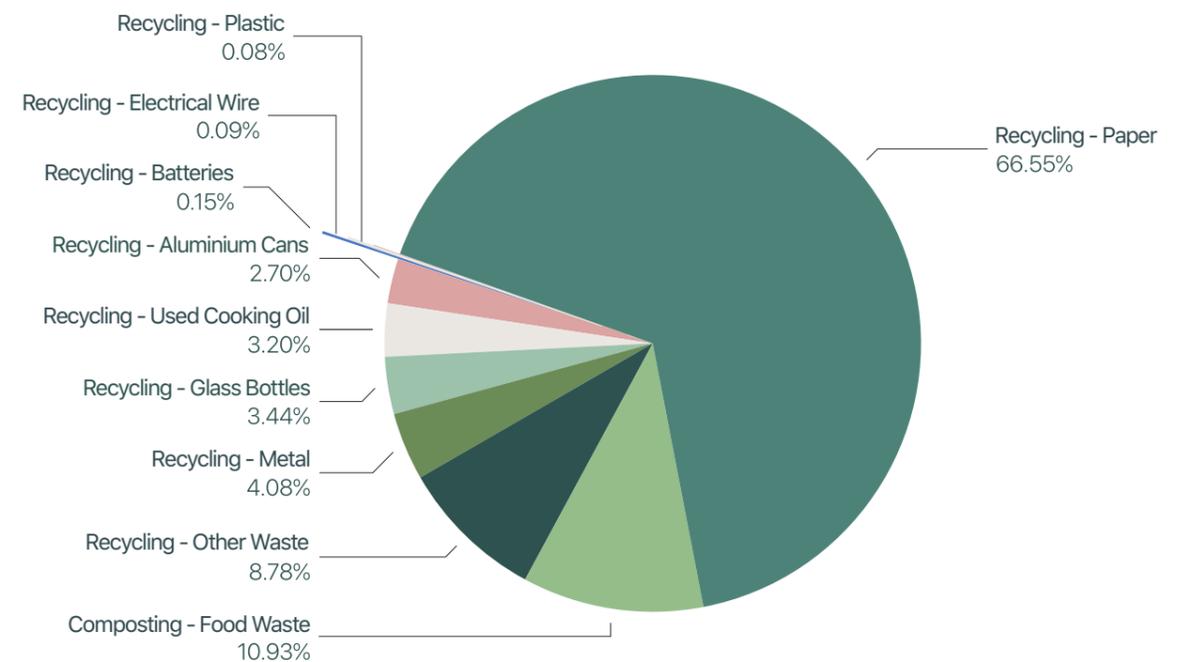
**TOTAL WASTE DIVERSION BY WASTE TYPE 2019\***



**TOTAL WASTE DIVERSION 2016-2019\***

Year	Diverted waste (in metric tonnes)
2016	656
2017	587
2018	647
<b>2019</b>	<b>712</b>
% change, 2018 to 2019	+10%

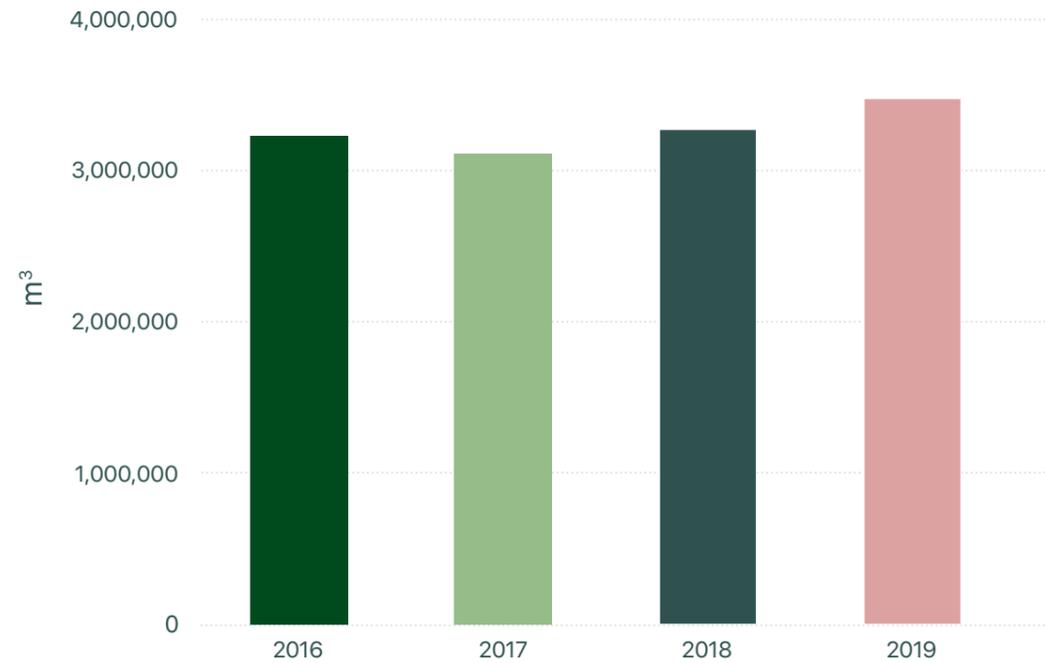
**TOTAL WASTE DIVERSION BY WASTE TYPE 2018\***



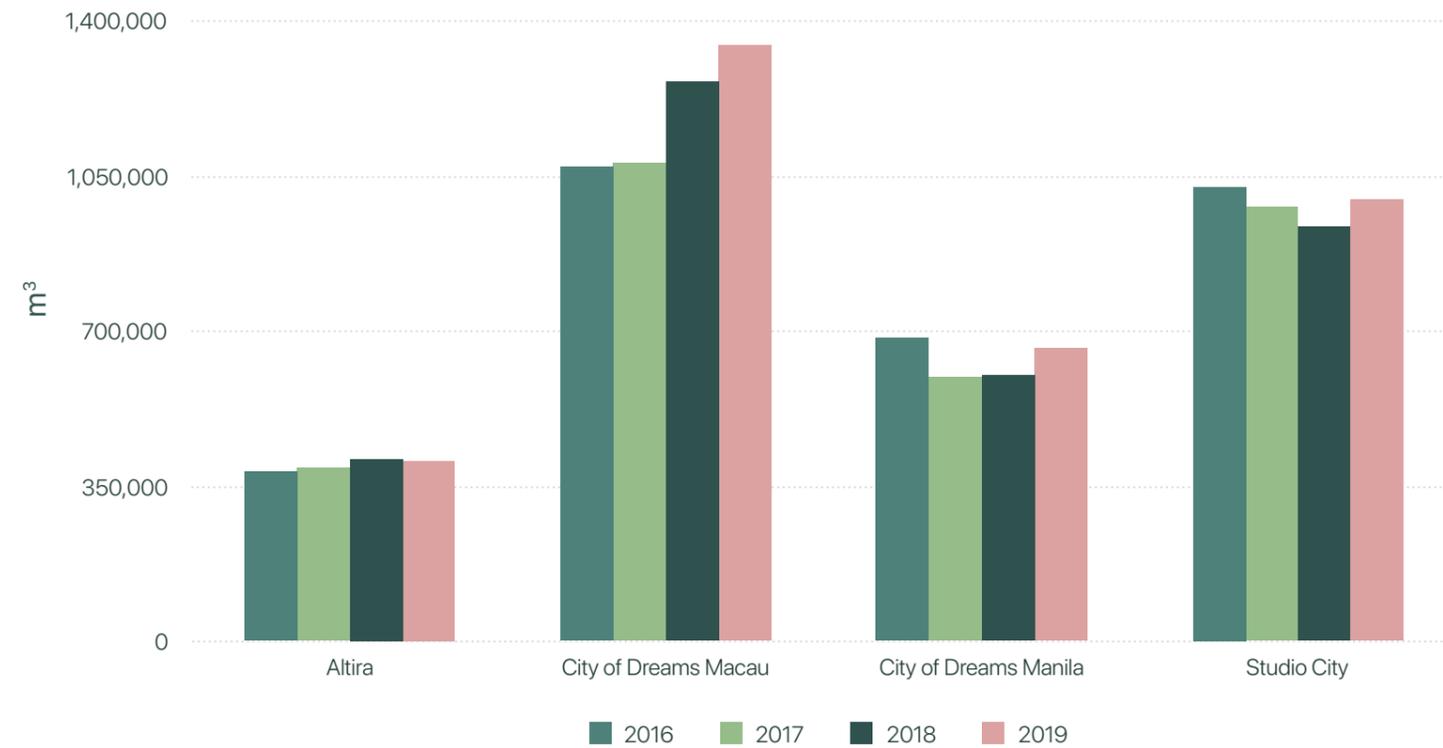
\*EXPLANATIONS FOR RESTATEMENTS OF DATA ARE PROVIDED IN THE GRI CONTENT INDEX

## Water Consumption

TOTAL WATER CONSUMPTION 2016-2019\*



TOTAL WATER CONSUMPTION BY RESORT 2016-2019\*



TOTAL WATER CONSUMPTION BY SOURCE & INTENSITY 2016-2019\*

Water consumption by water source (in cubic meters)	2016	2017	2018	2019
Municipal water (in m³)	3,181,198	3,065,854	3,218,930	3,423,319
Recycled water (in m³)	50,718	50,718	50,718	50,718
Total water consumption (in m³)	3,231,916	3,116,572	3,269,648	3,474,037
Water intensity by floor area (in cubic meters/m²)	2.40	2.31	2.15	2.23

## People

The progress of our People strategy is revealed through several indicators. These encompass: inclusion and diversity, including closing the gender gap and empowering local community colleagues; attraction and retention rates; building capacity through training; and, safety & health performance. All these areas work towards our goals, of which a strategic update can be reviewed in our People section.

## Our Workforce

### ALL EMPLOYEES <sup>21</sup>

2019	23,078
2018	21,413
2017	19,609

2019	FEMALE	MALE
MANAGEMENT	40%	60%
NON MANAGEMENT	49%	51%

2019	<30 YRS OLD	30-50 YRS OLD	>50 YRS OLD
MANAGEMENT	2%	81%	17%
NON MANAGEMENT	29%	57%	14%

(21) GLOBALLY WE HAVE AROUND 5,300 NON-EMPLOYEE WORKERS TO AUGMENT FUNCTIONS INCLUDING CONSTRUCTION, HOTEL, F&B, IT, SECURITY AND ADMINISTRATIVE FUNCTIONS.

**Our Workforce by Gender and Geographic Location** <sup>22,23</sup>

2019 <sup>24</sup>							
CORPORATE AND CENTRALIZED SERVICES (INCLUDING HK, MACAU & JAPAN)		MACAU PROPERTIES (INCLUDING COD, SC, ALTIRA & MOCHA)		MANILA PROPERTY		CYPRUS PROPERTY	
675		15,570		5,868		965	
3%		67%		25%		4%	
FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
299	376	7,684	7,886	2,706	3,162	393	572
44%	56%	49%	51%	46%	54%	41%	59%

2018					
CORPORATE AND CENTRALIZED SERVICES (INCLUDING HK, MACAU & JAPAN)		MACAU PROPERTIES (INCLUDING COD, SC, ALTIRA & MOCHA)		MANILA PROPERTY	
676		15,099		5,638	
3%		71%		26%	
FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
294	382	7,352	7,747	2,552	3,086
43%	57%	49%	51%	45%	55%

2017					
CORPORATE AND CENTRALIZED SERVICES (INCLUDING HK, MACAU & JAPAN)		MACAU PROPERTIES (INCLUDING COD, SC, ALTIRA & MOCHA)		MANILA PROPERTY	
636		14,079		4,894	
3%		72%		25%	
FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
285	351	6,873	7,206	2,332	2,562
45%	55%	49%	51%	48%	52%

(22) FIGURES REFLECT PERMANENT EMPLOYEES. WE DO NOT HAVE TEMPORARY EMPLOYEES.

(23) PART-TIME EMPLOYEES REPRESENT LESS THAN 1% OF THE TOTAL WORKFORCE.

(24) GLOBALLY, WE HAVE AROUND 5,300 NON-EMPLOYEE WORKERS TO AUGMENT EXISTING FUNCTIONS, INCLUDING CONSTRUCTION, HOTEL, F&amp;B, IT, SECURITY AND ADMINISTRATIVE FUNCTIONS.

**Senior Management Representation from Local Communities** <sup>25,26,27</sup>

## PERCENTAGES

		2019	2018	2017
LOCAL	HK/MACAU	69%	64%	69%
	MANILA	44%	50%	50%
	CYPRUS	40%	40%	33%
	<b>SUBTOTAL</b>	<b>65%</b>	<b>62%</b>	<b>66%</b>
NON-LOCAL	HK/MACAU	31%	36%	31%
	MANILA	56%	50%	50%
	CYPRUS	60%	60%	67%
	<b>SUBTOTAL</b>	<b>35%</b>	<b>38%</b>	<b>34%</b>

**New Employee Hires and Turnover**

## NEW HIRES IN 2019

BY GENDER	FEMALE	1,889	17.2%
	MALE	1,830	15.4%
BY AGE	UNDER 30 YEARS OF AGE	1,996	31.5%
	BETWEEN THE AGES OF 30 AND 50	1,576	11.8%
	OVER 50 YEARS OF AGE	147	4.6%
BY LOCATION	HONG KONG	94	38.1%
	MACAU	2,425	15.2%
	MANILA	963	16.4%
	OTHER LOCATIONS	237	29.9%

## EMPLOYEE TURNOVER IN 2019

BY GENDER	FEMALE	1,357	12.3%
	MALE	1,550	13.0%
BY AGE	UNDER 30 YEARS OF AGE	1,261	19.9%
	BETWEEN THE AGES OF 30 AND 50	1,423	10.6%
	OVER 50 YEARS OF AGE	223	7.0%
BY LOCATION	HONG KONG	87	35.2%
	MACAU	1,951	12.2%
	MANILA	725	12.4%
	OTHER LOCATIONS	144	18.2%

(25) SENIOR MANAGEMENT DEFINED AS VICE PRESIDENTS AND ABOVE.

(26) OUR USAGE OF "LOCAL" IS IN ACCORDANCE WITH LOCAL GOVERNMENT DEFINITIONS.

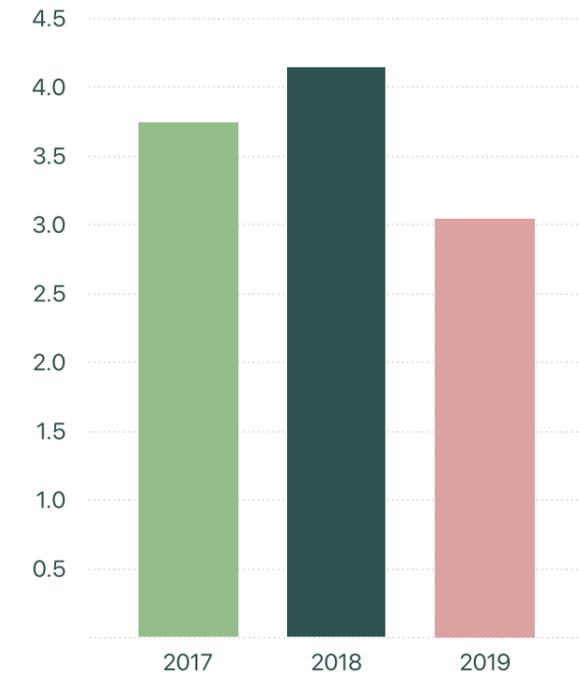
(27) SIGNIFICANT LOCATIONS REPRESENT WHERE WE HAVE INTEGRATED RESORT OPERATIONS AND LOCAL, CORPORATE HEADQUARTERS.

## Occupational Health & Safety Statistics 2017-2019

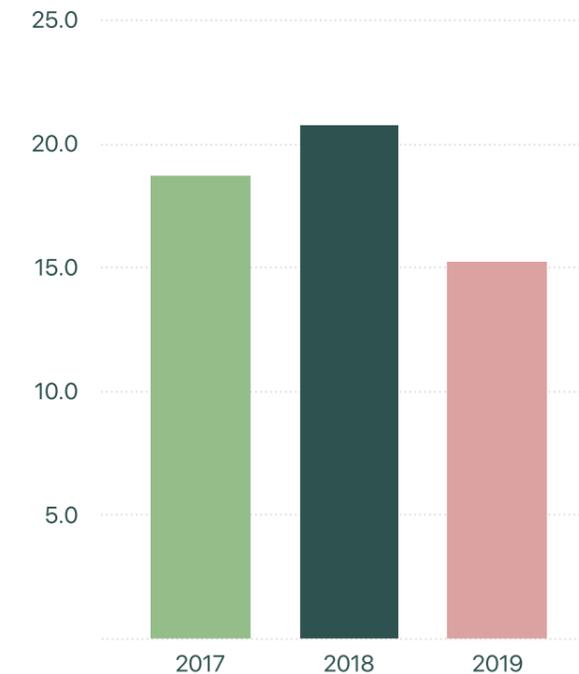
### TOTAL GROUP-WIDE RECORDABLE INJURY AND LOST-TIME INJURY FREQUENCY RATES 2017-2019

		2017	2018 <sup>28</sup>	CHANGE 2018/2017		2019	CHANGE 2019/2018	
TOTAL RECORDABLE INJURY RATE	40-HOUR WORK WEEK/TOTAL CASES <sup>29</sup>	4.09	4.52	0.43	10.49%	3.32	-1.19	-26.42%
	48-HOUR WORK WEEK/TOTAL CASES <sup>30</sup>	3.41	3.77	0.36	10.5%	2.77	-1	-26.43%
	AVERAGE	3.75	4.14	0.39	10.5%	3.05	-1.09	-26.42%
LOST-TIME INJURY FREQUENCY RATE	40-HOUR WORK WEEK/TOTAL CASES <sup>31</sup>	20.45	22.59	2.15	10.49%	16.62	-5.97	-26.42%
	48-HOUR WORK WEEK/TOTAL CASES <sup>32</sup>	17.04	18.83	1.79	10.49%	13.85	-4.98	-26.42%
	AVERAGE	18.74	20.71	1.97	10.49%	15.24	-5.47	-26.42%

### MELCO TOTAL RECORDABLE INJURY FREQUENCY RATE - GROUP AVERAGE



### MELCO TOTAL LOST-TIME INCIDENT FREQUENCY RATE - GROUP AVERAGE



(28) DATA FOR 2018 HAS BEEN RESTATED TO CORRECT PREVIOUS CALCULATIONS.  
 (29) TOTAL CASES X 200,000 / 40 HOURS  
 (30) TOTAL CASES X 200,000 / 48 HOURS  
 (31) TOTAL CASES X 1,000,000 / 40HOURS  
 (32) TOTAL CASES X 1,000,000 / 48HOURS

**Average Training Hours Per Employee by Category and Gender**

2019	FEMALE	MALE
MANAGEMENT	24.74	25.03
NON MANAGEMENT	27.42	24.28

**Diversity of Governance Bodies and Employees**

Melco reports on the percentage of individuals within the organization’s governance bodies and across its global workforce by gender.

**GOVERNANCE BODIES - MELCO BOARDS**

<30 YRS OLD	0%
30-50 YRS OLD	39%
>50 YRS OLD	61%
FEMALE	27%
MALE	73%

**CORPORATE EXECUTIVE COMMITTEE**

<30 YRS OLD	0%
30-50 YRS OLD	44%
>50 YRS OLD	56%
FEMALE	31%
MALE	69%

**EMPLOYEES**

FEMALE	11,082	48%
MALE	11,996	52%

# KEY AWARDS & RECOGNITION – SUSTAINABILITY



## Governance

- ↳ 2019 Ethical Corporation's Responsible Business Awards: Business Leader of the Year Shortlist

## Youth

- ↳ 2015 Caridade Social Macau -Dare to Dream
- ↳ 3rd Place Most Improved Facility in Paranaque, Philippines Schools

## Environment

- ↳ 2019 Business Awards of Macau - Gold: Environmental Performance
- ↳ 2019 Carbon Disclosure Project (CDP) "CDP Best First Time Performer" Award and rating of "A-" for Climate Change Response to investors
- ↳ 2019 Asian Excellence Award — Best Environmental Responsibility
- ↳ 2019 CEM Macau Energy Saving Activity — five Macau Energy Saving Awards
- ↳ 2019 Sustainable Business Awards Philippines — Recognition for energy management
- ↳ 2019 Green Key Award — awarded to all Macau resorts
- ↳ 2018 Green Key Sustainability Award — Philippines Dept. of Environment Natural Resources Recognition
- ↳ 2019 Green Booth Award — Macao International Environmental Co-operation Forum & Exhibition (MIECF)
- ↳ 2009-2019 "Wastewi\$e" Excellence ranking: Melco Hong Kong offices

## Overall Corporate Social Responsibility

- ↳ 2019 Best Corporate Social Responsibility Contribution Award – G2E Asia Awards
- ↳ 2018 Outstanding CSR -Mirror Post Hong Kong
- ↳ 2013-2017 Corporate Governance Asia — Best CSR
- ↳ 2013 Macau Business Awards — CSR Gold

## Volunteerism

- ↳ 2018 Philippine Red Cross Donation Drive — Platinum
- ↳ 2018 CaridadeSocial Macau — Typhoon Hato
- ↳ 2016 CaridadeSocial Macau — CNY Rice Donation

## Responsible Gaming

- ↳ 2019 International Gaming Awards — Socially Responsible Operator of the Year
- ↳ 2017 Macau Business Awards — CSR Gold for Responsible Gaming: Top Gold award
- ↳ 2014 & 2016 Champions — Macau Government-led RG Knowledge Competition
- ↳ 2017 & 2018 — RG Train-the-Trainer Excellence Award

## Education

- ↳ 2014 CaridadeSocial Macau — Back to School

## Women

- ↳ Macau Government Recognition of Lactation Room Facilities

# GRI CONTENT INDEX

ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
1	ORGANISATIONAL PROFILE			
102-1	Name of the organization	Full	Melco Resorts & Entertainment Limited	<a href="#">About this Report</a> <a href="#">About Melco</a>
102-2	Activities, brands, products, and services	Full		<a href="#">About Melco</a>
102-3	Location of headquarters	Full		<a href="#">About Melco</a>
102-4	Location of operations	Full		<a href="#">About this Report</a> <a href="#">About Melco</a>
102-5	Ownership and legal form	Full		<a href="#">About Melco</a>
102-6	Markets served	Full	ii. MRE is a global, premium-focused integrated resort operator primarily targeting the Asian premium mass as well as the mass gaming segments, by leveraging its differentiated, award-winning non-gaming entertainment attractions.	<a href="#">About Melco</a>
102-7	Scale of the organization	Full		<a href="#">About Melco</a> <a href="#">Social &amp; Economic Impact</a> <a href="#">MRE Annual Report 2019</a> – <a href="#">Form 20-F</a> – p. 11-15
102-8	Information on employees and other workers	Full		<a href="#">People</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
102-9	Supply chain	Full	<p>Operating within global gaming and hospitality industries, Melco's supply chain is unsurprisingly vast; embracing over 2,400 of vendors who support the delivery of services and products necessary to deliver a premium guest experience within our resorts. Our goods and services are too numerous to list but include fresh food and beverages, furniture and in-room technology systems, responsible gaming and security systems, furniture, fixtures and equipment, communications, gaming, sport and spa equipment, as well as operational, logistics and professional services, to name but a few. We continuously endeavor to engage and support our local supply base; collaborating to find new ways to differentiate our guest experience and in turn create inclusive business opportunities.</p> <p>Melco procures goods and services from suppliers in the Philippines (39%), Macau 23%, Melco procures (10%), Hong Kong (12%), Japan (6%), Singapore (2%), the United States (1%), Australia (1%), the United Kingdom (1%) and other locations (6%).</p>	
102-10	Significant changes to the organization and its supply chain	Full		<a href="#">About this Report</a>
102-11	Precautionary Principle or approach	Full	The precautionary principle informs Melco's risk assessment, property design, construction and operations and planning processes.	<a href="#">Risks &amp; Opportunities/Sustainability Issues, Value Chain Impacts and Risks &amp; Opportunities Environment</a>
102-12	External initiatives	Full		<a href="#">Sustainability Leadership 1.3.7, 1.4.7, 1.5.10, 1.6.8 Key Partners &amp; Collaborators</a>
102-13	Membership of associations	Full		<a href="#">Sustainability Leadership 1.3.7, 1.4.7, 1.5.10, 1.6.8 Key Partners &amp; Collaborators</a>
2	STRATEGY			
102-14	Statement from senior decision-maker of the organization	Full		<a href="#">Message from our Chairman and CEO</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
102-15	Key impacts, risks, and opportunities	Full		<a href="#">Melco's Above &amp; Beyond Strategic Sustainability Framework Risks &amp; Opportunities/Sustainability Issues, Value Chain Impacts and Risks &amp; Opportunities</a>
<b>3</b>	<b>ETHICS &amp; INTEGRITY</b>			
102-16	Values, principles, standards, and norms of behavior	Full		<a href="#">Sustainability Governance</a>
102-17	Mechanisms for advice and concerns about ethics	Full		<a href="#">Ethics</a>
<b>4</b>	<b>GOVERNANCE</b>			
102-18	Governance structure	Full		<a href="#">Sustainability Governance/Corporate Governance Structure</a> MRE Annual Report 2019 – Form 20-F – P. 144-149
102-19	Delegating authority	Full		<a href="#">Sustainability Governance/Sustainability Governance Structure</a> MRE Annual Report 2019 – Form 20-F – P. 144-149
102-20	Executive-level responsibility for economic, environmental, and social topics	Full		<a href="#">Sustainability Governance/Sustainability Governance Structure</a> MRE Annual Report 2019 – Form 20-F – P. 144-149
102-21	Consulting stakeholders on economic, environmental, and social topics	Full		<a href="#">Stakeholder Engagement</a> MRE Annual Report 2019 – Form 20-F – P. 144-149

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
102-22	Composition of the highest governance body and its committees	Partial		<a href="#">Sustainability Governance/ Sustainability Governance Structure MRE Annual Report 2019</a> – <a href="#">Form 20-F</a> – P. 139-144, 144-149
102-23	Chair of the highest governance body	Full	In view of the current composition of the Board, the in-depth knowledge of Mr. Ho, Lawrence Yau Lung of the operations of the Group and of the gaming and entertainment sector, his extensive business network and connections in that sector, and the scope of operations of the Group, the Company believes it is in its best interests for Mr. Ho, Lawrence Yau Lung to assume the roles of Chairman and Chief Executive Officer until such time as the Company considers that such roles should be assumed by different persons.	<a href="#">MRE Annual Report 2019</a> – <a href="#">Form 20-F</a> – P. 139
102-24	Nominating and selecting the highest governance body	Partial		<a href="#">MRE Annual Report 2019</a> – <a href="#">Form 20-F</a> – P. 148-149
102-25	Conflicts of interest	Full		<a href="#">MRE Annual Report 2019</a> – <a href="#">Form 20-F</a> – P. 165-166
102-26	Role of highest governance body in setting purpose, values, strategy and goals in relation to EES topics	Full		<a href="#">Sustainability Governance/ Sustainability Governance Structure</a>
102-27	Collective knowledge of highest governance body	Full		<a href="#">MRE Annual Report 2019</a> – <a href="#">Form 20-F</a> – P. 139-144
102-28	Evaluating the highest governance body's performance	Full		<a href="#">MRE Annual Report 2019</a> – <a href="#">Form 20-F</a> – P. 144-149

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
102-29	Identifying and managing economic, environmental, and social impacts	Full		<a href="#">Sustainability Governance/ Sustainability Governance Structure/ Risk Management</a> MRE Annual Report 2019 – Form 20-F – P. 144-149
102-30	Effectiveness of risk management processes	Full		<a href="#">Sustainability Governance/ Sustainability Governance Structure/ Risk Management</a> MRE Annual Report 2019 – Form 20-F – P. 144-149
102-31	Review of economic, environmental, and social topics	Full		<a href="#">Sustainability Governance/ Sustainability Governance Structure</a>
102-32	Highest governance body's role in sustainability reporting	Full	The Nominations & Corporate Governance Committee of the Board approved MRE's Sustainability Report on 6 May, 2020.	<a href="#">Sustainability Governance/ Sustainability Governance Structure</a>
102-33	Communicating critical concerns	Full		<a href="#">Ethics/Ethical Liaison Officers and Raising Concerns</a> MRE Annual Report 2019 – Form 20-F – P. 144-149
102-34	Nature and total number of critical concerns	Full	Melco did not have any critical concerns raised in 2019.	
102-35	Remuneration policies	Full		<a href="#">MRE Annual Report 2019</a> – Form 20-F – P. 144
102-36	Process for determining remuneration	Full		<a href="#">MRE Annual Report 2019</a> – Form 20-F – P. 144

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
5	STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Full	As part of identifying its stakeholders, Melco applied the GRI Reporting Principle of stakeholder inclusiveness.	<a href="#">Stakeholder Engagement</a>
102-41	Collective bargaining agreements	Full	Other than the rank-and-file employees of the table games division of City of Dreams Manila, representing almost 10% of the Group's workforce, none of our employees are members of any labor union and we are not party to any collective bargaining or similar agreement with our employees.	
102-42	Identifying and selecting stakeholders	Full		<a href="#">Stakeholder Engagement</a>
102-43	Approach to stakeholder engagement	Full		<a href="#">Stakeholder Engagement</a>
102-44	Key topics and concerns raised	Full	In the stakeholder engagement process for preparing the 2019 Sustainability Report, the following stakeholder groups identified the issues below as the most important sustainability issues requiring active management or engagement by Melco: <b>Board members</b> – ethics and integrity, responsible gaming, sustainable economic growth <b>Customers/guests</b> – ethics and integrity, health and safety, sustainable economic growth <b>Employees</b> – ethics and integrity, health and safety, sustainable economic growth <b>Government representatives</b> – ethics and integrity, health and safety, responsible gaming <b>Investors</b> – ethics and integrity, responsible gaming, sustainable economic growth <b>NGOs</b> – ethics and integrity, sustainable economic growth, health and safety <b>Suppliers</b> – ethics and integrity, sustainable economic growth, responsible gaming	<a href="#">Stakeholder Engagement</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
6	REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	Full	In 2019, data attributable to Melco's integrated resort, hotel and club operations in Macau, include City of Dreams, Studio City, Altira Macau and the Mocha Clubs, and data attributable to Melco's Manila operations include the integrated resort of City of Dreams Manila and the Hyatt Regency Hotel, over which Melco gained operational control in 2019. As Melco acquired the Okushiga Kogen Resort Hotel in late November 2019, annual environmental data could not be obtained before the release of this report and is not included in our reporting scope.	<a href="#">About this Report</a> <a href="#">Our Operations</a> <a href="#">MRE Annual Report 2019</a> – <a href="#">Form 20-F</a> – P.105-107
102-46	Defining report content and topic Boundaries	Full	As part of defining its report content, Melco applied the GRI Reporting Principles of stakeholder inclusiveness, sustainability context and materiality, and completeness, accuracy, balance, clarity, comparability, reliability and timelines to enhance report quality.	<a href="#">About this Report</a> <a href="#">Our Strategy &amp; Impact</a>
102-47	List of material topics	Full		<a href="#">Stakeholder Engagement</a> <a href="#">Responding to What Matters Most</a> — <a href="#">Our Material Topics</a>
102-48	Restatements of information	Full		<a href="#">About this Report</a> <a href="#">Melco's Above &amp; Beyond Strategic Sustainability Framework</a> <a href="#">Stakeholder Engagement</a> <a href="#">Responding to What Matters Most</a> — <a href="#">Our Material Topics</a> <a href="#">A Sustainable Future:</a> <a href="#">The Only Future</a> <a href="#">Carbon Neutral Resorts</a> <a href="#">&amp; Climate Resilience</a> <a href="#">Zero Waste Resorts &amp; Circular Economy Leadership</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
102-49	Changes in reporting	Full	<p>For comparison purposes, data for our base year of 2018 were not re-calculated, despite the addition of the Hyatt Regency Hotel and two corporate offices in Hong Kong, two in Japan and one in Taiwan, as the contribution of these additional properties to the total environmental footprint is immaterial (&lt;5% of our 2018 baseline year's environmental footprint).</p> <p>The environmental performance of our tenants is outside of our operational control and related data is excluded from our group-level performance data.</p>	<a href="#">About this Report</a> <a href="#">A Sustainable Future:</a> <a href="#">The Only Future</a>
102-50	Reporting period	Full		<a href="#">About this Report</a>
102-51	Date of most recent report	Full		<a href="#">In Content Index</a>
102-52	Reporting cycle	Full		<a href="#">About this Report</a>
102-53	Contact point for questions regarding the report	Full		<a href="#">About this Report</a> <a href="#">Contact Details</a>
102-54	Claims of reporting in accordance with the GRI Standards	Full		<a href="#">About this Report</a>
102-55	GRI content index	Full		<a href="#">GRI Content Index</a>
102-56	External assurance	Full	<p>With Board endorsement, Melco engaged a third-party assurance provider to verify the Company's 2019 GHG emission inventory against the ISO 14064-1:2006 Greenhouse Gas Standard.</p>	<a href="#">ISO 14064-1:2006 GHG Verification Statement</a>

# GRI CONTENT INDEX

ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
GRI 200:	ECONOMIC			
GRI 103:	MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	Full	Melco's management approach is outlined in its 2019 Sustainability Report. The GRI disclosure items addressed for the following material topics are listed below. <b>Sustainable Economic Growth:</b> 201-1 and 201-2 from GRI 201: Economic Performance 2016 202-2 from GRI: Market Presence 2016 204-1 from GRI: Procurement Practices 2016 <b>Ethics &amp; Integrity:</b> 205-1, 205-2 and 205-3 from GRI: Anti Corruption 2016 206-1 from GRI: Anti-Competitive Behavior 2016	<a href="#">Melco's Above &amp; Beyond Strategic Sustainability Framework Stakeholder Engagement Responding to What Matters Most — Our Material Topics Risks &amp; Opportunities/ Sustainability Issues, Value Chain Impacts and Risks &amp; Opportunities</a> <a href="#">MRE Annual Report 2019 – Form 20-F – P. 144-149</a>
103-2	The management approach and its components	Full		<a href="#">Melco's Above &amp; Beyond Strategic Sustainability Framework Material Topics, Value Chain Impacts and Risks &amp; Opportunities Ethics/Raising Concerns</a> <a href="#">MRE Annual Report 2019 – Form 20-F – P. 144-149</a>
103-3	Evaluation of the management approach	Full		<a href="#">Sustainability Governance Structure</a> <a href="#">MRE Annual Report 2019 – Form 20-F – P. 144-149</a>
GRI 201:	ECONOMIC PERFORMANCE 2016			
201-1	Direct economic value generated and distributed (EVG&D)	Full		<a href="#">Economic &amp; Social Impact</a> <a href="#">MRE Annual Report 2019 – Form 20-F – P. 124, 157-158</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
201-2	Financial implications due to climate change	Partial		<a href="#">Responding to What Matters Most — Our Material Topics/</a> <a href="#">Melco's Key Stakeholders</a> <a href="#">Material Topics, Value Chain Impacts and Risks &amp; Opportunities</a> <a href="#">Carbon Neutral Resorts/</a> <a href="#">Climate Resilience</a> <a href="#">Sustainable Sourcing</a>
<b>GRI 202: MARKET PRESENCE 2016</b>				
202-2	Proportion of senior management hired from the local community	Full		<a href="#">Ethics</a> <a href="#">People</a>
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>				
204-1	Proportion of spending on local supplier	Partial		<a href="#">Sustainable Sourcing</a> <a href="#">Economic Prosperity for Local SMEs</a>
<b>GRI 205: ANTI CORRUPTION 2016</b>				
205-1	Operations assessed for risks related to corruption	Full	All of Melco's operations are regularly assessed for corruption risk.	<a href="#">Material Topics, Value Chain Impacts and Risks &amp; Opportunities</a> <a href="#">Ethics</a>
205-2	Communication and training about anti-corruption policies and procedures	Full	All members of Melco's governing bodies, including the Board, its committees and the Company's Executive Committee as well as property-level Boards and their committees and Executive Committees have received training on Melco's anti-corruption policies. All colleagues receive training on Melco's anti-corruption policies and procedures. Melco's requirements for suppliers and business partners are acknowledged through acceptable of Melco's Code of Conduct for Suppliers and related training is provided.	<a href="#">Ethics/Certification and Anti-Corruption Training</a> <a href="#">People</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
205-3	Confirmed incidents of corruption and actions taken	Full	No confirmed incidents of corruption in the reporting year.	<a href="#">Ethics/Certification and Anti-Corruption Training</a>
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Full	No legal actions for anti-competitive behavior, anti-trust or monopoly practices were identified in the reporting year.	
<b>RESPONSIBLE GAMING</b>				
<b>GRI 103: MANAGEMENT APPROACH 2016</b>				
103-1	Explanation of the material topic and its Boundary	Full	Melco's management approach for its material topic of Responsible Gaming is outlined in its 2019 Sustainability Report.	<a href="#">Melco's Above &amp; Beyond Strategic Sustainability Framework Stakeholder Engagement Responding to What Matters Most — Our Material Topics Material Topics, Value Chain Impacts and Risks &amp; Opportunities Responsible Gaming</a>
103-2	The management approach and its components	Full		<a href="#">Melco's Above &amp; Beyond Strategic Sustainability Framework Material Topics, Value Chain Impacts and Risks &amp; Opportunities Ethics/Raising Concerns Responsible Gaming</a>
103-3	Evaluation of the management approach	Full		<a href="#">Sustainability Governance Structure Responsible Gaming</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
GRI 300:	ENVIRONMENT			
GRI 103:	MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	Full	<p>Melco's management approach is outlined in its 2019 Sustainability Report. The GRI disclosure items addressed for the following material topics are listed below.</p> <p><b>Energy &amp; Climate Resilience:</b>            302-1, 302-3 and 302-4 from GRI 302: Energy 2016            304-1-4 from GRI 304: Biodiversity 2016            305-1, 2, 4 and 5 from GRI 305: Emissions 2016</p> <p><b>Material Use &amp; Waste:</b>            301-2 from GRI 301: Materials 2016</p> <p><b>Water &amp; Wastewater Management:</b>            303-1-5 from GRI 303: Water 2018            306-1 and 2 from 306: Effluents and Waste 2016            307-1 from GRI 307: Environmental Compliance 2016</p> <p><b>Ethical &amp; Sustainable Supply Chain:</b>            308-1 from Supplier Environmental Assessment: 2016</p>	<a href="#">About this Report</a> <a href="#">Our Strategy &amp; Impact</a> <a href="#">Environment</a>
103-2	The management approach and its components	Full	<p>Our corporate offices in the Centrium, Hong Kong and Flower City in Macau, and our Altira Macau, City of Dreams and Studio City hotel properties, are certified to ISO 14001. All our hotel properties in Macau, Altira Macau, Studio City as well as Morpheus, NÜWA and The Countdown in City of Dreams, and our Flower City office, are certified to ISO 41001. All of these Macau properties and our Mocha Clubs are certified to ISO 51001.</p>	<a href="#">Our Strategy &amp; Impact</a> <a href="#">Ethics/Raising Concerns</a> <a href="#">Environment</a>
103-3	Evaluation of the management approach	Full		<a href="#">Sustainability Governance</a> <a href="#">A Sustainable Future:</a> <a href="#">The Only Future</a> <a href="#">Our Approach:</a> <a href="#">Catalyzing on Progress</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
<b>GRI 301: MATERIALS 2016</b>				
301-2	Recycled input materials used	Partial		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Sustainable Buildings — City of Dreams Mediterranean Zero Waste Resorts &amp; Circular Economy Leadership in Asia Towards a Reduced Plastic Economy</a>
<b>GRI 302: ENERGY 2016</b>				
302-1	Energy consumption within the organization	Full		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Reducing our Greenhouse Gas (GHG) Emissions/Reducing Electricity Consumption Environment</a>
302-3	Energy intensity	Full		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience Carbon Neutral Resorts &amp; Climate Resilience/Reducing our Greenhouse Gas (GHG) Emissions/Reducing Electricity Consumption Environment</a>
302-4	Reduction of energy consumption	Full		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience</a>
<b>GRI 303: WATER 2018</b>				
303-1	Water withdrawal by source	Full	Water conservation, protection of scarce water resources and the minimization of impacts on watersheds is integrated into the design, construction and operation of all our resort properties and across our operations. We are in the process of setting goals and targets for water conservation and management.	<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Sustainable Buildings Zero Waste Resorts &amp; Circular Economy Leadership in Asia/ Water Use &amp; Reuse Environment</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
303-2	Management of water discharge-related impacts	Full	All wastewater discharges to municipal treatment systems are in compliance with applicable legal requirements.	<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Sustainable Buildings</a> <a href="#">Zero Waste Resorts &amp; Circular Economy Leadership in Asia/Water Use &amp; Reuse</a>
303-3	Water withdrawal	Full		<a href="#">Zero Waste Resorts &amp; Circular Economy Leadership in Asia/Water Use &amp; Reuse</a> <a href="#">Environment</a>
303-5	Water consumption	Full		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Water Use &amp; Reuse</a> <a href="#">Environment</a>
<b>GRI 304:</b>	<b>BIODIVERSITY 2016</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Partial		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Sustainable Buildings</a>
304-2	Significant impacts of activities, products, and services on biodiversity	Partial		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Sustainable Buildings</a>
304-3	Habitats protected or restored	Partial		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Sustainable Buildings</a>
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Partial		<a href="#">Sustainable Sourcing</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
<b>GRI 305: EMISSIONS 2016</b>				
305-1	Direct (Scope 1) GHG emissions	Full	<p>Scope 1 emissions arise from stationary fuel combustion (LPG, natural gas, diesel, fuel gel, kerosene and cassette gas as well as biogenic sources from wood and charcoal), mobile fuel combustion (from diesel, petrol and other fuels consumed for light and heavy vehicles, buses and other forms of transport) and refrigerants (R134a, R404a, R410a, R22, R123, R23, R141b, R417a and R1234ZE).</p> <p>Melco's GHG inventory is calculated using an operational control approach. The inventory aligns with the Greenhouse Gas Protocol Corporate Accounting Standard ("GHG Protocol") published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), and refers to the Global Warming Potentials (GWP<sub>100</sub>) of the Fifth Assessment Report (5AR) of the Intergovernmental Panel On Climate Change (IPCC).</p>	<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Reducing our GHG Emissions Environment</a>
305-2	Energy indirect (Scope 2) GHG emissions	Full	<p>Scope 2 emissions arise indirectly from purchased electricity consumption. Scope 2 emissions are reported with both the location-based and market-based methods, in alignment with reporting requirements from the GRI Standards and the GHG Protocol. Our Scope 2 market-based emissions are neutral since 2018 from the purchase of Energy Attributes Certificates for 100% of our global electricity consumption.</p> <p>Melco's GHG inventory is calculated using an operational control approach. The inventory aligns with the Greenhouse Gas Protocol Corporate Accounting Standard ("GHG Protocol") published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), and refers to the Global Warming Potentials (GWP<sub>100</sub>) of the Fifth Assessment Report (5AR) of the Intergovernmental Panel On Climate Change (IPCC).</p>	<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Reducing our GHG Emissions Environment</a>
305-4	GHG emissions intensity	Full		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Reducing our GHG Emissions Environment</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
305-5	Reduction of GHG emissions	Full		<a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Reducing our GHG Emissions Environment</a>
<b>GRI 306: EFFLUENTS &amp; WASTE 2016</b>				
306-1	Water discharge by quality and destination	Partial	All wastewater discharges to municipal treatment systems are in compliance with applicable legal requirements. Data are not available on quantities discharged.	Wastewater discharged at all our properties to municipal sewerage systems is in compliance with applicable local requirements.
306-2	Waste by type and disposal method	Partial	Due to nature of Melco's business, minimal quantities of hazardous waste are generated. In 2019, batteries and used light fittings, lamps and electronic equipment were collected by licensed contractors for proper recycling or disposal in local markets. Melco is in the process of establishing data collection procedures for enhanced disclosure.	<a href="#">Zero Waste Resorts &amp; Circular Economy Leadership in Asia/Our Waste Footprint Environment</a>
<b>GRI 307: ENVIRONMENTAL COMPLIANCE 2016</b>				
307-1	Non-compliance with environmental laws and regulations	Full	In 2019, Melco was in compliance with all applicable environmental laws and regulations.	
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>				
308-1	New suppliers that were screened using environmental criteria	Partial	Suppliers' environmental performance is assessed and compliance with the Supplier Code of Conduct required; Melco is in the process of expanding its assessment and engagement of suppliers.	<a href="#">Risks &amp; Opportunities/Our Sustainability Issues, Value Chain Impacts and Risks &amp; Opportunities Ethics/Code of Conduct &amp; Ethics Ethics/Working with Suppliers &amp; Partners Sustainable Sourcing</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
GRI 400:	SOCIAL			
GRI 103:	MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	Full	<p>Melco's management approach is outlined in its 2019 Sustainability Report. The GRI disclosure items addressed for the following material topics are listed below.</p> <p><b>Talent Attraction &amp; Retention</b>            401-1 from GRI : Employment 2016            404-1-3 from Training &amp; Education 2016</p> <p><b>Inclusion &amp; Diversity</b>            405-1 from GRI: Diversity &amp; Equal Opportunity 2016            406-1 from GRI: Non-discrimination 2016            412-2 Human Rights Assessment 2016</p> <p><b>Safety &amp; Health</b>            403-1-9 from GRI: Occupational Health &amp; Safety 2018            410-1 from GRI: Security Practices 2016            416-2 Customer Health &amp; Safety 2016</p> <p><b>Community Engagement &amp; Investment, Small- &amp; Medium-sized Enterprises (SMEs) and Culture &amp; Heritage</b>            413-1 from Local Communities 2016</p> <p><b>Ethics &amp; Integrity</b>            417-1 and 417-3 from GRI: Marketing &amp; Labeling 2016            418-1 from GRI: Customer Privacy 2016            419-1 from GRI: Socioeconomic Compliance 2016</p> <p><b>Ethical &amp; Sustainable Supply Chain and Small- &amp; Medium-sized Enterprises (SMEs):</b>            408-1 from GRI: Child Labor 2016            409-1 from GRI: Forced or Compulsory Labor 2016            414-1 from GRI: Supplier Social Assessment 2016</p>	<p><a href="#">About this Report</a>  <a href="#">Our Strategy &amp; Impact</a>  <a href="#">People</a>  <a href="#">Our Approach:</a>  <a href="#">Celebrating Purpose &amp; Progress</a>  <a href="#">Society &amp; Community</a>  <a href="#">Our Approach:</a>  <a href="#">Focused on our Communities</a></p>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
103-2	The management approach and its components	Full		<a href="#">Our Strategy &amp; Impact</a> <a href="#">Ethics/Raising Concerns</a> <a href="#">People</a> <a href="#">Our Approach:</a> <a href="#">Celebrating Purpose &amp; Progress</a> <a href="#">Society &amp; Community</a> <a href="#">Our Approach:</a> <a href="#">Focused on our Communities</a>
103-3	Evaluation of the management approach	Full		<a href="#">Sustainability Governance</a> <a href="#">People</a> <a href="#">Our Approach:</a> <a href="#">Celebrating Purpose &amp; Progress</a> <a href="#">Society &amp; Community</a> <a href="#">Our Approach:</a> <a href="#">Focused on our Communities</a>
<b>GRI 401:</b>	<b>EMPLOYMENT 2016</b>			
401-1	New employee hires and employee turnover	Full		<a href="#">People</a>
<b>GRI : 403</b>	<b>OCCUPATIONAL HEALTH &amp; SAFETY 2018</b>			
403-1	Occupational health and safety management system	Full	Melco's safety and health management system covers all of Melco's operations. In addition, Melco's operations in Macau and Hong Kong are certified to the ISO 45001 management system standard for occupational health and safety.	<a href="#">Keeping Our Colleagues &amp; Guests Safe</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
403-2	Hazard identification, risk assessment, and incident investigation	Full	As part of implementing Melco's OSH management system, identified hazards and assessed risks are mitigated and managed, the competency of colleagues and workers responsible for related work scopes is assured and overall implementation is monitored and reviewed to identify areas for improvement. Colleagues and workers are trained to remove themselves from potentially hazardous situations without reprisal and thorough incident investigations are undertaken to identify hazards and assess risks with the implementation of any necessary corrective action, changes to the hierarchy of controls or other improvements to its management system.	<a href="#">Keeping Our Colleagues &amp; Guests Safe</a>
403-3	Occupational health services	Full	As part of implementing Melco's OSH management system, hazards and risks are identified with procedures, training and monitoring in place to minimize impacts to colleagues and workers.	<a href="#">Keeping Our Colleagues &amp; Guests Safe</a>
403-4	Worker participation, consultation, and communication on occupational health and safety	Full	Colleagues and contractors participate in regular OSH briefings and training, including being provided with opportunities to evaluate and continuously improve our OSH systems and processes. Communication occurs through various platforms, including but not limited to, induction and refresher courses, monthly meetings of our OSH Committees, team talks, internal communication on our e-Learning platform, surveys, feedback forms, and audits.	<a href="#">Keeping Our Colleagues &amp; Guests Safe</a>
403-5	Worker training on occupational health and safety	Full		<a href="#">Keeping Our Colleagues &amp; Guests Safe</a>
403-6	Promotion of worker health	Partial	As part of implementing its OSH system, Melco provides information and conducts training with colleagues and onsite workers to promote health and wellbeing. Onsite clinics also provide occupational health services to support employees.	<a href="#">Keeping Our Colleagues &amp; Guests Safe</a>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	Full		<a href="#">Keeping Our Colleagues &amp; Guests Safe</a> <a href="#">Ethics/Working with Suppliers &amp; Partners</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
403-8	Workers covered by an occupational health and safety management system	Full	Melco's operations across Macau and Hong Kong are certified to the ISO 45001 management system standard for occupational health and safety. OSH systems are implemented to comply with all relevant legal requirements, and cover the workplaces of all colleagues across the group and onsite workers.	<a href="#">Keeping Our Colleagues &amp; Guests Safe</a>
403-9	Work-related injuries	Partial	403-9 (a [ii], b [ii-v] - detailed information on workers outside the organization is not collected). There were no cases of high-consequence work-related injuries or of colleague or worker fatalities on Melco properties in 2019. The main types of injuries included slips, trips and falls, minor wounds and/or muscle strain from hitting objects or manual handling. 403-9 (c and d - partial - Melco's OSH system identifies work-related hazards that pose a risk of high-consequence injury and implements controls to mitigate risk).	<a href="#">People</a>
<b>GRI 404:</b>	<b>TRAINING &amp; EDUCATION 2016</b>			
404-1	Average hours of training per year per employee	Full		<a href="#">People</a>
404-2	Programs for upgrading employee skills and transition assistance programs	Partial	Melco discloses the type and scope of programs provided to help employees upgrade their skills. Programs to facilitate continued employability of employees who leave the company, either through retirement or termination, are not currently provided.	<a href="#">A Culture of Excellence</a> <a href="#">Career Development Opportunities</a>
404-3	Percentage of employees receiving regular performance and career development reviews	Full	All permanent employees, excluding newly-hired employees that did not complete their probationary period, received annual performance reviews.	
<b>GRI 405:</b>	<b>DIVERSITY &amp; EQUAL OPPORTUNITY 2016</b>			
405-1	Diversity of governance bodies and employees	Full		<a href="#">Corporate Governance Structure</a> <a href="#">Workforce Inclusion &amp; Diversity</a> <a href="#">People</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
<b>GRI 406: NON DISCRIMINATION 2016</b>				
406-1	Incidents of discrimination and corrective actions taken	Full	Zero allegations of discrimination on grounds of race, colour, sex, religion, political opinion, national extraction or social origin have been submitted to the government or to Human Resources.	
<b>GRI 408: CHILD LABOUR 2016</b>				
408-1	Operations and suppliers at significant risk for incidents of child labour	Partial		<a href="#">Material Topics, Value Chain Impacts and Risks &amp; Opportunities</a> <a href="#">Ethics/Code of Conduct &amp; Ethics</a> <a href="#">Ethics/Working with Suppliers &amp; Partners</a>
<b>GRI 409: FORCED OR COMPULSORY LABOUR 2016</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Partial		<a href="#">Risks &amp; Opportunities/Our Sustainability Issues, Value Chain Impacts and Risks &amp; Opportunities</a> <a href="#">Ethics/Code of Conduct &amp; Ethics</a> <a href="#">Ethics/Working with Suppliers &amp; Partners</a>
<b>GRI 410: SECURITY PRACTICES 2016</b>				
410-1	Security personnel trained in human rights policies or procedures	Full	As part of the intensive training provided to all security teams, approaches to enforcing procedures that respect human rights are followed. 100% of security personnel receive this training, which is provided by Melco, local authorities and third-party security experts.	<a href="#">Safety &amp; Health — Keeping Our Colleagues &amp; Guests Safe</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
<b>GRI 412: HUMAN RIGHTS ASSESSMENT 2016</b>				
412-2	Employee training on human rights policies or procedures	Full	All employees receive and go through Orientation training on Melco's Code of Business Conduct and Ethics (the "Code"). Employees must annually re-acknowledge their understanding and adherence to the Code.	<a href="#">Ethics/Code of Conduct &amp; Ethics</a> <a href="#">A Culture of Excellence</a> <a href="#">Career Development Opportunities</a>
<b>GRI 413: LOCAL COMMUNITIES 2016</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	Partial		<a href="#">Stakeholder Engagement</a> <a href="#">Carbon Neutral Resorts &amp; Climate Resilience/Sustainable Buildings</a> <a href="#">Our Approach:</a> <a href="#">Focused on our Communities</a>
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>				
414-1	New suppliers that were screened using social criteria	Partial		<a href="#">Risks &amp; Opportunities/Our Sustainability Issues, Value Chain Impacts and Risks &amp; Opportunities</a> <a href="#">Ethics/Code of Conduct &amp; Ethics</a> <a href="#">Ethics/Working with Suppliers &amp; Partners</a> <a href="#">Sustainable Sourcing</a>
<b>GRI 416: CUSTOMER HEALTH &amp; SAFETY 2016</b>				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Full	No significant incidents of non-compliance with regulations concerning health and safety impacts occurred during the reporting period.	<a href="#">Keeping Our Colleagues &amp; Guests Safe</a>

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ITEM #	DISCLOSURE	STATUS OF CONFORMANCE	EXPLANATION FOR OMISSION	REPORT LOCATION
<b>GRI 417: MARKETING &amp; LABELING 2016</b>				
417-1	Requirements for product and service information and labelling	Full	Melco has not had any incidents of non-compliance with its procedures related to responsible gaming and health and safety communication materials.	<a href="#">Responsible Gaming/1.3.5</a> <a href="#">Community Engagement</a> <a href="#">Safety &amp; Health — Keeping our Colleagues &amp; Guests Safe</a>
417-3	Incidents of non-compliance concerning marketing communications	Full	Melco has not any incidents of non-compliance with requirements or codes concerning marketing communications.	<a href="#">Responsible Gaming/1.3.5</a> <a href="#">Community Engagement</a>
<b>GRI 418: CUSTOMER PRIVACY 2016</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Full	Melco has not had any substantiated complaints concerning breaches of customer privacy or losses of customer data during the reporting period.	<a href="#">Data Privacy &amp; Security</a>
<b>GRI 419: SOCIECONOMIC COMPLIANCE 2016</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	Full	Melco was in compliance with all applicable social economic related laws and regulations during the reporting period.	

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# CONTACT DETAILS

## Your Feedback

If you have any questions or feedback on this report, please scan the QR Code with your smartphone to provide your feedback.



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