



**2018 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
MELCO INTERNATIONAL DEVELOPMENT LIMITED**

INCORPORATED IN HONG KONG WITH LIMITED LIABILITY | A HONG KONG LISTED COMPANY (STOCK CODE : 200)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. 2018 HIGHLIGHTS

ENVIRONMENT

- Launched two new goals: committed to achieving **carbon neutral** and **zero waste** resorts by 2030
- Received **Green Key Environmental Management Awards** at four of our integrated resort properties: **Morpheus, Nüwa, The Countdown** at City of Dreams and **Studio City**
- Studio City received the **CEM Energy Saving Excellence Award**
- **Installed solar photovoltaic panels** at City of Dreams and Studio City with the capacity to generate nearly 7.7 million kWh of energy per year
- Between 2016 and 2018 we **reduced energy consumption in our existing operations by an average of 10%** across our resorts
- **Sourced 100% of our electricity from renewables in 2018**, via purchase of Energy Attribute Certificates (“EACs”) issued by the International Renewable Energy Certificate Standard (“I-REC Standard”) and other renewable energy instruments, helping to **reduce our absolute market-based emissions by 95%** since 2016
- Became **first and only** hospitality group and integrated resort operator globally to become a signatory to The New Plastics Economy Global Commitment, led by the Ellen MacArthur Foundation in collaboration with UN Environment
- Received **“Class of Excellence” ranking from Wastewise** for 10 consecutive years from 2009-2018 for our offices in Hong Kong

SOCIAL

- **Responsible Gaming:**
 - More than 69,000 Responsible Gaming training seats have been filled by employees since 2009
 - Melco Resorts was named **Socially Responsible Operator of the Year** at 12th International Gaming Awards
 - Melco Resorts received **Gaming Operator of the Year, Australia & Asia** award at the 2018 International Gaming Awards
- **People**
 - Melco Resort’s service excellence was recognized by the **Hotelier Awards Greater China**
 - 38% of senior leadership level are female, and close to 40% of general management are female
 - OSHA **Lost-Time Injury Frequency Rate (“LTIFR”) was 3.2, down from 3.7 in 2017** and 4.0 in 2016
- **Society & Community**
 - More than HK\$85 million in charitable and in-kind donations or contributions in 2018
 - 22,942 employee participants participated in CSR activities in 2018, and **107,631 since 2007**
 - Recognized by Hong Kong Council of Social Service as a **Caring Company** for 14 consecutive years

GOVERNANCE

- Strengthened our enterprise risk management approach and **developed formal ESG risk management and internal control framework** (the “ESG Framework”)
- Launched **new Sustainability & CSR Vision, Strategy and Manifesto** called ‘Above and Beyond’
- 98% of required employees of the Group completed ‘Do the Right Thing’ Training on ethics and anti-corruption policies and practices
- Corporate Governance Asia magazine recognized **Mr. Ho, Lawrence Yau Lung as Asian Corporate Director of the Year** (7th consecutive year)
- Received **Asian Excellence Award by Corporate Governance Asia magazine for Asia’s Best CEO and CFO** (Investor Relations)
- Honored **with Asian Excellence Award by Corporate Governance Asia magazine for Best IR Company** (6th consecutive year)
- Received **BDO ESG Awards – Certificate of Merit for Best in ESG Awards** (Large Market Capitalization category)

2. ABOUT THIS REPORT

Reporting Standards and Scope

Melco International Development Limited (“Melco International” or the “Company”, together with its subsidiaries collectively referred to as the “Group”) is pleased to present its Environmental, Social and Governance (“ESG”) Report (this “Report”), which has been prepared in accordance with the disclosure requirements of the ESG Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In certain areas our reporting goes beyond the requirements in the ESG Reporting Guide. In order to allow readers to have an in-depth understanding of the Group’s operations, we have, whenever feasible, covered material topics in a more comprehensive manner with reference to the GRI Sustainability Reporting Standards (the “GRI Standards”). Principles that have informed our reporting approach include:

Principles	The Group’s Response in this Report
<i>Materiality</i>	An overview has been conducted in this Report regarding our process of stakeholder engagement, how we determined our material topic areas, what those topics are, and how we are addressing them.
<i>Quantitative</i>	Information is presented with quantitative measures, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
<i>Balance</i>	This Report identifies and elaborates both the achievements and challenges faced by the Group.
<i>Consistency</i>	This Report uses consistent methodologies when comparing current and past KPIs unless improvements in methodology are identified.
<i>Stakeholder inclusiveness</i>	This Report responds to the expectations and interests that care the most by our stakeholders.
<i>Sustainability context</i>	Our ESG performance is presented in a wider context of sustainability issues in this Report.
<i>Completeness</i>	All aspects of information needed by our stakeholders to assess our economic and ESG performance are covered in this Report.

To reflect the businesses which have a considerable impact on the Group’s ESG performance, this Report primarily covers our corporate offices and our core gaming and hospitality arm, Melco Resorts & Entertainment Limited (“Melco Resorts”), with particular focus on the five properties, namely City of Dreams, City of Dreams Manila, Studio City, Altira Macau and Mocha Clubs. Environmental performance data only reflects the impacts of Melco Resorts, while other performance data includes our gaming facilities in Cyprus and Aberdeen Restaurant Enterprises Limited (“Jumbo Kingdom”). The environmental footprint of our new Cyprus operation has not been included this year as the scale is not significant to date. The highlights and metrics shared in this Report reflect performance during the period 1 January 2018 to 31 December 2018 and we provide multi-year data where relevant. Financial information, unless otherwise stated, is presented in Hong Kong dollars.

A detailed ESG Reporting Guide Content Index is presented at the end of this Report to help stakeholders navigate to relevant ESG topics, disclosures and key performance indicators (“KPIs”) with ease. Additional ESG performance information is profiled in the Melco Resorts and Entertainment 2018 Sustainability & CSR Report (<https://www.melco-resorts.com/en/sustainability.html>). Supplementary financial data and corporate governance details can be located in other sections of our annual report.

Stakeholder Engagement and Materiality Assessment

From staff and investors, to communities, academia, government and non-governmental organizations, we regularly engage with internal and external stakeholders about a wide range of ESG topics through our day-to-day operations. We listen and work hard to be responsive to their needs and concerns.

To update our materiality assessment in 2018, we worked with an independent consultant who guided us through a three-step process to determine our priority ESG impact areas:

Step 1: Identification

To identify potential material topics:

- Peer benchmarking: The ESG disclosures of local peers were reviewed to identify industry practices.
- Industry research: Researched industry trends, standards and best practices, and evolving scientific knowledge.
- Stakeholder engagement: Interviewed senior managers and experts across the business, and reviewed concerns of investors, employees and regulators.

Step 2: Prioritization

To prioritize potential material topics:

- Took inputs from Step 1 and analysed using our enterprise risk thresholds and criteria to assess the level of materiality of each ESG topic to our business.
- Developed rationale to support ranking of each topic.

Step 3: Validation

To finalize the list of material issues, the outcomes of Steps 1 and 2 were brought forward for discussion and validation with key members of the senior leadership team. The outcome of the assessment was the following list of priority ESG topic areas which we have formed the focus areas of this Report.

Priority ESG topic areas by scope and boundary			
Priority topic area	Scope of topic	Topic boundary	
		Impacts occur inside the Group	Impacts occur outside the Group
Ethics & Integrity	<ul style="list-style-type: none"> • Corporate & ESG governance • Ethics code outlining expected behaviours, practices and training, includes anti-corruption • Data security & customer privacy • Regulatory compliance • Risk management & emerging issues tracking 	✓	✓
Community Engagement & Investment	<ul style="list-style-type: none"> • Community engagement & investment programmes • Philanthropy & volunteerism • Culture & heritage • Disaster response 	✓	✓
Diversity & Inclusion	<ul style="list-style-type: none"> • Diverse workforce & leadership team 	✓	
Energy & Climate Change	<ul style="list-style-type: none"> • GHG emissions reduction • Energy consumption – renewable & non-renewable 	✓	✓
Material Use & Waste	<ul style="list-style-type: none"> • Materials use efficiency • Sustainable sourcing • Non-hazardous solid waste • Food waste & plastic waste 	✓	✓
Responsible Gaming	<ul style="list-style-type: none"> • Technology & process • Community engagement • Employee education 	✓	✓
Safety	<ul style="list-style-type: none"> • Guest health & wellbeing • Employee health safety & wellness 	✓	
Sustainable Economic Growth	<ul style="list-style-type: none"> • Increasing shareholder value while maximizing other stakeholder benefits 	✓	✓
Talent Attraction & Retention	<ul style="list-style-type: none"> • Competition for talent • Local hiring • Employee training & development • Work life balance • Indirect economic impact 	✓	
Water Use	<ul style="list-style-type: none"> • Water recycling and reuse • Wastewater effluents • Reducing/reusing & recycling water • Wastewater complies with regulatory limits 	✓	

Each priority topic area presents both risks and opportunities. Employees have taken responsibility for each of these risks and opportunities and have developed measures to mitigate the risks and maximize the opportunities. These risks are not just ESG risks, but business risks. So they are considered by us and are included in our overall risk register and priorities, which are periodically reported to our Audit Committee, and to our management.

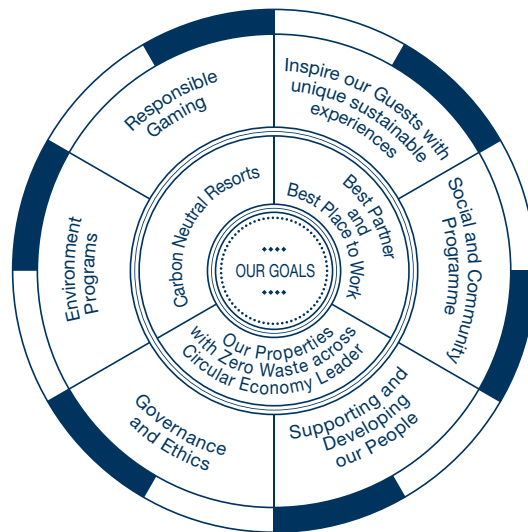
3. ESG VISION & STRATEGY

Our Vision: Above & Beyond

The outcomes of the materiality assessment were also used to inform our new vision and strategy. Our vision is to change the game in our industry and in the places we operate, by bringing

the power of innovation, entertainment and play to some of the challenges that face the world in the 21st Century.

To achieve our vision, we are bringing together our social and environmental achievements and ambitions in a new strategy we call Above & Beyond that will guide our actions to 2030. Above & Beyond sets new goals, including eliminating the impact of our resorts on the climate by 2030 and taking a lead on circular economy approaches to global push to clean up plastic waste. It further commits us to ensure that we are the best community partner, and fostering a best-in-class place to work. Through these actions we will inspire our guests and show that a sustainable future is a better future. Above & Beyond will accelerate our ESG strategy across the board so that we become a sustainability benchmark for our industry and beyond.



*** OUR APPROACH ***

SOCIAL AND COMMUNITY PROGRAMS

Social and community issues are built into business strategy and drive partnerships and collaboration on a wide range of community projects. Philanthropy and volunteering are also a big part of how we support communities where we operate.

SUPPORTING AND DEVELOPING OUR PEOPLE:

People and culture drive success, so we create a culture of excellence by hiring for potential and investing in training. We compete for the best on reputation, career opportunities, and a great working environment, always aiming to be employer of choice.

GOVERNANCE AND ETHICS:

Chairman & CEO Mr. Ho, Lawrence Yau Lung takes overall lead on CSR, and we have steering committees for responsible gaming, environmental sustainability and CSR. We track emerging issues through our materiality process, and drive behavior with our code of business conduct and ethics.

ENVIRONMENTAL INITIATIVES:

Taking care of our environmental impacts means an ambitious programme on renewable energy, and a growing focus on materials, waste, water and sustainable procurement.

RESPONSIBLE GAMING:

Our award-winning work on responsible gaming includes industry-leading technology, comprehensive training programs, cooperation with regulators, and commitment from the very top.

Our Goals for 2030

Above & Beyond sets out our ambitions and strategy under four goals:

1. **Inspiring our guests experiences by showing them a sustainable future is a better future:** Guests arrive at our resorts expecting to be entertained and to experience best-in-class luxury. Our goal is to ensure sustainability enhances that experience, through our dedication to inspirational innovation.
2. **Achieving carbon neutral resorts:** Tackling climate change is a top priority, so we have set the goal of achieving carbon neutrality in our operations. We have implemented reduction targets across a range of emission sources to achieve our goal.
3. **Being the best partner and best place to work:** Ensuring that we are an employer of choice and a force for good in the community lies at the heart of our philosophy. The same focus will drive us to be the best partner and place to work.
4. **Achieving zero waste across our resorts and contributing to circular economy leadership in Asia:** We will work to eliminate waste in our operations through reducing the use of materials, reusing or recycling waste that otherwise would be sent to landfill, and exploring options for energy recovery. We will also pursue waste management initiatives that support the circular economy around all our resorts in Asia and beyond.

4. CORPORATE GOVERNANCE

ESG Risk Management and Internal Controls

Risk management

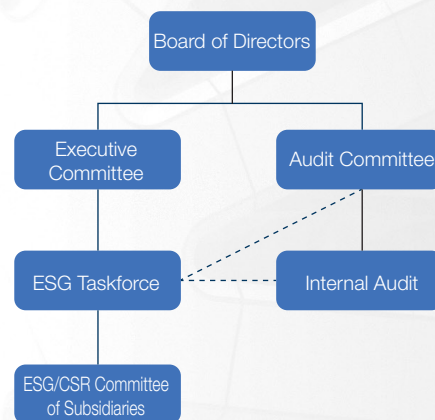
Risk is inherent in our business. Supervised by the Audit Committee and the Board, the risk management of the Company combines a top-down strategic view with a bottom-up operational process. In 2018, we strengthened our ESG risk management by developing an ESG risk management and internal control policy (the “ESG Policy”) in which an ESG Framework was created and applied. This ESG Framework provides directions to management personnel in applying a consistent risk management system in which the significant ESG risk issues are identified, considered and addressed, to ensure:

- the Group’s ESG risk management and internal control system being appropriate and effective;
- the Company’s compliance with the Listing Rules as amended from time to time; and
- the Group to operate on a sustainable basis by maintaining and enhancing the Group’s economic, environmental, social, community contributions and commitments in the long term.

The ESG taskforce established by the Board (the “ESG Taskforce”) is responsible for performing the review on the ESG risk management and internal control systems and reporting the result to the Executive Committee and the Audit Committee of the Company. The ESG Taskforce has conducted a review of the appropriateness and effectiveness of the Group’s ESG risk management and internal control systems and confirmed to the Board that the systems are effective.

ESG governance

Our ESG governance is structured as follows, with each functional group having well defined responsibilities to ensure that we are appropriately identifying and assessing potential ESG risks, developing measures and strategies to manage or mitigate significant risks, and ensuring we are disclosing on our progress and performance in a transparent manner to key stakeholders.



Functional Groups	Key Responsibilities
Board of Directors	<ul style="list-style-type: none"> • Reviews and approves the ESG Policy and the ESG Framework on an ongoing basis. • Ensures the appropriateness and effectiveness of the Group's ESG risk management and internal control system.
Executive Committee	<ul style="list-style-type: none"> • Oversees the implementation of the ESG Policy and the ESG Framework.
Audit Committee	<ul style="list-style-type: none"> • Considers major investigation findings on ESG risk management and internal control matters. • Discusses ESG Framework with the ESG Taskforce and senior management to ensure the establishment and maintenance of an effective and appropriate ESG risk management and internal control system.
ESG Taskforce	<ul style="list-style-type: none"> • Assists the Board and the Audit Committee in overseeing the ESG risk management and internal control system. • Establishes regular communication channels with ESG/CSR committees of major subsidiaries to ensure they commit enough resources in carrying out ESG responsibilities at Group level. • Reviews and/or approves the ESG risk assessment matrix as submitted by the ESG/CSR committees of major subsidiaries. • Prepares annual ESG report on the Group's activities, including qualitative and quantitative performance.
ESG/CSR Committees of Subsidiaries	<ul style="list-style-type: none"> • Develop ESG strategies, leads on reporting of ESG activities and assessment of ESG risk management and internal control systems. • Support implementation of the Group's ESG Framework and ESG Policy. • Identify ESG risks associated with business activities within own business lines, and impact and likelihood; identify, manage and evaluate the effectiveness and appropriateness of control that are in place to mitigate such ESG risks. • Implement ESG risk mitigation plans to remedy the ESG risks in which the systems implemented and assessed as ineffective or inappropriate.

To learn more about how our major subsidiaries have structured their ESG governance, please refer to the Melco Resorts and Entertainment 2018 Sustainability & CSR Report (<https://www.melco-resorts.com/en/sustainability.html>).

5. ETHICS

Integrity

“Credibility” is one of the Group’s core values. We cultivate a corporate culture of integrity and ensure our employees uphold the highest standards of business ethics in their daily operations. We have comprehensive codes of business conduct and ethics at both the Company and subsidiary levels.

At the Company level, we require each of our directors, officers, employees to certify their acknowledgement of and compliance with the Code of Business Conduct and Ethics (the “Code”) when they join the Company. When there is an update to the Company’s Code, we require certification of the same from all directors, officers and employees upon circulating the new version to all.

The Company’s Code includes, but is not limited to, the following aspects:

- prevention of bribery and anti-money laundering sections to make sure that all directors, officers and employees are fully aware of the laws regarding anti-corruption and anti-money laundering;
- gift and entertainment section to set maximum limit of directors, officers and employees accepting non-cash gifts (HK\$2,000) and cash gifts (HK\$500). If the gifts exceed the said limits, approval of business unit head is required;
- presence in gaming area section to prohibit all directors, officers and employees from gambling at any gaming facility operated by the Group and to prohibit all current directors, officers and employees from holding any loyalty club membership issued by any companies within the Group; and
- confidentiality section to make sure that all directors, officers and employees will maintain confidentiality of the non-public information entrusted to them by the Company, suppliers and clients.

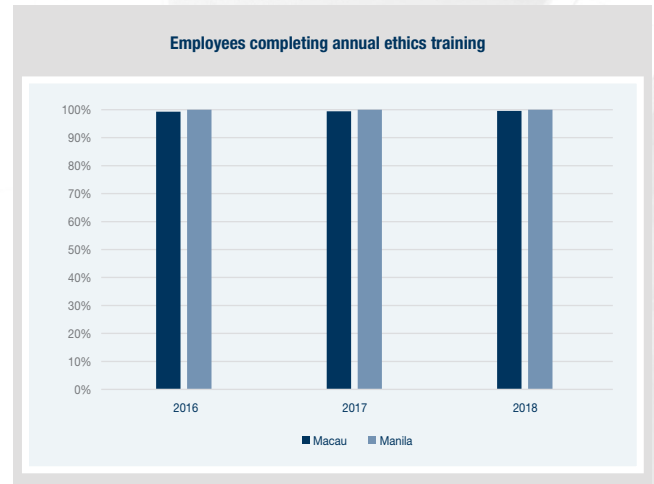
Our operating subsidiaries also have their standalone code of business conduct and ethics. Their new employees are required to attend a corporate governance orientation, where their code of business conduct and ethics is clearly outlined. Annual trainings on anti-bribery and anti-corruption are also provided for management and staff in key business functions of our operating subsidiaries.

Programme and training on anti-corruption

To further strengthen the corporate culture, we launched the Ethical Business Practices Programme (the “Programme”) which sets out the standards and requirements for compliance with anti-corruption laws in the jurisdictions where the gaming facilities operate. The Nominating and Corporate Governance Committee of Melco Resorts has the responsibility for reviewing and amending various corporate governance policies, and for ensuring its ongoing effectiveness supported by internal audits and its Chief Risk Officer.

Three initiatives help employees of our operating subsidiaries understand their responsibilities under their code of business conduct and ethics and the Programme: 1) briefings for new hires and annual re-certification for all others – employees must acknowledge they received these documents and sign a Certificate of Compliance to indicate they understand and agree to the content; 2) Do The Right Thing (“DTRT”) training provides a refresher for management and employees in key business functions that carry a higher risk of bribery and corruption, such as procurement and contract approvals; and 3) annual certification under the Programme requires key personnel such as directors and senior executives to confirm and acknowledge their understanding of the Programme and their reporting obligations under the Programme.

We take this seriously. In 2018, more than 2,800 employees were required to complete DTRT training. 98% of them have completed the training and remaining employees are expected to complete the training soon. We also communicate with local government and partners regarding our ethics and particularly our anti-corruption policies and procedures.



* Data only includes our gaming and hospitality operations in Macau and Manila. The DTRT Training is relevant for employees in business functions that carry a higher risk of bribery and corruption, such as procurement and contract approvals. The small non-completion rate is due to employees obtaining an exemption, employees resigning within the probationary period, and new hires who are waiting to attend the induction.

Whistle-blowing mechanism

We have established a whistle-blowing mechanism to ensure that a channel to report any misconduct or fraud actions is available to all employees of the Group. An email channel is provided in the Company’s Code and the email will be directed automatically to the Company’s Audit Committee Chairman, the Group General Counsel and the Group Internal Audit Director concurrently.

Corporate policies on complaints handling and whistle-blowing are also in place at the Company and subsidiary levels. Melco International's employees can report cases on (i) suspected violations of Company policies; (ii) intentional error or suspected fraud in the preparation, review or audit of Company's financial information; and (iii) suspected theft or fraudulent activities. Moreover, Melco Resorts' employees can report any wrong-doing via the whistle-blowing hotline managed by an external party whereas employees of the rest of the Group can report the same through a dedicated email account which selected independent management members can directly access. All information reported to the external party is recorded anonymously and all complaints are reviewed by selected independent management members. Details of our whistle-blowing channels are available on our intranet and posted at key areas of our offices.

Data Privacy and Security

The Group's high standards apply to all parts of our business, including data security. Our global information security management system meets the requirements of ISO 27001, with our Macau operations holding this certification since 2009. This is supported by our Cybersecurity and Data and Information Security policies. Our "layered" security approach means we have controls at each layer with regular risk assessments and audits to check processes and protocols. To ensure our systems follow the best practice, we engage external experts to provide guidance when needed.

To protect data privacy, we meet or exceed the requirements of the data privacy regulations in the jurisdictions in which we operate, including the Macau Personal Data Protection Act. Data Protection Officers in all our main operating locations work to implement our data privacy policies and ISMS along with any additional local requirements.

We had no data breaches of significance and did not receive any substantiated complaints in 2018.

Staff training & awareness

Our employees have an important role in information security and data protection. Information security is included in our Code, and guidelines on data protection have been issued in their region. We provide training on cybersecurity when employees start to help them identify hacking emails. We continually run phishing campaigns to improve awareness and identify if additional training is needed.

6. RESPONSIBLE GAMING

As a pioneer in raising awareness of responsible gaming ("RG") to staff and the public in Macau, we have developed the Responsible Gaming Policy to minimize the harm associated with gambling disorder in 2010. The purpose of the Responsible Gaming Policy is to:

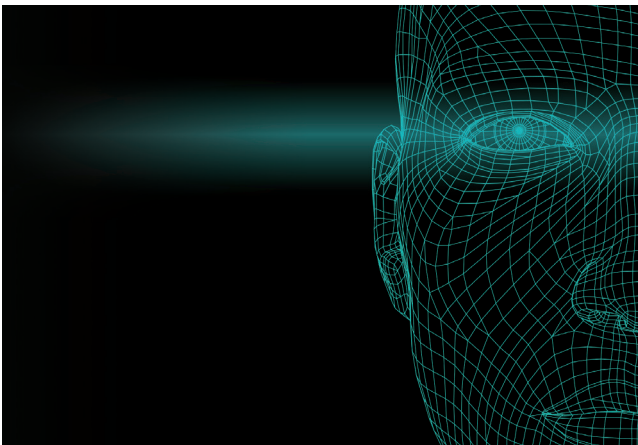
- manage potential harm associated with gambling by creating a responsible gambling environment;
- educate and inform guests, communities, and employees about the potential harm associated with gambling;
- create an awareness of the significant benefits that will arise where guests, communities and employees assist us in endeavours to minimize the potential harm associated with gambling; and
- ensure that we comply with legal obligations relating to gambling disorder.

Our System For Success

Our global RG strategy is divided into three focus areas to ensure that a comprehensive framework is implemented throughout the Group: Technology & process, Community awareness & engagement, and Employee education.

Technology & process

In 2016, Melco Resorts became the first operator in Asia to deploy real-time facial recognition security systems at all entrances to gaming areas in Macau, assisting self-exclusion by problem gamers. The effectiveness and accuracy of the state-of-the-art technology enables us to identify restricted individuals - including problem gamblers - and prevent them from entering the gaming areas. In 2018 it led to a 2,100% increase in the number of detections for all persons of interest.



Community awareness & engagement

We comply with the Macau Government’s request for operators to display RG information to tourists, but go further with work to raise awareness and support the local community in Macau. In 2018 we partnered with a local production company in Macau to produce a television commercial raising awareness of RG that was aired on Teledifusão de Macau during primetime viewing hours. We also launched a series of Women and Responsible Gaming workshops in 2018 that support women in the communities where we operate with information on RG. To encourage participation, the RG curriculum is interwoven with lifestyle topics such as flower arrangement, gift wrapping, cooking, etc.

Employee education

Our RG training programme adopts a proactive and systematic approach, with progressive levels of knowledge attainment. We take RG training seriously and its implementation aligns with our philosophy that RG is everyone’s job – gaming, non-gaming, management and non-management. More than 69,000 RG training seats have been filled by employees since 2009. In 2018, over 600 management level employees participated in a Leadership Forum dedicated to Responsible Gaming with key government and RG educational experts as guest speakers.

Our efforts have been recognized as we were named Socially Responsible Operator of the Year at the 12th International Gaming Awards.



7. OUR PEOPLE

Our people and our culture are key drivers of our success and the way we create the highest-quality guest experiences each day in our resorts. We are committed to being an employer that people choose to work for and to stay with. It is our belief that if we care for our employees, they will take care of our guests.

A Diverse Workplace

As an equal opportunity employer, we believe that building a stable workforce and cultivating a harmonious workplace starts with embracing diversity. Therefore, we ensure equal opportunities in every area, including compensation and benefits, recruitment, promotion and transfer, and training and development. We do not tolerate any kind of discrimination based on race, religion, gender, marital status, age, national origin, or any other considerations deemed irrelevant by local labour laws. At the end of 2018, the Group had a total of 22,228 full-time employees of which 10,535 were male employees and 11,693 were female employees.

Our Global Workforce (2016-2018)			
Total Employees:			
Female: 47% Male: 53%			
	2016	2017	2018
Macau Properties*	15,171	14,079	15,099
Female	7,345	6,873	7,352
Male	7,826	7,206	7,747
Corporate and Centralized Services**	731	655	695
Female	324	296	305
Male	407	359	390
Manila Property***	4,365	4,894	5,638
Female	1,996	2,332	2,552
Male	2,369	2,562	3,086
Cyprus Properties****			657
Female	-	-	283
Male	-	-	374
Jumbo Kingdom	164	159	139
Female	53	55	43
Male	111	104	96

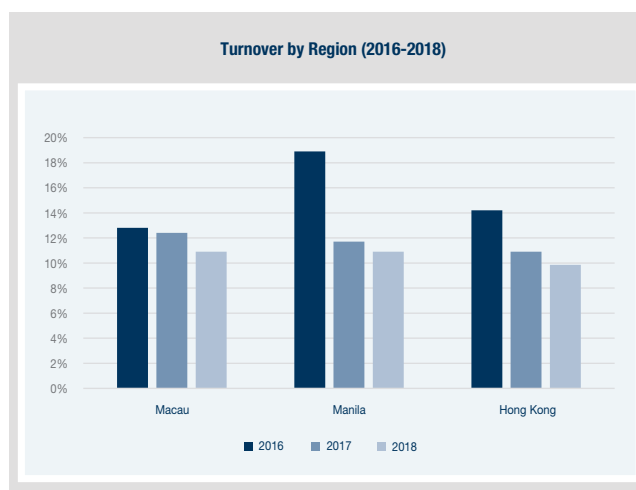
* Including City of Dreams, Studio City, Altira Macau and Mocha Clubs
 ** Including Hong Kong, Macau, Beijing, Tokyo and Osaka
 *** City of Dreams Manila
 **** Including Cyprus Casinos and two satellite casinos in Nicosia and Larnaca

In 2018, 47% of our total employees were female. We are continually looking for ways to develop female leaders; this focus is evident in the representation of women in leadership positions.

- Eight women are represented across the four boards of listed companies in the Group;
- 25% of individuals on the Melco Resorts' Corporate Executive Committee are female;
- 38% of senior leadership are female; and
- Close to 40% of general management are women.

Employment

In order to retain a loyal workforce, competitive compensation packages are provided to our employees based on job responsibilities, performance and their contributions as well as their professional and managerial competencies. Employees undergo annual appraisals and are rewarded appropriately according to their performance and contributions to the Group's development, as outlined in the applicable remuneration policy. When there are vacant positions, we also give priority to qualified internal candidates prior to recruiting from external sources, whenever possible. In 2018, 40% of vacancies were filled by internal employees. At the end of 2018, the employee turnover rate of the Group was 10.9%, down from 12.2% in 2017 and 14.1% in 2016.



* Averages were weighted based on number of employees per location. This average does not include data from Cyprus as it was its first year of operation.

Training and Development

We want employees to feel that they can grow their careers with us. Enriching the knowledge and skills of our employees is crucial to sustainable business development as we depend on our employees’ professionalism and expertise to deliver quality services to our customers and drive business growth.

Building a culture of service excellence

We work hard to build a culture of excellence through a highly structured training system and programme aligned with our brand service standards. Elements include:

- mandatory orientation at Melco Resorts that all employees must attend before they begin in their respective departments;
- “My first 90 Days” integration programme, customized for every department, which is a structured process to ensure necessary knowledge, skills and expectations are well understood;
- customized consumer brand & service training to ensure colleagues understand our consumer brand – “what it represents, what it means to me, and what do I need to do”;
- our core service standards which emphasize a consistent approach to foundation service behaviours; and
- “Forbes” standards training to increase awareness of what it takes to meet Forbes Five-star standards.

Our Training and Development Sponsorship Policy guides our dedication in supporting the enhancement of other technical skills and competencies. The training needs of individual staff are often determined through the annual performance review process, of which 99.2% of entitled employees across the Group received performance reviews in 2018.

Learning Academy

Our Learning Academy embraces life-long learning. Since its inception in 2009, 5,325 courses have been offered across our properties in Macau and Hong Kong and more than 518,000 seats have been filled by our employees. It provides a curriculum across multi-functional tracks, including technical – gaming & non-gaming, sales and marketing, legal, service, language, finance, computer application, HR, leadership and lifestyle.

Foundation Acceleration Programme

Our Foundation Acceleration Programme (“FAP”) is designed to enhance our employees’ understanding of business perspectives beyond their own jobs. It is a placement programme which can involve short or long-term assignments, or just a glimpse into areas or skills outside current roles and experience. 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 Contact Centre, Reservations, Revenue Management, Food and Beverage, to Marketing and Public Relations.

Average training hours per employee by gender in 2018*	
Male employees	Female employees
8.5 hours	7.0 hours

* Averages were weighted based on number of employees per location. This average represents data from Macau, Manila and our corporate offices.

A Caring Workplace

Communicating and listening to our employees

We have put a variety of formal and informal mechanisms in place to ensure our employees have many ways to give us feedback. These include: employee surveys; focus groups across various business functions and properties; “Meet management” sessions where property presidents engage with approximately 50 employees at a time to share business updates and invite perspectives from the team; leadership forums on a range of topics; performance appraisals; “Talk to management” feature of our MelcoToday employee mobile app; and Employee communications channels (newsletters, mobile app, social media, etc.).

Hardship assistance

When our employees face extraordinary circumstances- such as medical problems or natural disasters, the Group and employees come together to support one another and alleviate hardships through donations.



Heart-of-House

As a provider of premium luxury service, our Chairman and CEO believes that if we care for our employees, they will take care of our guests. We invest in the design our “Heart-of-House”, what is typically called “back of house”. Our Heart-of-House philosophy is to promote employee health and well-being while at work through:

- employee dining rooms that offer an extensive selection of healthy and nutritious international cuisine;
- quiet relaxation rooms that are outfitted with massage chairs, hammocks and TVs;
- stylish and comfortable break areas for relaxation;
- onsite healthcare at our medical centres;
- Learning Academy training centres that offers courses for all levels of career and skills development; and
- employee concierge desk.

Keeping Our Employees and Guests Safe

Ensuring the safety of our employees, contractors and guests by integrating health and safety considerations into all aspects of our business is a top priority at the Group. Our safety culture is led by senior leadership, but all employees and contractors are expected to take responsibility for their own safety, the safety of those around them and to constantly promote a safe and healthy work environment.

We conduct frequent training and monitoring, covering applicable topics in accordance with our Occupational Safety and Health (“OSH”) Policy and the OHSAS 18001 Standard. There are OSH Committees at each of our operating properties and they meet once a month and discuss safety management issues. OSH Committee responsibilities include:

- reviewing OSH performance trends and follow up on major OSH incidents and accidents;
- supporting OSH promotion and awareness activities, and assisting with the implementation of OSH education and training Programmes;
- coordinating OSH auditing and inspection activities; and
- providing feedback to management on employee OSH issues and concerns, and implement measures to reduce accidents.

All new hires of our operating properties receive OSH induction training and existing staff receive OSH refresher training each year. Contractors are also required to go through an OSH orientation session.

We adopt 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, main entrances/exits of the integrated resorts to ensure these areas satisfy international safety standards. We also maintain Emergency Response Teams at each property and collaborate with local emergency response teams on site-specific plans.

We focus on prevention and strive for continuous improvement on all health and safety indicators as measured by standard industry metrics and established goals. In 2018, our LTIFR was 3.2, down from 3.7 in 2017 and 4.0 in 2016. We had no fatalities in 2018.

Internal investigations are conducted for every reported workplace accident. Once an accident has been reported, the Accident Form is shared with the OSH Committees, which are responsible for conducting follow up investigations. Relevant corrective actions are to be taken to prevent the occurrence of similar accidents. Our Hazard and Near Miss Reporting Programme also prevents accidents by reporting and rectifying an unsafe situation before the occurrence of any potential injuries.



8. SOCIETY AND COMMUNITY

Caring for the community has always been core to our culture as our Group vision is “to contribute to the growth and future of the communities we serve, and inspiring hope and happiness in people all over the world”. In 2018, we continued to deliver positive impacts to society through community programmes under our three CSR pillars – Youth Development, Education and Environmental Conservation. Aspiring to build a more harmonious and healthy society, we are proud to work with our trusted community partners to serve different vulnerable groups in society and promote social inclusion and integration through different activities and events.

We do this through a combination of employee volunteerism, and charitable or in-kind donations or contributions. In 2018 we made over HK\$85 million charitable and in-kind donations or contributions and had 22,942 employee participants participate in CSR activities. Since 2007 we have had 107,631 of our employees participate in CSR activities, with many participating in more than one activity a year.

Youth Development

Dare to Dream

Our Dare to Dream series creates opportunities for young people in Macau to study with world-class maestros of the arts, including music, cooking, fashion and architecture. In 2018, we launched Dare to Dream Culinary, with a six-month internship with Mr. Alain Ducasse and Mr. Pierre Hermé and Morpheus, City of Dreams, followed by two weeks overseas at the chefs’ restaurants in Europe or Asia. 18 students in their 3rd year of a Culinary Arts Management degree programme at the Institute for Tourism Studies, took part in a cooking workshop to win one of the coveted spots. The winners began their internship in January 2019.





Orbis's Paediatric Eyecare Project

We have provided support to the Paediatric Eye Care project in Linyi, Shangdong province operated by Orbis Hong Kong since 2012. 2018 was the third year of a specific initiative to “strengthen the Pediatric Eye Care Network in Linyi, Shandong”. Orbis partnered with the Lunan Eye Hospital to build up both surgical and training skills in handling complicated cases for pediatric patients such as cataract, strabismus and refractive errors. Service networks were extended to seven branch medical centers across the Linyi prefecture which has provided local children with access to high quality eye care. In 2018 alone, 8,320 children were medically treated, and 2,746 surgeries were conducted.

Education

Whole Person Development

Development of local people is a top priority for the Group. We focus on Whole Person Development, a holistic approach which embraces a generalist career path beyond a technical or functional-only focus, and where embedded learning

programmes transcend classroom training, to include experiences that enhance personal growth; in turn creating a stronger foundation for sustainable success. Our programmes below support development of local people for management roles. In 2008, 38% of managers in Macau came from local communities; in 2018, that figure is over 80%.

Back to school

First launched by us in 2010, the in-house high school diploma programme was conducted in partnership with the Luso-Chinese school Luis Gonzaga Gomes, and the Education and Youth Affairs Bureau. This programme was developed to address the issue of people exiting education early to pursue a job.

“Melco YOU-niversity” programme

Since 2016, we have partnered with Edinburgh Napier University to coordinate the Melco YOU-niversity. Employees who enrol are able to work towards an in-house operated bachelor's degree programme while working. In 2018, we recognized the first 15 graduates from Melco YOU-niversity in an awards ceremony.

Environmental Conservation

Soap for Hope

City of Dreams Manila is the first integrated resort to participate in the “Soap for Hope” programme in the Philippines. This award-winning global programme cooperates with hotels to eliminate soap waste by hygienically reprocessing used soap into new soap bars and donating them to various charitable institutions. In 2018, we reprocessed over 5,000 used soap bars into new soap bars. Our resorts in Macau recently joined the ‘Clean the World’ Asia initiative, recycling slightly used soaps into as good as new soap bars that are donated to local and regional communities in need. The programme is expected to recycle nearly 2,000 kg of soap.



9. OUR ENVIRONMENT

We are harnessing the power of play to create a more sustainable future for our children and the planet, so providing our guests new experiences and possibilities, luxury, and entertainment in ways that also protect the environment is a top priority. That is why we have set ourselves ambitious environmental goals focused on:

- building and operating carbon neutral resorts;
- achieving zero waste resorts and contributing to the circular economy in Asia; and
- extending our positive impact by sourcing sustainable goods and services.

¹ As defined by The CarbonNeutral Protocol. The global standard for carbon neutral programmes. January 2018 Natural Capital Partners https://assets.naturalcapitalpartners.com/downloads/The_CarbonNeutral_Protocol_Jan_2018.pdf

² An Energy Attribute Certificate, or EAC, is a certificate that provides information about the environmental attributes of one megawatt hour (MWh) of electricity.

Through these goals we will show that a sustainable future is the only future and inspire others to do the same.

Carbon Neutral Resorts

We are playing our part in combating climate change by committing to achieving carbon neutrality¹ at all our resorts by 2030. This bold ambition will be built on continuously improving energy efficiency at our existing properties, and investing in renewable energy, innovation and other low- and no-carbon technologies such as electric vehicles.

Carbon neutrality is a demanding goal, but we are building a roadmap to achieve it with four main strategies: 1) reducing our energy consumption with energy efficiency measures; 2) switching from grid electricity to renewable electricity; 3) electrifying our fleet of vehicles over time to reduce the use of fossil fuels; and (4) reducing and offsetting our indirect footprint.

How we are doing

We are making substantial progress towards carbon neutrality across our four integrated resorts in Macau and Manila. Our absolute Scope 1 and 2 emissions have reduced by 95% since 2016, primarily due to the purchase of EACs² issued by the I-REC Standard.

GHG emissions & energy

GHG Emissions (2016-2018)* In MtCO ₂ e (metric tonnes carbon dioxide equivalent)			
	2016	2017	2018
Scope 1 Emissions	13,581	15,132	19,781
Scope 2 Emissions (Market-based)**	363,226	328,225	-
Total Scope 1 and 2 Emissions	376,807	343,357	19,781
Emissions Intensity by Gross Floor Area*** (in square feet)	0.030	0.027	0.001

* Our GHG Inventory is calculated using an operating control approach. The inventory aligns with the Greenhouse Gas Protocol Corporate Accounting Standard (the “GHG Protocol”) published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), and refers to the global warming potential (GPWS of the fifth assessment report (5AR) of the Intergovernmental Panel on Climate Change (IPCC). According to the GHG Protocol, a company’s GHG emissions are classified into three “scopes”. Scope 1 is emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy.

** Scope 2 location-based emissions are reported in the GRI Content Index.

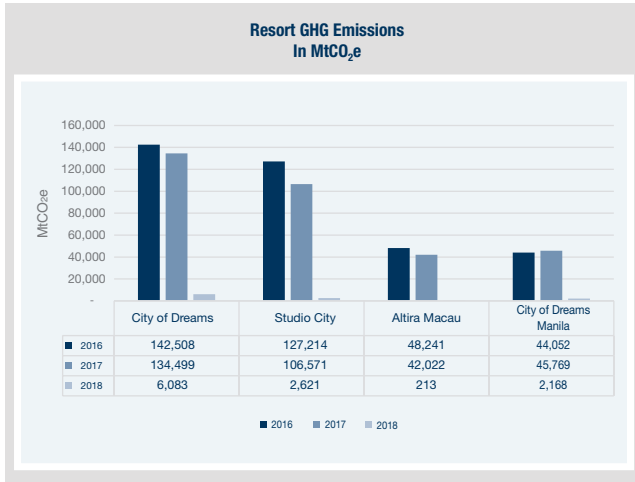
*** Total Gross Floor Area (GFA) is measured in square feet and covers the following properties: City of Dreams, Altira Macau, Studio City, Mocha Clubs, and City of Dreams Manila, as well as our corporate offices.

Energy Consumption (2016-2018) In MWh (Megawatt hours)			
	2016	2017	2018
Fuel consumption from nonrenewable sources	55,170	55,765	74,208
Fuel consumption from renewable sources	-	-	-
Electricity consumption from nonrenewable sources	423,089	409,666	-
Electricity consumption from renewable sources	-	-	431,060
Total energy consumption*	478,260	465,430	505,269
Energy Intensity by Gross Floor Area** (in square feet)	0.038	0.037	0.036

* Minor discrepancies in the total sums of individual components are due to rounding.

** Total Gross Floor Area (GFA) is measured in square feet and covers the following properties: City of Dreams, Altira Macau, Studio City, Mocha Clubs, and City of Dreams Manila, as well as our corporate offices.

Resort GHG emissions & energy

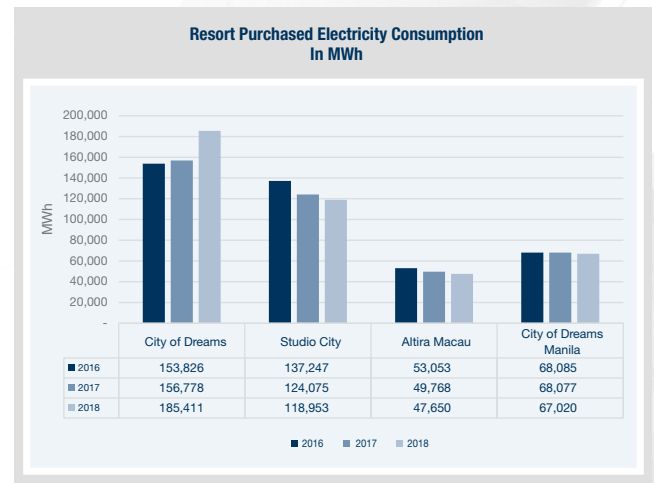


Reducing our energy consumption

Energy efficiency is always our preferred way of reducing our emissions. In 2018, we completed detailed energy audits and created environmental roadmaps at all our resorts. Some initiatives in 2018 included rolling out energy-efficient LED lighting for both exterior and interior illumination, installing photo-sensors in outdoor lights and staff lift lobbies, and optimizing our building management system at City of Dreams Manila to collect data from individual submeters and track energy use and temperature.

Excluding City of Dreams, which expanded significantly with the addition of Morpheus, between 2016 and 2018 we reduced energy consumption at each of our other three resorts by an average of 10%.

We are proud that Studio City received the CEM Energy Saving – Excellence Award in 2018 in recognition of its work to improve energy efficiency. There has been a simultaneous drop in the use of absolute electricity at this resort by 13% since 2016.



Transitioning to renewable energy

Renewable energy is the future. To play our part in accelerating adoption, we are investing in renewable energy markets in the locations where we operate, and in particular leading the way in Macau by implementing the first large scale onsite solar photovoltaic project. In addition to this, we are already procuring 100% of the electricity we use from renewable sources through our purchase of EACs or PowerPlus.



Macau's largest solar array

Close to 30,000 square meters of rooftop space at City of Dreams and Studio City is covered with over 18,000 solar photovoltaic panels. They will have the capacity to generate nearly 7.7 million kWh of energy per year - enough to power 1,500 households. Once fully operational, it will reduce our CO₂ emissions by more than 6,000 tons a year, roughly the same amount 260,000 trees would absorb in one year.

Stimulating the renewable energy market

Using our procurement power is an effective way for us to drive change. That is why 100% of the electricity used at our resorts in 2018 came from renewable sources through purchased EACs issued by the I-REC Standard from renewable energy projects in China and the Philippines. The I-REC Standard allows us to guarantee that our electricity is coming from renewable sources and via credible tracking systems, while also supporting local renewable energy markets.

Electrifying our vehicle fleet

In launching Macau's largest fleet of twenty zero-emission electric buses in September 2018, we celebrated not only reducing greenhouse gas emissions, but also an improvement in air quality and the health of our staff and local communities. The buses operate as guest shuttles between our resorts of City of Dreams, Studio City and Altira Macau. They represent a collaboration with manufacturer Zhengzhou Yutong Bus Company Limited and support broader government commitments for a greener Macau.



Achieving Zero Waste Resorts and Contributing to Circular Economy Leadership in Asia

We don't always think, as we drink from a bottle, straw or takeaway cup, of the impact such a simple act could have. But when that single action is amplified across our operations, its effects can become significant, and become part of a bigger problem of wasted resources and pollution.

That is why our goal is to be a leader in the circular economy movement in Asia, with zero waste resorts by 2030. To the Group, “zero waste” means sending no waste to landfill or incinerating waste without energy recovery.

To achieve zero waste, we will: 1) improve how we use resources, and eliminate waste in our operations, and 2) partner with our supply chain for innovative solutions that eliminate waste and enhance circularity.

This is not a new focus area for us; we received “Class of Excellence” rankings at our Hong Kong offices from Wastewi\$e for ten consecutive years from 2009 to 2018 and “Class of Good” for the two previous years. Wastewi\$e rankings evaluate three areas: reducing waste, recycling and buying recycled products.

Our Waste Footprint – Non-hazardous

Waste Disposal By Method (2016-2018)			
In tons			
	2016	2017	2018
Composting	29	32	71
Recycling	627	555	576
Incineration with Energy Recovery*	11,892	11,680	12,423
Incineration	–	2	7
Landfill	3,981	3,885	3,260
Total**	16,528	16,154	16,337
Waste Intensity by Gross Floor Area*** (in square feet)	0.0013	0.0013	0.0012

* Incineration with energy recovery is determined by Macau Authority.
 ** Minor discrepancies in the total sums of individual components are due to rounding.
 *** Total Gross Floor Area (GFA) is measured in square feet and covers the following properties: City of Dreams, Altira Macau, Studio City, Mocha Clubs, and City of Dreams Manila, as well as our corporate offices.

Taking action on plastic waste

In 2018, we started working on a plan to eliminate all problematic and unnecessary plastic items; innovating to ensure that the plastics we do need are reusable, recyclable, or compostable; and reusing, recycling or composting to keep plastic in the economy and out of the environment. Focusing initially on drinking straws, water bottles, and packaging from the in-room amenity packs, we will also be expanding our efforts to all single use plastic amenity items and packaging across our operations.

This work involves colleagues from across the business and a range of new initiatives. Take bottled water as an example. We have installed over 100 water dispensers throughout our properties; we estimate these dispensers have saved over 390,000 half-litre bottles since 2017. At both Manila and Macau, we are ‘lightweighting’ water bottles by reducing the size and thickness of bottles and caps. Decreasing bottle weights by more than 26% will save close to 100 metric tonnes of plastic annually, addressing approximately 96% of Macau’s and 90% of Manila’s water bottle procurement³.

Taking action on food waste

In Macau, we are composting 200kg of food waste a day, equivalent to 73 tons a year. By composting we can reuse organic waste, reduce associated CO₂ emissions and costs. At City of Dreams Manila, wormeries break down material such as eggshells, vegetable peelings, and gardening clippings, to produce vermiculture. This in turn is used as organic fertilizer on our grounds, reducing the need for chemical fertilizers. Food waste audits at our Heart-of-House canteens at City of Dreams and Studio City helped us identify improvements.

Water

Growing populations and climate change mean that water stress is an increasing issue globally. We are committed to using this precious resource responsibly. We have installed state-of-the-art equipment at our resorts to conserve water. The SYNERGY® system purifies water while reducing chemical use by up to 90%. A sophisticated filtration system for The House of Dancing Water at City of Dreams allows us to reuse pool water indefinitely. At Altira Macau we treat and recycle greywater from guestroom sinks, showers and baths to use as flush water, saving more than half of the freshwater normally required for flushing.

³ Based on 2017 procurement figures. Weights are estimated using representational bottles from a single, primary supplier.

There are also many smaller scale water efficiency measures installed across our resorts. These include automatic sensors on all faucets, water-saving toilets and showers in hotel guest rooms, and a rainwater recovery system to store rainwater for irrigation. Additionally, we have invested in extensive planting to minimize water loss through wind evaporation from pools and river features. Behavioural change also plays a key role, as we train our colleagues to be water-conscious when cleaning guest rooms and public areas.

These initiatives have resulted in a relatively consistent water consumption profile over the last three years. Our City of Dreams Manila and Studio City resorts have achieved significant decreases in water consumption – over 20% and 9% respectively since 2016.

Water Use (2016-2018) In m ³			
	2016	2017	2018
By Location			
City of Dreams	1,072,140	1,078,463	1,302,178
Studio City	1,026,695	981,723	937,636
Altira Macau	381,596	391,692	413,273
City of Dreams Manila	685,454	597,792	544,561
Corporate offices	5,338	5,615	5,798
Mocha clubs	60,694	61,175	48,603
Japan	–	112	298
By Source			
Municipal Water	3,181,198	3,065,854	3,201,628
Recycled Water	50,718	50,718	50,718
Total*	3,231,916	3,116,572	3,252,346
Water Intensity by Gross Floor Area** (in square feet)	0.256	0.247	0.230

* Minor discrepancies in the total sums of individual components are due to rounding.

** Total Gross Floor Area (GFA) is measured in square feet and covers the following properties: City of Dreams, Altira Macau, Studio City, Mocha Clubs, and City of Dreams Manila, as well as our corporate offices.

10. OUR VALUE CHAIN

Sustainable Supply Chain Management

Sustainable sourcing

We work hand-in-hand with a wide array of suppliers to deliver excellent and quality services to our customers. Our sustainable purchasing means understanding more about the impacts of the goods and services we purchase and changing practices to reduce environmental impacts. It also means investing in local suppliers so that our resorts support the local economy and the communities that depend on it. In 2018, we implemented sustainable sourcing guidelines for three key product categories – cotton, cleaning products, and seafood. Over time, we will add other goods to our sustainable sourcing programme.

Cotton

In 2018, we launched our sustainable cotton sourcing guidelines which endorse and actively support the use of Better Cotton Initiative (“BCI”) cotton and OEKO-TEX® certified cotton products in our resorts. The STANDARD 100 by OEKO-TEX® certification ensures our products have been tested for harmful substances, providing reassurance to our guests that their safety has been put first. By the end of 2018, we had already made considerable strides with OEKO-TEX®:

- In our Macau resorts, over 95% of our bed linens and towels have obtained STANDARD 100 by OEKO-TEX® certification.
- Across all of our operations, over 70% of our bed linens and towels have obtained STANDARD 100 by OEKO-TEX® certification.

Our goal is for 100% of our bed linens and towels to be sourced from OEKO-TEX® certified suppliers by 2030, and 50% of our linens and towels to be from suppliers that support BCI in the same timeframe.

Cleaning products

In 2018, we reviewed all the cleaning products we use and introduced guidelines and a sustainability rating scheme for buyers. The guidelines state our preference for products that reduce environmental and human health impacts while maintaining quality. We encourage buyers to choose products with internationally recognized eco-labels such as Green Key, Green Seal and those that biodegrade easily, while avoiding products that contain certain chemicals that damage the environment and human health. We are also looking to ensure that products are used efficiently. We provide training to colleagues on the proper handling, use, storage, and disposal of cleaning products. In Manila, we have introduced computerized dispensing units to avoid waste. In 2018, Morpheus, Nüwa and The Countdown at City of Dreams and Studio City all received Green Key Awards. By achieving these awards, our workers and guests can be assured that we are continuously working to increase the number of cleaning products that are free of the harmful chemicals listed in the Green Key blacklist.

Seafood

To supply our restaurants and staff dining facilities across our resorts, we procure a large amount of high-quality seafood from around the world. By making a positive choice to purchase seafood products from sustainable fisheries and farms, we can play a role in promoting responsible management of fish stocks and the health of our oceans. To increase the amount of sustainable seafood we purchase, we have implemented sustainable sourcing guidelines that outline our preference for Marine Stewardship Council (“MSC”), Aquaculture Stewardship Council certified seafood, or Best Aquaculture Practices certified seafood. We also highly consider seafood sourced from fishery or aquaculture improvement projects or are listed as recommended or equivalent on reputable seafood rating systems.

To ensure that the MSC-certified seafood products we purchase are traceable throughout each stage of the supply chain and separated from non-certified products, we are working to obtain MSC Chain of Custody (“CoC”) certification. We are also providing MSC CoC training to our supply chain and restaurant staff in early 2019 to help them make more sustainable seafood choices. Among other topics, the training will address the principles behind certification, present current MSC CoC suppliers in the region, and culminate with a workshop on sourcing specific species.

In 2018, we worked towards increasing the percentage of seafood we purchase from sustainable sources, and engaged a number of priority suppliers in supporting our efforts. We look forward to reporting our progress once we have completed MSC CoC certification.

Supplier Code of Conduct

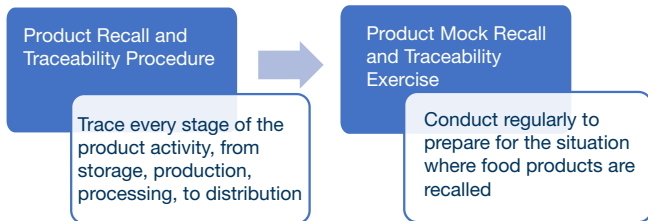
In addition, we have adopted a Supplier Code of Conduct in our Operational Policy Guidebook which served as a guideline to all staff, contractors and suppliers. To ensure suppliers align with our expectations, we regularly review supplier environmental and social performance. Suppliers who repeatedly fail to meet relevant laws and regulations will be terminated in due course.

Customer Care

With an ultimate goal of delivering innovative products and services and delivering higher value to our customers, our primary objective is to offer outstanding customer experiences in the field of leisure, entertainment and hospitality industry by providing quality services and amenities. We have taken extra care in managing advertising and marketing activities, and mitigating and controlling customers’ health and safety risks. We ensure that we comply with all applicable laws and regulations when we advertise and deliver marketing materials.

As our hospitality business involves the delivery of excellent services and superior food and beverage options to customers, we have a series of stringent internal protocols in place to manage and alleviate customers' health and safety risks.

Our Food Safety Assurance Process



As one of the elements in the Hazard Analysis and Critical Control Points (“HACCP”) Programme, City of Dreams, Altira Macau and Studio City conduct the product mock recall and traceability exercise at least twice a year by the food safety team. The programme is being audited and verified by an external certification body on an annual basis. In cases where the hazards are generated by raw materials, immediate action will be taken to trace products back to vendors, traders, distributors or manufacturers to identify the cause. We are conscious of food safety and both City of Dreams and Altira Macau have been HACCP certified.

The HACCP Committee consists of management representatives of over ten departments and divisions, and meets on a bi-weekly basis to oversee any food safety and hygiene related matters within the organizations. In addition, a quarterly food safety management review is conducted to reflect on the performance of food vendors, including a review of microbiological testing results and food safety related customer feedback.

Soliciting customer feedback

We pride ourselves in improving customer experiences and visitation by leveraging stakeholder feedback across many channels. We collect feedback through focus groups; face-to-face surveys; various online platforms and regularly through our employees. We attained a record-breaking 85 stars at 2019 Forbes Travel Guide and Forbes 5-Star and Michelin experiences, which is attributed to knowing our guests needs and desires, and constantly exceeding their expectations.

APPENDIX I – ESG REPORTING GUIDE CONTENT INDEX

Subject Area, Aspects, General Disclosures and KPIs		Section / Remarks	Page Number
A. Environment			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	ESG Vision & Strategy / Our Environment	4-5/ 15-20
KPI A1.1	Types of emissions and respective emissions data	Our Environment	15-17
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Our Environment	16-17
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	Not material to the Group.	/
KPI A1.4	Total non-hazardous waste produced and intensity	Our Environment	19
KPI A1.5	Description of measures to mitigate emissions and results achieved	Our Environment	15-19
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Our Environment	19-20
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	ESG Vision & Strategy / Our Environment	4-5/ 15-20
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Our Environment	16-17
KPI A2.2	Water consumption in total and intensity	Our Environment	19-20
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Our Environment	15-16
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Our Environment	19-20
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Not material for the Group.	/
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	ESG Vision & Strategy / Our Environment / Society and Community	4-5/ 15-20/ 13-15
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Our Environment	15-20

Subject Area, Aspects, General Disclosures and KPIs		Section / Remarks	Page Number
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Our People	9-13
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Our People	10
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Our People	10
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Our People	12-13
KPI B2.1	Number and rate of work-related fatalities	Our People	12-13
KPI B2.2	Lost days due to work injury	Our People	12-13
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Our People	12-13
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Ethics / Responsible Gaming / Our People	6-8/ 8-9/ 11
KPI B3.2	The average training hours completed per employee by gender and employee category	Our People	11
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Our People We abide by relevant employment ordinances and statutory requirements. No relevant cases of non-compliance were recorded.	9-13

Subject Area, Aspects, General Disclosures and KPIs		Section / Remarks	Page Number
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Our Value Chain	20-22
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Our Value Chain	20-22
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Ethics / Responsible Gaming	6-8/ 8-9
KPI B6.4	Description of quality assurance process and recall procedures	Our Value Chain	22
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Ethics	8
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Ethics	6-8
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Ethics	6-8
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Ethics	6-8
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Responsible Gaming / Society and Community	9/13-15
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Responsible Gaming / Society and Community	9/13-15
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Society and Community	13-15

APPENDIX II – GRI CONTENT INDEX

This Report references the following selected GRI Standards that are relevant for our Company.

GRI Disclosure Number	GRI Disclosure Title	Section / Remarks	Page Number
GRI General Standard Disclosures			
Organizational Profile			
GRI 102-1	Name of the organization	About this Report	2
GRI 102-4	Location of operations	About this Report	2/10
GRI 102-7	Scale of the organization	About this Report	2/10
GRI 102-8	Information on employees and other workers	Our People	10-11
GRI 102-9	Supply chain	Our Value Chain	20-22
GRI 102-10	Significant changes to the organization and its supply chain	In 2018, we opened a new gaming operation in Cyprus. Given that the site is not scheduled to open until 2021, environmental and community impacts were insignificant in 2018. We have included some information and data in the social sphere in this Report.	/
GRI 102-11	Precautionary Principle or approach	Corporate Governance Our precautionary approach is reflected in our enterprise risk management approach.	5-6
GRI 102-12	External initiatives	The Group endorses the following voluntary environmental and social charters/standards/sets of guiding principles: <ul style="list-style-type: none"> • Better Cotton Initiative (BCI) cotton • Foundation for Environmental Education (FEE) • Green Key • Green Hotel Awards organized by Macau Environmental Protection Bureau • GRI Sustainability Reporting Standards • Hazard analysis critical control points (HACCP) Food Safety Certificate Program • ISO14001 Environmental Management System (EMS) • STANDARD 100 by OEKO-TEX® certification • WasteWi\$e Label Scheme • New Plastics Economy Global Commitment 	/
Ethics & Integrity			
GRI 102-16	Values, principles, standards, and norms of behaviour	Ethics	6-8
GRI 102-17	Mechanisms for advice and concerns about ethics	Ethics	6-8
Strategy			
GRI 102-18	Governance structure	Corporate Governance	5-6
Stakeholder Engagement			
GRI 102-40	List of stakeholders	Our key stakeholders include: Investors, Raters/Rankers, Regional and International Governments, Employees, Communities, Business Partners and Suppliers.	/
GRI 102-42	Identifying and selecting stakeholders	About this Report / Society and Community	2-3/ 13-15
GRI 102-43	Approach to stakeholder engagement	About this Report	2-3

GRI Disclosure Number	GRI Disclosure Title	Section / Remarks	Page Number
GRI 102-46	Defining report content and topic Boundaries	About this Report	2-3
GRI 102-47	List of material topics	About this Report	2-3
Reporting Practice			
GRI 102-48	Restatements of information	<p>We are not restating any baseline data for 2017, but we have adjusted our approach to collecting and disclosing data in 2018 for several key topic areas.</p> <p>We are reporting on turnover by Group, turnover by region, total charitable contributions each year and total number of employees who participate in CSR activities in 2018 to better align with how our core gaming and hospitality arm – Melco Resorts – manages and discloses this information.</p> <p>The scope of our environmental performance data is different for 2018 (energy consumption, greenhouse emissions, waste disposal, water use) as it does not include tenant hotels, tenant shops and restaurants, where we have limited control. We have also adjusted our approach to calculating intensity by Gross Floor Area by using square feet instead of square meters.</p>	/
GRI 102-50	Reporting period	About this Report	2
GRI 102-52	Reporting cycle	We plan to release an annual ESG report.	/
GRI 102-53	Contact point for questions regarding the report	info@melco-group.com	/
GRI 102-55	GRI content index	This GRI Content Index Table	/
GRI Specific Standard Disclosures: Economic			
Topic: Economic Performance			
Topic: Anti Corruption			
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Ethics	6-8
GRI 205-2	Communication and training about anti-corruption policies and procedures	Ethics	6-8
GRI Specific Standard Disclosures: Environment			
Topic: Materials			
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our Environment	18-19
GRI 301-2	Recycled input materials used	<p>Our Environment</p> <p>We currently address sustainable materials by reducing single-use plastics used in the delivery of our services or by extending the life of materials through recycling and reuse, and will look to assess the amount of recycled input use in the near future.</p>	18-19
Topic: Energy			
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our Environment	15-17
GRI 302-1	Energy consumption within the organization	Our Environment	16-17
GRI 302-3	Energy intensity	Our Environment	16-17

GRI Disclosure Number	GRI Disclosure Title	Section / Remarks	Page Number						
Topic: Water									
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our Environment	19-20						
GRI 303-3	Water recycled and reused	Our Environment	19-20						
Topic: Emissions									
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our Environment	15-16						
GRI 305-1	Direct (Scope 1) GHG emissions	Our Environment	16-17						
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Our Environment We use subregion grid (utility) emission factors for Scope 2 market-based calculations, and use IEA grid emissions factors for Scope 2 location-based calculations. Our Scope 2 location-based emissions in MtCO ₂ e are as follows: <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>2016</td> <td>2017</td> <td>2018</td> </tr> <tr> <td>276,400</td> <td>267,539</td> <td>281,698</td> </tr> </table>	2016	2017	2018	276,400	267,539	281,698	16-17
2016	2017	2018							
276,400	267,539	281,698							
GRI 305-4	GHG emissions intensity	Our Environment	16-17						
Topic: Effluents and Waste									
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our Environment	18-19						
GRI 306-2	Waste by type and disposal method	Our Environment Because we generate an immaterial amount of hazardous waste, only non-hazardous waste totals are in the tables.	18-19						
GRI Specific Standard Disclosures: Social									
Topic: Employment									
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our People	9-13						
GRI 401-1	New employee hires and employee turnover	Our People	10						
Topic: Occupational Health & Safety									
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our People	12-13						
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our People Note that we do not currently track or report on our total incident rate by gender. Our H&S policies, programs, and training are targeted at all colleagues.	12-13						
Topic: Training and Education									
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our People	11-12						
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Our People Note that we report on the type and scope of programs we provide to help employees upgrade their skills. We don't currently offer any programs to facilitate continued employability of employees who leave either through retirement or termination.	11-12						

GRI Disclosure Number	GRI Disclosure Title	Section / Remarks	Page Number
Topic: Diversity & Equal Opportunity			
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our People	10-11
GRI 405-1	Diversity of governance bodies and employees	Our People Note that we report on percentage of individuals within the organization's governance bodies from a gender perspective, and on our total global workforce by gender. We do not report on diversity by age group as this is not something we are actively managing.	10-11
Topic: Local Communities			
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Society and Community	13-15
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Society and Community All of our operations have community engagement and investment programs in place.	13-15
Topic: Customer Health & Safety			
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Our Value Chain	20-22
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Our Value Chain	20-22
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance with regulations and/or voluntary codes were identified during this reporting period.	/
Topic: Customer Privacy			
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Ethics	8
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	We had no data breaches of significance nor did we receive any substantiated complaints in 2018.	/
Topic: Socioeconomic Compliance			
GRI 103-1 to 103-3	Explanation of the material topic and its Boundary	Ethics	6-8
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No significant fines or non-monetary sanctions for non-compliance occurred during this reporting period.	/

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