

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. HIGHLIGHTS OF THE YEAR

Community

- **362,249** beneficiaries from our community programmes
- **136,832** volunteer hours by our employees
- **77** charitable activities and programmes organized by us
- **HK\$34.2 million** charitable donations

Environment

- **17GWh of reduction** in electricity consumption at Studio City and Altira Macau
- **3% reduction** in total greenhouse gas emissions

People Development

- **137,414 hours** of training for our employees
- Provide **lactation support** at our four properties in Macau and the Hong Kong corporate office

Awards and Recognition

- **BDO ESG Awards – ESG Report of the Year Award** (Middle Market Capitalization category)
- **Hong Kong Awards for Environmental Excellence – Wastewi\$e Label** – Class of Excellence
- Hong Kong Council of Social Service – **10 Years Plus Caring Company**
- **Business Award of Macau – Corporate Social Responsibility Grand Award** – Melco Resorts & Entertainment Limited
- Asian Excellence Award by Corporate Governance Asia magazine – **Best Environmental Responsibility** – Melco Resorts & Entertainment Limited

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, which has been prepared in accordance with the disclosure requirements of the ESG Reporting Guide (“ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”). The preparation of this Report has also selectively referenced the GRI Standards for disclosure of information.

As a sustainability reporting pioneer in the leisure and entertainment industry, Melco International has been publishing its Corporate Social Responsibility Report annually since 2007. This year, we continue our commitment to the transparent disclosure of our ESG policies and performance through a more focused ESG Report, which provides an overview of ESG policies and management approach and presents sustainability initiatives and performance trends during the period from 1 January 2017 to 31 December 2017.

To reflect the businesses which have a considerable impact on the Group’s environmental and social performance, this Report covers Melco International’s corporate office and the core gaming 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.

To locate relevant ESG topics, disclosures and key performance indicators (“KPIs”) within this Report with ease and to provide supplemental information, a detailed ESG content index is presented at the end of this Report. Additional ESG performance information including financial data and corporate governance details can be located in other relevant sections of our annual report.

Stakeholder Engagement and Materiality Assessment

The Company recognizes the importance of engaging stakeholders and identifying material sustainability issues for our continued ESG success. To prepare this Report, the Company commissioned an independent consultant to carry out a stakeholder engagement and materiality assessment. An online survey was conducted with employees to gather stakeholder insights on the materiality of various ESG issues, our current ESG performance, and the content of this Report.

A three-step process was undertaken to determine material issues for disclosure in this Report:

Step 1: Identification

To identify potential material topics:

- Peer benchmarking: The ESG disclosures of local peers were reviewed to identify industry practices.
- Stakeholder engagement: An online survey was conducted with internal stakeholders to rank the materiality of various ESG issues and gather their thoughts on this Report.

Step 2: Prioritization

To prioritize potential material topics:

- Results from the peer benchmarking exercise and the outcomes of the stakeholder engagement were compiled and analyzed to indicate the overall materiality level for each ESG aspect and KPI.
- A prioritized list of material ESG-related issues was developed for the next step.

Step 3: Validation

To finalize the list of material issues, the outcomes of steps 1 and 2 were brought forward for discussion with senior management which confirmed the list of material KPIs for disclosure in this Report.

3. SUSTAINABILITY GOVERNANCE

Corporate Governance

Supervised by the Audit Committee and the Board, the risk management of the Group combines a top-down strategic view with a bottom-up operational process. ESG-related operational risks are also considered, and regularly reviewed, evaluated and monitored in accordance with the Group's risk management process and internal control systems.

A risk management taskforce, comprising members representing different business units of the Group designated by the Board, to oversee and assess the Group's risk management framework was set up by the Audit Committee and a risk management policy was adopted by the Board. The risk management taskforce assists the Board and the Audit Committee in overseeing the risk management system based on the results of the risk assessment work through inquiries with key management personnel. Please refer to "Corporate Governance Report" for more details.

Anti-corruption

"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 adopted relevant codes and policies at both the Group and subsidiary levels. The *Code of Business Conduct and Ethics* details our policies on anti-bribery, anti-money laundering and anti-fraud. New employees are required to attend the corporate governance orientation, during which the Code of Business Conduct and Ethics will be explained clearly. Annual trainings on anti-bribery and anti-corruption are also provided for management and staff in key business functions of our operating subsidiaries.

To further strengthen the corporate culture, Melco Resorts launched the Ethical Business Practices Programme which sets out the standards and requirements for compliance with anti-corruption laws in the jurisdictions where our gaming facilities operate. Guidance on giving and receiving gifts, tours, meals and entertainment, as well as interacting with government officials is provided to employees. We have also designated staff member as an Ethical Business Legal Advisor in each city where we operate to answer staff enquiries related to anti-corruption and anti-bribery.

Whistle-blowing

We consider our whistle-blowing channel to be a useful means of identifying possible misconduct or fraud risks at a particular operation or function and encourage employees to raise concerns in good faith.

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 shall be 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. OUR PEOPLE

As our Group's operations are customer-oriented, we depend highly on our dedicated employees for delivering quality services and guest experiences to our customers. Thus, we strive to provide a harmonious, safe and healthy working environment, and training and development opportunities to our employees to encourage a sense of pride and belonging.

Employment and Caring 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. As at the end of 2017, the Group had a total of 18,978 full-time employees of which 9,725 were male employees and 9,253 were female employees; 13,062 employees were below age 40 and 5,916 employees were over 40.

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 Group's Remuneration Policy. When there are vacant positions, we also give priority to qualified internal candidates prior to recruiting from external sources, whenever possible. As at the end of 2017, the employee turnover rate of the Group was 12.8% for male employees and 12.1% for female employees; and 14.6% for employees aged below 40 and 7.7% for employees aged over 40.

Lactation Rooms

To support working mothers in the workplace, we opened lactation rooms in 2016 at our four properties in Macau, which includes City of Dreams, Studio City, Altira Macau and our office at Flower City. Working mothers are now provided with comfortable and spacious rooms that are fully-equipped with lounge chairs, cleaning facilities and refrigerators. In 2017, we extended our care for working mothers to our corporate office in Hong Kong.



We continued to organize a wide range of staff activities during the year designed to encourage communication among employees, build trust across departments, and enhance staff morale. We also encourage our employees to play an active part in serving the community through participating in volunteering activities organized by the Company. Meanwhile, we also appreciate employees' spontaneous volunteering initiatives. Please refer to the section headed "Our Community" of this Report for the community and volunteer programmes we organized or sponsored in 2017.

Training and Development

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.

Our Training and Development Sponsorship Policy guides our dedication in supporting the enhancement of employee skills and competencies. When determining the training needs of individual staff, we set objectives and desired outcomes and continually review the subsequent results of any training received. We encourage our employees to pursue further education at external educational institutions by providing sponsorship or arranging specific training and development courses by external training companies.

| Average training hours for the Group's male employees | Average training hours for the Group's female employees |
|---|---|
| 7.47 hours | 7.00 hours |

We embrace the concept of personal growth, professional development and life-long learning. At the operational level, apart from providing on-the-job technical training for our employees, we also offered employees with a variety of courses, including:

- Energy Management Series: Workshop on Implementing ISO50001 Energy Management System (EnMS)
- ISO 14001:2015 Internal Auditor Training
- Melco Induction – The Future is Ours – Environmental Awareness
- Power Quality Solutions and Design



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Occupational Health and Safety

We are deeply committed to ensuring our employees work in a safe and healthy environment. Our Occupational Safety and Health (“OSH”) Policy, which was established in 2008, exhibits the top management commitment to compliance with legal requirements, prevention of injuries and illnesses, and continual improvement in OSH. To ensure all of our activities and workplace hazards are being managed and are in compliance with local legal requirements, OSH Committees at our different operating properties meet once a month and discuss safety management issues. The main functions of the OSH Committees are:

- Review OSH performance trends and follow up on major OSH incidents and accidents
- Support OSH promotion and awareness activities, and assist with the implementation of OSH education and training Programmes
- Coordinate OSH auditing and inspection activities
- Provide feedback to management on employee OSH issues and concerns, and implement measures to reduce accidents

Internal investigations are conducted for every reported workplace accident. Once an accident has been reported to our Human Resources Department, 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.



All employees at Melco Resorts are required to complete mandatory responsible gaming training as part of the onboarding process.



Studio City signed the Macau Labour Affairs Bureau (DSAL)’s Occupational Safety and Health Charter, a step further to strengthen its commitment to occupational safety.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Instilling a Safety Culture

We actively provide training to our employees to educate them on the importance of OSH. A key component of our OSH Training Programme is written assessments, which ensure that course participants have retained a good understanding of the main safety messages from the OSH training courses. There are six key OSH Training Programmes:

- OSH Induction Training for new staff
- OSH Refresher Training for existing staff
- Contractor Safety Orientation
- Bi-Monthly OSH Training Modules
- OSH Focus Training
- OSH Video Training



Melco Resorts organizes OSH workshops from time to time to refresh employees' knowledge on the matter.

To recognize our employees' efforts in improving OSH performance, our OSH Awards Programme has been offering quarterly cash prizes for eight consecutive years to employees who contribute the most to workplace safety. To promote the safety-first mindset to our employees, we also broadcast monthly OSH information updates via our internal employee television network in all staff common areas in Macau.

Our 2018 OSH Performance Objectives

Ensure Melco Resort's annual employee Lost Time Injury Frequency Rate ("LTIFR") is below the Macau leisure and entertainment industry benchmark

Reduce the annual employee LITFR for each Melco Resorts' property in Macau by 5%

5. OUR COMMUNITY

Caring for the community has always been core to our culture as our corporate 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 2017, we continued to deliver positive impacts to society through community programmes under our three Corporate Social Responsibility ("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.

The devastating impacts of Typhoon Hato on the community will leave a lasting imprint on the memory for every citizen in Macau. In response to this, we committed to sharing our collective resources to swiftly support and restore the community. We promptly created a MOP \$30M Cash Relief Fund and a Volunteer Task Force to support employees, the community and the restoration efforts in the aftermath of Typhoon Hato in Macau. As an immediate action, we halted the construction of our new Morpheus hotel tower and reassigned all 2,000 construction workers to join government-led efforts to assist and restore the city's most affected areas. We also quickly mobilized our dedicated volunteers to help impacted residents and businesses by clearing debris on the streets, distributing bottled water and necessities, and supporting the general public with immediate needs. We are pleased to leverage our community efforts, which enabled the city swiftly recovered from the disaster.



In the aftermath of Typhoon Hato, a 2,500-strong task force of the Group's volunteers and construction workers was formed to help clear debris, distribute bottled water and support the immediate needs of the general public.

Other actions taken in response to Typhoon Hato:

| FOR COMMUNITY | FOR EMPLOYEES |
|--|---|
| <ul style="list-style-type: none"> ➢ Delivered 1,200 meal boxes, bread and over 10,000 bottles of water to residents in need ➢ Over 600 volunteers contributed and provided support to the community ➢ Over 40 local businesses were supported by our electricians and carpenters, restoring power supply and returning to operations | <ul style="list-style-type: none"> ➢ Provided shower facilities for employees affected by water supply suspension ➢ Provided rest areas and accommodation for employees affected by power outage ➢ Adopted flexible working hours for employees assisting their family members and restoring order to their daily lives ➢ Distributed 3,600 bottles of drinking water ➢ Property Services assisted employees to repair significantly damaged homes ➢ Workdays missed due to work locations being not operable were paid |

Our Core Community Programmes in 2017

| Number of volunteer hours our employees contributed in 2017 | Total number of beneficiaries of our CSR activities in 2017 |
|---|---|
| 136,831.5 hours | 362,249 |

Youth Development

“Life Goes On, Art is Eternity” 2017 Charity Painting Day

On 25 February 2017, our volunteers and 20 children with autism aged from 3 to 15 participated in an event organized by Macau Autism Association. Melco Resorts sponsored the venue, entertainment attraction and tea party for this Day. The children created a total of 36 paintings, which were later exhibited on World Autism Awareness Day. Some art pieces were selected and made into products for fundraising by Macau Autism Association. This activity provided an opportunity for the children to develop their talent and potential.



Care for the Macau's Community – Sharing of Festive Joy

With support from various local community service partners and NGOs, we organized the “Love & Care Elderly Mid-Autumn Fun Day” on 27 September 2017 with 100 elders, 100 primary school students, and over 100 Melco Resorts volunteers. After the mini magic show performed by our volunteers, the troop of The House of Dancing Water marched in and surprised the elderly and students with a spectacular performance and parade. Our volunteers also distributed mooncakes and enjoyed an afternoon tea with the elderly and students. It was a special occasion to deliver care and love to three different generations, whilst conveying the message of “respecting the elderly”.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Melco Cares – Special Olympic Sports Fun Day 2017

We co-organized a sport challenge event with Macau Special Olympics, aiming to encourage individuals with special needs to participate in various sports activities, and unleash the potential of their talent. Over 200 Special Olympics athletes and over 100 volunteers from Melco Resorts and volunteers from other organization participated in 150 sports competitions that were tailored for Special Olympics athletes and students including running, and long jump. The event promoted social integration in the society and fulfilled corporate social responsibility.



Orbis's Paediatric Eyecare Project

We have been providing support to the Paediatric Eye Care project in Linyi, Shangdong province operated by Orbis Hong Kong since 2012. Orbis is sponsored for a three-year project to partner with Lunan Eye Hospital to enhance public awareness on eye care, eye disease education, through screenings in the community and schools, and free surgical treatment to patients. Service networks are further extended to four branch hospitals in Jinan, Mengyin, Pingyi and Yishui with new equipment and intensive trainings for medical professionals that have benefited 145,000 children, doctors and community health workers.



Playright Children's Play Association's Hospital Play Service

To deliver long-term benefits, we have also sponsored Playright to build well-rounded facilities, including two playrooms and to purchase a series of therapeutic play tools to facilitate pediatric play therapies at Caritas Medical Centre. Educational leaflets were distributed to help patients and their families to adopt medical procedures and combat stressful treatments. During 2017, the programme benefited 2,311 beneficiaries.



Hong Kong PHAB Association's Youth Life Plan Supportive Scheme

We have continued to support the Hong Kong Physically Handicapped and Able-Bodied Association (“Hong Kong PHAB Association”), whose mission is to unleash the potential of young members with disabilities and empower them with self-confidence. Under the “Career Navigation 360: Youth Life Plan Supportive Scheme”, a series of training and community services were organized. During the year of 2017, 885 youth members with learning disabilities were able to learn about life planning with social skills – an opportunity not available anywhere else in Hong Kong.



Education

The Salvation Army Macau Mobile Class Programme

We donated HK\$1,390,000 to The Salvation Army Macau to support the pioneer learning programme on life education in Macau. A repurposed truck with unique decoration and setup will be operated as a mobile classroom to provide extraordinary learning experiences for students, where they can participate and learn outside of a traditional classroom. The programme is expected to be launched in September 2018.



Christian Action's Education Grant for Children from Huangnan Children's Home

We have continued to support Christian Action's Education Grant Programme, providing disadvantaged children with education opportunities. With our donation support, 21 students benefited from the programme during the year, and a total of 49 students received tertiary education, of which 28 graduated in the past five years.



Environmental Conservation

2017 Sustainable Development International Forum

To be part of the international business community that supports sustainable development, we sponsored the 2017 Sustainable Development International Forum organized by Junior Chamber International Macao on 24 June 2017. Around 120 local and international professionals attended the Forum to discuss ways to achieve the 17 "United Nations Sustainable Development Goals".



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 customers, supporters and employees about the potential harm associated with gambling
- create an awareness of the significant benefits that will arise where customers, supporters and employees assist us in endeavors to minimize the potential harm associated with gambling
- ensure that we comply with legal obligations relating to gambling disorder

We continued to educate our employees on the issue by delivering RG courses for newcomers. Quarterly Responsible Gaming Ambassadors courses are provided for newly promoted managers and above. All frontline employees are required to complete RG refresher training assessment on a regular basis. To further enhance their knowledge, a new additional RG enhancement course was delivered to gaming and non-gaming employees. To spread the message on RG to the public, we produced a commercial video related to RG, which will be broadcast on Teledifusão de Macau in 2018.

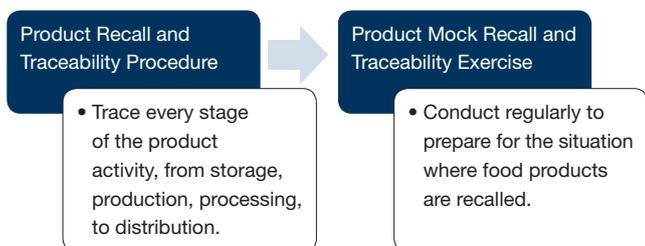
6. OUR VALUE CHAIN

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.

Data Privacy

We have established policies in relation to information security and document retention. These policies are communicated and accessible to all relevant staff members, providing clear guidance on the proper procedures to handle different types of third-party personal data. In addition to policies, we have also implemented systems and processes to protect our customers, employees and company information from cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees or employees of third-party vendors.

Supply Chain Management

We work hand-in-hand with a wide array of suppliers to deliver excellent and quality services to our customers. Committed to developing an environmentally and socially responsible supply chain, we convey sustainability messages to our suppliers and take relevant environmental criteria into account during supplier assessments.

We have a Procurement Policy in place to guide staff who are engaged in procurement activities to make sustainable procurement decisions. During the procurement process, environmental requirements and standards for suppliers are clearly stipulated in tendering documents, which require all suppliers to comply with relevant environmental laws and regulations. In addition, when making a purchase of office equipment, we give priority to environment-friendly and energy-efficient products. To ensure suppliers align with our expectations, we regularly review supplier environmental performance. Suppliers who repeatedly fail to meet relevant environmental laws and regulations will be terminated in due course.

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. We are also considering the development of a standalone Supplier Code of Conduct to ensure the suppliers and contractors uphold the highest ethical standards as well as comply with all applicable laws and regulations.

7. OUR ENVIRONMENT

We have long been committed to minimizing and mitigating the environmental impacts that may arise from operations, whilst delivering excellent and extraordinary customer service in leisure, entertainment and hospitality industry. We strive to make the most effective and efficient use of resources, and instill a sense of environmental responsibility into employees. We actively conduct regular environmental reviews and inspections to evaluate the status of compliance against applicable environmental legislation and requirements. During the reporting year, we complied with all relevant environmental laws and regulations at all locations where we operate including Hong Kong, Macau, and the Philippines.

We endeavour to go beyond compliance requirements and apply practical and innovative measures to consume resources in an efficient and prudent manner. To reaffirm this commitment, environmental policies, which outline the overarching commitment to continual improvement of environmental performance, have been adopted. The policies are communicated to all staff and business partners, as well as the general public. A guideline on resource conservation is also in place to delineate best practices to managing resource consumption, assisting us to select and install more efficient equipment at our operations.

In addition to our commitment and management approach to protecting the environment, City of Dreams went a step further to become the first hospitality facility in Macau to obtain the ISO 14001 Environmental Management Certification, along with an Indoor Environmental Quality Certificate.

Resource Management

Energy Efficiency

Given the business nature of the leisure, entertainment and hospitality industry, our daily operations consume a considerable amount of energy each year. Committed to efficiently and wisely consuming resources as well as minimizing carbon footprints, we seize every opportunity to adopt measures and actions to reduce our energy consumption.

To demonstrate our commitment to effectively managing energy consumption, both City of Dreams and Studio City, which received “Macau Green Hotel Award – Gold Award” and “Energy Saving Concept Award”, have installed a number of energy conservation measures, including heat wheel systems and one of Macau’s biggest chilled-ceiling systems. In addition, we are attentive to available technological options in the market to enhance energy efficiency. For example, an advanced indoor air purification system was installed at City of Dreams and Studio City to reduce the amount of fresh air pumped into the building from outside. The highly advanced Building Management System, which comprises of various technological features, including tracking the outdoor ambient temperature to adjust chiller temperatures, and using heat generated from the air conditioning system to provide hot water, also helps to significantly reduce energy consumption and carbon emissions from the operations. As compared to our environmental performance in 2016, we have achieved a 3% reduction on the total greenhouse gas emissions in 2017.

| 2017 Energy Consumption in Total and Intensity (per GFA*) | | |
|---|------------|--------------|
| Direct Energy Consumed (Stationary and Mobile Combustion) | 19,776.33 | MWh |
| Direct Energy Consumed by intensity | 0.01 | MWh per *GFA |
| Indirect Energy Consumed (Electricity) | 448,041.37 | MWh |
| Indirect Energy Consumed by intensity | 0.33 | MWh per *GFA |
| Total Energy Consumed | 467,817.70 | MWh |
| Total Energy Consumed by intensity | 0.35 | MWh per *GFA |

* Total Gross Floor Area (GFA) is measured in square metres and covers the following properties, including City of Dreams, Altira Macau, Studio City, Mocha Clubs, and City of Dreams Manila.

| 2017 Greenhouse Gas (“GHG”) Emissions# in Total and Intensity (per GFA*) | | |
|--|------------|---|
| Scope 1 [#] emissions | 20,154.19 | Tonnes of CO ₂ -equivalent |
| Scope 2 [#] emissions | 385,719.97 | Tonnes of CO ₂ -equivalent |
| Scope 3 [#] emissions | 839.69 | Tonnes of CO ₂ -equivalent |
| Total GHG emissions | 406,713.84 | Tonnes of CO ₂ -equivalent |
| Total GHG intensity | 0.30 | Tonnes of CO ₂ -equivalent per GFA |

According to the GHG Protocol Corporate Standard, a company’s GHG emissions are classified into three ‘scopes’. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the company, including both upstream and downstream emissions.

* Total Gross Floor Area (GFA) is measured in square metres and covers the following properties, including City of Dreams, Altira Macau, Studio City, Mocha Clubs, and City of Dreams Manila.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We understand that lighting represents a significant portion of electricity consumption at our hotel operations and there is a potential to further reduce consumption by installing and maximizing the use of energy-efficient LED lighting. For example, LED lights are now installed in all hotel guest rooms. At City of Dreams Manila, LED lighting has been installed in wastewater treatment plants and electrical substations, and will be installed in other facilities in the future. We will continue to identify opportunities to expand the use of LED lighting, substantially reducing energy consumption across all operations.

Other energy efficiency measures which contribute to our overall energy performance and carbon reduction include:

- Adjusting façade lighting based on sunset and sunrise schedules throughout the reporting year
- Implementing heat pumps instead of boilers for the hot water supply system
- Installing DC motors for Fan Coil Units in hotel towers to reduce power consumption
- Installing motor detectors in different areas of Studio City to dim the lights when an area is not occupied
- Adjusting the brightness of pylon signs to reduce power consumption at night and help to reduce light pollution
- Selecting high efficiency motors which comply to IE3 requirements
- De-lamping different areas to remove unnecessary light bulbs/ fixtures in areas where over-illumination occurs
- Rescheduling and shortening escalator and water feature operation hours to avoid needless energy consumption
- Switching off heaters in the swimming during winter to avoid needless consumption
- Temporarily switching off running water in water features during non-peak hours

Creating a Renewable Future – Installation of Solar Panel

We recognize the importance of identifying, harnessing and implementing feasible sustainable energy options to reduce carbon footprints and minimize the environmental impacts of our operations. Therefore, we are taking a step forward to invest in renewable energy by undertaking a solar panel installation project at City of Dreams and Studio City, which have significant energy consumptions every year. We plan to install 8,924 solar modules at City of Dreams, which can generate 3,245 MWh of electricity, while for Studio City, 7,690 solar modules will be installed, generating 3,002 MWh of electricity. The solar modules are capable of generating enough energy for 1,400 households per year. We will continue to explore other opportunities and feasible energy options to operate our business in an environmentally-responsible manner and to create a sustainable future.

Waste Management

Carefully managing and reducing the waste generated from our operations helps to conserve the earth's scarce resources. We adopt a holistic approach to waste management to minimize waste generation, to reduce unnecessary waste consumption, and to recycle and recover waste materials to create value and benefit the community. To understand the volume and type of waste generated in our operations, recycling data is tracked, monitored and analyzed on a daily, weekly and monthly basis. Under our recycling scheme, we recycle a wide array of items, including plastic, carton boxes, office paper, metals, batteries, glass bottles and used cooking oil. During the reporting year, we have disposed of and transported 14,265.12 tonnes (0.011 tonnes per GFA*) of general waste to waste treatment facilities.

| 2017 Total Recycled Waste and Intensity (per GFA*) | | |
|--|--------------------|--------------------------|
| Paper | 529.18 0.39 | tonnes kg per GFA |
| Plastic | 75.20 0.056 | tonnes kg per GFA |
| Metal | 23.00 0.017 | tonnes kg per GFA |
| Glass Bottles | 47.92 0.035 | tonnes kg per GFA |
| Aluminum Cans | 6.96 0.0051 | tonnes kg per GFA |
| Waste Battery | 1.62 0.0012 | tonnes kg per GFA |
| Waste Cooking Oil | 67,853.00 0.050 | litres litres per GFA |

* Total Gross Floor Area (GFA) is measured in square metres and covers the following properties, including City of Dreams, Altira Macau, Studio City, Mocha Clubs, and City of Dreams Manila.

We also recognize that food waste, which is inevitably generated in our daily operations, may pose negative impacts to the environment. In view of this, we have two biodegradable food waste decomposers installed at City of Dreams. The food decomposers handle 200 kg of food waste daily, which is equivalent to 73 tonnes per year, achieving a 96% reduction of CO₂ emissions per 10 tonnes of food waste. Residuals from the decomposers can be upcycled into useful organic fertilizer after six months. Apart from the operations in Macau, we are also actively managing food waste in City of Dreams Manila by commissioning a kitchen waste recycling initiative to convert kitchen waste into organic fertilizer for gardening.



Biodegradable food waste decomposers are installed at City of Dreams to convert food wastage into organic fertilizer.



City of Dreams Manila actively manages food waste by commissioning a kitchen waste recycling initiative to transform organic waste into nutrient-rich fertilizer for gardening.

To utilize the kitchen waste produced from food and beverages outlets, City of Dreams Manila has adopted vermicomposting to transform organic waste into nutrient-rich fertilizer. During the composting process, African Night Crawler worms are used and added to the mixture of vegetables, fruit peels, and garden debris to produce nutrient-rich organic fertilizer for gardening within the property. With the implementation of the initiative, City of Dreams Manila is able to save an approximately 15% of gardening consumable expenses each quarter and reduce the use of chemical fertilizer and pesticides, enabling sustainable practices in gardening and promoting environmental safety and health in the operations.

Our waste recycling efforts will be further enhanced in 2018. At Studio City, we plan to deploy two food waste decomposers in the second quarter of 2018. We are also keen to explore and to further expand the existing categories of recyclable items. Considering the operational needs of the gaming industry, we currently generate approximately 7 tonnes of shredded playing cards daily. Committed to creating value from waste materials, we are working with a recycling company to formulate and execute a recycling programme that can recover shredded playing cards and convert them into useful materials. The programme is targeted to commence in mid-2018.

Water Conservation

Freshwater is a precious and scarce natural resource, therefore, we are conscious to adopt water-saving measures at our properties. We have implemented the SYNERGY® system to save water; and also reduce chemical use by up to 90%, minimizing water pollution. To harvest rainwater and maximize its utilization in landscape irrigation, a rainwater recovery system was installed at City of Dreams with a capacity to collect 250 cubic metres of water per annum. At City of Dreams Manila, an efficient drip irrigation system will be installed in the future.

| Total Water Consumed | Total Water Consumed by intensity |
|-----------------------------------|------------------------------------|
| 3,562,433.10 m³ | 2.63 m³ per GFA* |

* Total Gross Floor Area (GFA) is measured in square metres and covers the following properties, including City of Dreams, Altira Macau, Studio City, Mocha Clubs, and City of Dreams Manila.

Other water conservation measures include:

- Installing automatic sensors in all faucets and rainwater recovery system
- Implementing water-saving toilets and showers in hotel guest rooms
- Minimizing water loss from pools and river features through wind evaporation by extensive planting
- Implementing a grey water system to recycle treated guestroom sink, shower and bath water as flush water at Altira Macau
- Adopting a sophisticated filtration system in The House of Dancing Water at City of Dreams to allow the unlimited reuse and recycling of water in the pool

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Awareness

To raise employee awareness of environmental protection, we have an Energy Saving Statement in place which is shared on our intranet homepage to remind employees of energy-efficient measures and green behaviour. “Green Labels” and posters are also posted in staff common areas to encourage behavioural change and resource conservation whenever possible.

Employee participation is essential to building internal environmental awareness. We actively organize various awareness activities, with the objective of encouraging behavioural change and fostering environmental awareness amongst employees. A series of activities and campaigns were organized by us or co-organized with local NGOs to promote awareness on resources management in Macau. These include a red packet recycling campaign; the donation of clothes, computers and mooncakes; a tree planting initiative; and a visit to a recycling company. Furthermore, with the new safety regulations on motorcycle helmets enforced in 2017, we supported the Environmental Protection Bureau of Macau (“DSPA”) to set up a motorcycle helmet disposal and recycling point for general public, to convert the disposed helmets into recyclable materials. At City of Dreams Manila, our employees actively participated in various green activities in 2017, including mangrove planting, tree planting and coastal clean-ups.

Red Packet Envelopes Recycling Campaign

With more than 320 million new red packet envelopes used each year which is roughly equivalent to chopping down 16,300 trees, it is essential to raise awareness and encourage the public to reuse and recycle red packet envelopes. In 2017, a red packet envelopes recycling programme was held after the Chinese New Year, where we set up collection boxes in various places to collect used red packet envelopes. Approximately 71,200 used red packet envelopes, equivalent to 298.8 kg of paper, were collected and sent to DSPA for further handling.



Building a Green Future

Taking a forward-looking stance to build a sustainable and greener future for the next generation, we strive to adopt innovative measures and sustainable practices across operations. We have incorporated green elements in new development projects. A wide array of green features will be incorporated into Morpheus – our new flagship hotel for the City of Dreams complex targeted to be in operation in 2018. These green building features include high efficiency heat pumps, electronic communicated fan motors, pressure independent control valves that save pumping power, D.C. stepless fan-coil units, and an ozone pool filtration system that reduces chemical use.

8. MAJOR RECOGNITIONS, AWARDS AND CHARTERS

Melco International Development Limited

- Corporate Governance Asia Annual Recognition Award by Corporate Governance Asia magazine – 2006-17
- Hong Kong Awards for Environmental Excellence
 - Wastewi\$e Label – Class of Excellence – 2009-17
- Hang Seng Indexes Company Limited
 - Constituent member of Hang Seng Corporate Sustainability Benchmark Index Series – 2013-17
- Hong Kong Council of Social Service
 - 10 Years Plus Caring Company – 2015-18
- BDO ESG Awards 2018
 - Best in ESG Award (in the Middle Market Capitalization category)
 - Best in Reporting Award (in the Middle Market Capitalization category)
 - ESG Report of the Year Award (in the Middle Market Capitalization category)

Melco Resorts & Entertainment Limited

- Business Award of Macau
 - Corporate Social Responsibility Grand Award – 2013, 2017
- Asian Excellence Award by Corporate Governance Asia magazine
 - Best Environmental Responsibility – 2013-17
- Labor Affairs Bureau of the Macau Special Administrative Region
 - Organization Safety Performance Silver Award in the Catering Industry Occupational Safety and Health (OSH) Scheme – 2016

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9. HONG KONG STOCK EXCHANGE'S ESG REPORTING GUIDE AND GRI STANDARDS CONTENT INDEX

| Aspect | KPI | Description | Page # | Section/Remarks |
|---|------|--|--------|---|
| A. Environmental | | | | |
| A1 Emissions | A1 | General Disclosure | 47-50 | Our Environment |
| | A1.1 | Types of emissions and respective emissions data | / | Our Environment Our operations emit an insignificant amount of air pollutants from stationary and mobile sources. During the reporting year, we emitted 286.46kg of Nitrogen Oxides (NO _x) from stationary LPG consumption and 8.84 kg of Sulphur Oxides (SO _x) from stationary LPG consumption and other mobile energy consumption. |
| | A1.2 | Greenhouse gas emissions in total and intensity | 47 | Our Environment |
| | A1.3 | Total hazardous waste produced and intensity | 48 | Not material to the Group |
| | A1.4 | Total non-hazardous waste produced and intensity | 48 | Our Environment |
| | A1.5 | Description of measures to mitigate emissions and results achieved | 47-48 | Our Environment |
| | A1.6 | Description of how hazardous and non-hazardous waste are handled, reduction initiatives, and results achieved | 47-48 | Our Environment |
| A2 Use of Resources | A2 | General Disclosure | 47-50 | Our Environment |
| | A2.1 | Direct and/or indirect energy consumption by type and intensity | 47 | Our Environment |
| | A2.2 | Water consumption in total and intensity | 49 | Our Environment |
| | A2.3 | Description of energy use efficiency initiatives and results achieved | 47-48 | Our Environment |
| | A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results | 49 | Our Environment |
| | A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced | / | Not material to the Group |
| A3 The Environment and Natural Resources | A3 | General Disclosure | 47-50 | Our Environment |
| | A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them | 47-50 | Our Environment |
| B. Social | | | | |
| B1 Employment | B1 | General Disclosure | 40 | Our People |
| | B1.1 | Total workforce by gender, employment type, age group and geographical region | 40 | Our People |
| | B1.2 | Employee turnover rate by gender, age group and geographical region | 40 | Our People |
| B2 Health and Safety | B2 | General Disclosure | 41 | Our People |
| | B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored | 41 | Our People |
| B3 Development and Training | B3 | General Disclosure | 40 | Our People |
| | B3.2 | The average training hours completed per employee by gender and employee category | 40 | Our People |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Aspect | KPI | Description | Page # | Section/Remarks |
|-------------------------------|------|--|--------|---|
| B4 Labour Standards | B4 | General Disclosure | 40 | Our People We abide by relevant employment ordinances and statutory requirements. No relevant cases of non-compliance were recorded. |
| B5 Supply Chain Management | B5 | General Disclosure | 46 | Our Value Chain |
| | B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored | 46 | Our Value Chain |
| B6 Product Responsibility | B6 | General Disclosure | 46 | Our Value Chain |
| | B6.4 | Description of quality assurance process and recall procedures | 46 | Our Value Chain |
| | B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored | 46 | Our Value Chain |
| B7 Anti-corruption | B7 | General Disclosure | 39 | Sustainability Governance |
| | B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored | 39 | Sustainability Governance |
| B8 Community Investment | B8 | General Disclosure | 42-45 | Our Community |
| | B8.1 | Focus areas of contribution | 42-45 | Our Community |
| | B8.2 | Resources contributed to the focus area | 42-45 | Our Community |
| Responsible Gaming | – | General Disclosure | 46 | Our Community |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This material references the following disclosures from the GRI Standards published in 2016:

| GRI Standards Indicators | Description | Page # | Section/Remarks |
|--------------------------|--|--------|--|
| 102-1 | Name of the organization | 38 | About this Report |
| 102-4 | Location of operations | 38,40 | About this Report, Our People |
| 102-7 | Scale of the organization | 38 | About this Report |
| 102-8 | Information on employees and other workers | 40 | Our People |
| 102-9 | Description of organization's supply chain | 46 | Our Value Chain |
| 102-11 | Precautionary Principle or approach | 39 | Sustainability Governance |
| 102-12 | External initiatives | 50 | Major Recognitions, Awards and Charters |
| 102-18 | Governance structure | 39 | Sustainability Governance |
| 102-43 | Approach to stakeholder engagement | 38-39 | About this Report |
| 102-46 | Defining report content and topic boundaries | 38-39 | About this Report |
| 102-47 | List of material topics | 51-53 | HKEx ESG Reporting Guide and GRI Standards Content Index |
| 102-50 | Reporting period | 38 | About this Report |
| 102-51 | Date of most recent report | 38 | About this Report |
| 102-52 | Reporting cycle | 38 | About this Report |
| 102-53 | Contact point for questions regarding the report | 62 | Communication with Shareholders |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 53 | Hong Kong Stock Exchange's ESG Reporting Guide and GRI Standards Content Index |
| 102-55 | GRI Content Index | 51-53 | Hong Kong Stock Exchange's ESG Reporting Guide and GRI Standards Content Index |
| 205-MA | Anti-corruption management approach disclosures | 39 | Sustainability Governance |
| 302-MA | Energy management approach disclosures | 47-48 | Our Environment |
| 302-1 | Energy consumption within the organization | 47 | Our Environment |
| 302-3 | Energy intensity | 47 | Our Environment |
| 302-4 | Reduction of energy consumption | 47 | Our Environment |
| 305-MA | Emissions management approach disclosures | 47-48 | Our Environment |
| 305-1 | Direct (Scope 1) GHG emissions | 47 | Our Environment |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 47 | Our Environment |
| 305-3 | Other indirect (Scope 3) GHG emissions | 47 | Our Environment |
| 305-4 | GHG emissions intensity | 47 | Our Environment |
| 306-MA | Effluents and waste management approach disclosures | 48-50 | Our Environment |
| 306-2 | Waste by type and disposal method | 48-50 | Our Environment |
| 401-MA | Employment management approach disclosures | 40 | Our People |
| 401-1 | Employee turnover rate | 40 | Our People |
| 403-MA | Occupational health and safety management approach disclosures | 41 | Our People |
| 404-MA | Training and education management approach disclosures | 40 | Our People |
| 404-1 | Average hours of training per year per employee | 40 | Our People |
| 405-MA | Diversity and equal opportunity management approach disclosures | 40 | Our People |
| 408-MA | Child labour management approach disclosures | 40 | Our People |
| 413-MA | Local communities management approach disclosures | 42-46 | Our Community |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | 42-46 | Our Community |
| 416-MA | Customer health and safety management approach disclosures | 46 | Our Value Chain |
| 419-MA | Socioeconomic compliance management approach disclosures | 46 | Our Value Chain |