

An aerial photograph of a beach with dark sand and blue water. The water is a deep, rich blue, and the sand is a dark, almost black color. The waves are breaking, creating white foam that contrasts with the dark sand and blue water. The overall mood is serene and natural.

ABOVE

MELCO

SUSTAINABILITY
REPORT 2020

&

BEYOND

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About this Report

Introduction

Melco Resorts & Entertainment Limited's (MRE, Melco or the Company) third annual sustainability report presents an overview of our sustainability performance for the calendar year ending 31st December 2020. This and our previous Sustainability Reports are available online.

Reporting Scope and Boundary

This report comprises all entities covered in our financial statements, including our integrated resort facilities in Macau, the Philippines and Cyprus. Our report presents performance and progress to date in implementing our sustainability strategy and, where possible, information and updates on the development of our ongoing plans. We provide multi-year data for comparison where relevant. Financial information is presented in United States Dollars (US\$) unless otherwise stated.

Reporting Framework

This report has been prepared in accordance with the GRI Standards: Core option. The Global Reporting Initiative (GRI) is an independent international organization that developed the first and most widely-adopted global standards for sustainability reporting.

The data and information detailed in this report have been compiled through industry research, peer benchmarking, internal data collection systems and extensive, multifaceted engagement with internal and external stakeholders. The results of these essential steps contribute to both the identification of the material environmental, social and governance (ESG) topics that are central to our business and the evolution of our "Above & Beyond" sustainability strategy. Recognizing the importance of global cooperation in addressing ESG challenges and opportunities, our strategy aligns with the United Nations Sustainable Development Goals (UN SDGs).

UN SDGs



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



OUR STRATEGY

Inspiring
our guests by
showing them
a sustainable
future is a
better future

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Leadership Insights on Sustainability

LAWRENCE HO
CHAIRMAN & CEO



An extract from a recent Zoom conversation between Lawrence Ho, Akiko Takahashi and Denise Chen

Good morning to you all, and thanks for joining. 2020 has been quite the year. Many are describing COVID-19 as a black swan event, although there's clearly questions over whether it can be justifiably depicted as 'unpredictable'. But clearly no account of last year can overlook the effects of the pandemic. Lawrence, how did it impact Melco?

Lawrence Whilst coronavirus has been universal, I feel the experiences we've had through it have been very personal and local. It's all too easy to be ignorant of how one's neighbors, be they nations or individuals, are tackling or coping with it.

Here in Macau, which normally welcomes 40 million visitors a year and is one of the planet's most densely populated cities, the Government had to ensure it dealt with the threat rapidly and effectively. But as a direct result of their swift actions, Macau is now one of the safest places to be in the world.

Akiko Yes, within two weeks of the first local case being identified, the Macau Government asked us to close all our operations for two weeks, which worked as a really effective firebreak. Five weeks later we closed City of Dreams Manila, and it remained entirely dark until the end of August. And over in Cyprus, we closed the doors for what ended up being three months starting late March.

So, as you can imagine, it focused every one of our colleagues' minds on the need to support each other, our families, and our communities through this extraordinary event.

Lawrence Economically, the slowdown we experienced was extremely harsh. Macau saw a drop in visitors of 85%, and globally our revenues fell 70%. So, clearly in times like these, anything that's not regarded as core business can fall victim.

But it shows just how fundamental sustainability is to our operations these days, that this year's report is still packed full of progress. What we learned, and how we've changed since launching Above & Beyond in 2018, meant that Melco was so much better equipped to cope with this crisis. We're more resilient and more efficient.

So, are there any learnings from the last year and COVID that will translate to your sustainability efforts?

Lawrence That technology and speed are front and center.

Back in 2015, Bill Gates stood on a TED stage and said, "we're not ready for the next epidemic". He got that right.

Now a year into the fight against COVID, he's turned his focus to climate change. Because he believes that if we keep emitting greenhouse gases at our current rate "the consequences for human life will be catastrophic".

You only have to look at how little change there's been in global emissions with nobody travelling this year. This situation requires serious technological intervention.



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

Some of the most striking gains we made last year were on food waste, and we did it by utilizing ground-breaking artificial intelligence hardware. We didn't sit on our hands when things slowed down. Instead, we took advantage of the pause and accelerated progress towards the tough goals we'd already set.

Akiko Yes, and it also gave us an opportunity to react when the communities around us needed help. Almost a third of our entire workforce, that's 7,800 people, gave up their time to assist, volunteering in a wide variety of ways. They delivered groceries, took people to hospital appointments, befriended the elderly and alone, sanitized schools and nurseries, and with the help of Macau's Federation of Trade Unions and the Fu Hong Society, provided the underprivileged with daily necessities.

In the Philippines, we supported their government's efforts with hygiene and food supplies. In Cyprus, we provided financial assistance, and throughout we donated a great deal of PPE.

It was a reminder of how making a positive impact is deeply engrained into our culture. From the company's start, Lawrence has led with the ethos that the way we take care of our colleagues directly reflects the way they take care of our guests.

Watching how our colleagues reacted to this was humbling. The human side of our business really shone through.



DENISE CHEN
SENIOR VICE PRESIDENT & CHIEF SUSTAINABILITY OFFICER



On the commercial side of things, it must have had a severe impact on many of your suppliers.

Akiko Yes, this played out daily within our supply chain. But as we source so much locally, we were able to provide direct assistance.

In Manila, 86% of our procurement is from the Philippines, and in Macau 89% of our purchasing is done within the city with more than half of that being from local small and medium enterprises. So, we're acutely aware of how any unpredictability, and in particular the instability of last year, impacts our local partners.

That's why we implemented a fast-track payment initiative, meaning our SME suppliers are now paid within 14 days. You can imagine how helpful that was for businesses struggling through the downturn.

Across the board, we took action quickly. We engaged directly with suppliers offering them help and support. We encouraged many to explore new markets, do things more sustainably, and reuse at every opportunity.

And Denise, what made the headlines for you as Chief Sustainability Officer in 2020?

Denise Our war on waste. We zeroed in on food, and by raising awareness amongst colleagues we dramatically cut the amount people were throwing away. Post pandemic we're forecasting this initiative alone to save 107 tonnes a year.

As Lawrence mentioned, we deployed AI technology into a number of our colleague dining areas in Macau. That enabled us to closely monitor food production levels and cut pre-consumption wastage by 67%, a huge reduction. Now with the same partner, Winnow, we're pioneering a new plate waste monitoring process that will reduce it even further.

Remember, we feed over 10,000 of our colleagues several times daily, so the potential reduction in volume is significant.

As you can imagine, consumption of resources is always on our mind. Efficiency measures in Macau and the Philippines reduced our greenhouse gas emissions by the equivalent of taking 5,286 cars off the road. And in Manila we're now using

greywater in our cooling towers. This change alone will, when business is back to normal, save 88 Olympic sized swimming pools worth of water annually, meaning we no longer have to draw it from the city's supply.

Another headline issue was reducing our consumption of harmful chemicals. All our Macau properties are now Green Key, a terrific achievement in a year when sanitization became such a high priority.

Then there's the huge inroads we made into the reduction of single-use plastic. We've targeted guest amenity kits, in room consumables such as shampoo, and now we're tackling the problem of food packaging head on.

But it's our installation of an onsite filtration and bottling plant that has set the most striking example for our industry. In Macau alone, Melco will take almost 15 million plastic water bottles off the table. That's headline news everyone should be reading.

Lawrence Fantastic achievements Denise. Leading like this, and influencing our peers and guests is a big part of the ethos of Above & Beyond. The targets it contains are tough. Resort carbon neutrality and zero waste by 2030 are ambitious goals. But Melco has always been a pioneer.

Be assured, we take the same innovative approach to sustainability as we do to creating original destinations and experiences.

We've got the passion and ambition, and we've set ourselves the tough goals.

Simple Acts of Kindness

In the face of the unprecedented challenges brought on by the ongoing COVID-19 pandemic, Melco swiftly mobilized its network and resources to extend helping hands to not only our colleagues, suppliers and guests but also the local communities we touch.

Chairman & CEO Lawrence Ho mobilized the workforce en masse, encouraging all Macau colleagues to care for the community through 'Simple Acts of Kindness'. Underpinning this principle is that little actions can have big impact, and that each and every one of us can do something to positively impact the hearts and minds of those around us.

Within the first four days of launching the Simple Acts of Kindness initiative, colleagues contacted over 1,670 organizations to offer assistance. Over the course of eight months, Melco:

- Mobilized around 7,800 colleague participants to volunteer during working hours to undertake Simple Acts of Kindness
- Organized over 600 volunteer activities, with up to 15 volunteering events occurring every day. Examples of volunteer activities consisted of:
 - » mask distribution;
 - » hosting video chats with isolated elderly persons;
 - » delivering groceries to over 3,300 households;
 - » sanitizing schools and nurseries; and
 - » assisting a local business with cleaning more than 500 fish tanks.

→ Partnered with the Macao Federation of Trade Unions (FAOM) and Fu Hong Society to open three "Melco & Colleagues Giving Stores", providing both free and discounted daily necessities to the community. The FAOM store benefitted 500 underprivileged families. To continuously replenish the inventory of Giving Stores, Melco and our colleagues donated over 72,000 items, including over 1,200 hotel and office furniture items to the community via the store.

**Through the
"Simple Acts of Kindness"
initiative**

We supported non-governmental organizations (NGOs), small and medium enterprises (SMEs) and other local groups in need, including the elderly, single families, long-term patients and children.

The 2020 Industry Community Awards (ICA) recognized our Chairman & CEO with the 'Outstanding Individual Award' for his leadership role and Melco's swift actions garnered the 'Community Award - Asia'. The Liaison Office of the Central People's Government in the Macau SAR also presented a commendation to Melco in recognition of our COVID-19 prevention efforts in both the Mainland and Macau.

OVER THE COURSE OF EIGHT MONTHS:

7,800

Volunteer participants

Mobilized volunteer participants during working hours to undertake "Simple Acts of Kindness"

600

Activities

Up to 15 volunteering events occurring every day

72,000

Items donated

Beneficiaries included 500 underprivileged families

"We reached out to other volunteer teams, but they were unable to provide the extensive help our underprivileged families need. Melco is the only one who sent out engineers to help them with the dire living conditions. We are very thankful."

Ms. Bonita Ho, President of True Goodwill Friendship Association



Building our Resilient Supply Chain

Beyond transparency and ethical standards, when working with a multi-tiered and geographically dispersed supply chain, Melco also recognizes its power to build capacity, support greater equity and strengthen resilience throughout our value chain.

During extremely trying times in 2020, we did not back down on this commitment. We instead leaned in, focused on our enduring responsibility to support SMEs for the sustainable development of our communities, and worked to build even stronger relationships with our suppliers.

Throughout this pandemic, we have invested in capacity building and communicating with our suppliers to ensure that we are aligned and more than ready to meet renewed demands in the future. Actions included:

→ Strengthening the role of Melco's SME Academy, which was established in 2017 to help local SMEs become better equipped to face challenges and seize business opportunities through a variety of training and business development initiatives

- Helping suppliers to understand and adopt best practices in our management of plastic. This collaborative initiative originated in asking basic questions about existing processes to then effectively build awareness and action around reduction and recycling. This included sharing solutions for reducing plastic in their packaging and delivery procedures
- Launching a new, fast-track payment initiative – Express Payment Scheme – under which all SME vendors who submit paperless invoices receive payment within 14 days from acceptance of deliverables to alleviate liquidity pressures
- Offering innovative, additional revenue opportunities to sell direct to our colleagues through roadshows in our Heart-of-House (employee areas) of City of Dreams, Studio City and Altira, generating over US\$457,000 in revenue for 55 local SMEs and 3 local NGOs in 2020
- Developing a Supplier Ethics Booklet, covering topics such as modern slavery, working hours for pregnant women and engaging disadvantaged communities, to be launched in 2021

Launched Express Payment Scheme

A new fast-track payment initiative under which all SME vendors who submit paperless invoices receive payment within 14 days from acceptance of deliverables to alleviate liquidity pressures

US\$457,000

Contributed to 55 local SMEs and 3 NGOs in 2020

“We hear, understand and appreciate the present needs of local SME vendors and pledge to stand by their side as we weather through these never-before-encountered times of challenge.”

Mr. Clarence Chung, Board Director of Melco Resorts & Entertainment



Reducing Food Waste

Food waste is a global challenge that requires urgent attention if we are to reduce GHG emissions and related climate change impacts, conserve resources, and restore ecosystems.

Reducing food waste also ensures that our restaurants run more efficiently, sustainably, and ultimately more profitably. Over the years, through staff awareness-raising programs, training, food waste composting and technological innovations, Melco has made substantial, industry-leading strides towards minimizing food waste. Our initiatives have included:

- Separating our wet food waste at source for onsite processing, thereby avoiding the majority of our food waste from being sent for disposal offsite
- Working with local manufacturers of composting equipment to design a purpose-built composting facility
- Composting food waste and using this to fertilize the landscaped gardens surrounding our resorts

In 2020, we launched a six-month trial of Winnow Vision, a pioneering artificial intelligence (AI) technology that helps reduce food waste in our colleague dining areas, which serve on average over 10,000 colleagues each day in Macau alone. By using a camera, smart scales, and the same type of

machine learning technology found in autonomous vehicles, the technology learns to recognize various types of discarded food and then calculates the financial and environmental impact of such food waste for commercial kitchens. This information helps enhance operational efficiencies for leaner food production by setting better demand projections. As a result, overproduced food waste was reduced by 67% in the colleague dining areas of our flagship property, City of Dreams Macau, diverting over 7,800 kg of waste from the landfill annually, which equates to avoiding almost 30 tonnes¹ of CO₂e² or the GHG emissions generated through charging over 3.5 million smartphones³.

Given the trial's success, we expanded this technology at Studio City's buffet restaurant and our ambition is to roll it out across all own-operated buffet restaurants. We have additionally installed Winnow Vision in the colleague dining areas at our three largest resorts; City of Dreams Macau, Studio City and City of Dreams Manila. The real-time information provided will enable our chefs to adjust their menus and food purchasing decisions based on quantities needed, thereby reducing waste and tackling the myriad of problems associated with overproduction.

1. <https://www.epa.gov/warm>

2. Tonnes of carbon dioxide equivalent (tCO₂e).

3. <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

AFTER A SIX MONTH TRIAL OF WINNOW VISION:

-67%

Overproduced food waste

-7,800kg

Food waste avoided

-30

Tonnes CO₂e avoided

“Winnow Vision has ignited many important conversations across our team. We now understand more about the food waste we have; what, how much and why we have it. The levels of accuracy, and known dollar values, help us to become more efficient and incentivize us to be more creative with our menus, all the while feeling proud about our role in reducing Melco’s carbon footprint from the kitchen.”

Mr. Calvin Soh, Vice President, Culinary Operations



RISE

To go Above & Beyond, we must RISE together to evolve the way we inspire our guests, our people and our communities. This means using our collective business resources, resolve and relationships to build a climate-fit and equitable future.



ABOVE & BEYOND SUSTAINABILITY STRATEGY

Restoring our World

- Achieving carbon neutral resorts by 2030
- Achieving zero waste across our resorts by 2030
- Contributing to circular economy leadership in Asia
- Sourcing sustainable goods and services
- Reducing our water footprint

Inspiring our Communities

- Being the company people choose to work for and stay with
- Being best-in-class in safety for our guests, colleagues and community
- Promoting responsible gaming and an attitude of staying in control
- Supporting our communities and strengthening their economic prosperity

Sustaining our Supply Chain

- Procuring locally and creating demand for materials that have sustainability attributes in the supply chain
- Building capacity and awareness of the social, ecological and biodiversity impacts in sourcing
- Enhancing workers' lives and working towards eliminating human trafficking and modern slavery in our industry and supply chains

Empowering our Business

- Being the world's most responsible, ethical and transparent integrated resort
- Minimizing any risk of disruption from data privacy or cybersecurity concerns

Inspiring our Guests

The core of our Above & Beyond strategy is to inspire our guests to join us on our sustainability journey – to realize that a sustainable future is a better future for us all.

Our commitment to our guests is central to who we are and drives everything we do. We are fully aware that we are able to push boundaries and forge new paths because our passion to excel in guest services brings us the sustainable prosperity we need to build belief in a new future. A future that aspires to deliver unrivalled guest experience that also makes a difference for our people, our communities, and for the environment. That not only raises awareness about sustainability, but also aligns our horizons with evolving societal expectations. It's a strategy built for our guests, and their next generations, that is as holistic as it is ambitious.

Our approach is to incorporate sustainability across our service offerings seamlessly, so our guests are assured that all is taken care of. We go above and beyond to source high-quality alternatives to single-use plastic, include responsibly sourced ingredients on the menus of our Michelin-star restaurants, and equip our buildings with infrastructure for renewable energy and cutting-edge technology to reduce waste, so when guests choose Melco, they know they are part of a premium experience that considers what's right for people and the planet.

Our steadfast commitment to guests has never been as apparent as when our industry was hit by the full weight of COVID-19 in 2020. To ensure the safety and comfort of our guests, we swiftly took all possible measures to strengthen

health and hygiene protocols. From collaborating with governments and keeping open communications with stakeholders, to implementing rigorous sanitation measures across all premises, our entire team worked around the clock to accelerate efforts to contain the pandemic. Throughout this global shock, we remain diligent in maintaining high standards and consistent quality, never wavering in our mission to deliver unmatched entertainment, gaming and hospitality products and services, in a sustainable manner to our guests. We will continue taking the lead in facing global challenges head on, with guests at the heart of our efforts; we are determined to go above and beyond what the world knows to create a business that is fit for the future.

In Recognition of Our Efforts

Melco was honored with a collective total of 97 Stars by the 2021 Forbes Travel Guide (FTG), including 17 Five-Star awards. With our entire integrated resort portfolio awarded this top tier recognition, Melco leads among Macau and Asia's integrated resort operators in providing the most memorable luxury hospitality and entertainment experience for every guest.

It's not a legal obligation,
It's not a press release,
It is a passion.

To restore our world,
To inspire people and communities,
To sustain our supply chain,
To empower our business,
To rise to the challenge of our times.

Pushing boundaries, inventing new paths,
Going above and beyond
what our world knows.

It's not an option,
We are changing the game, NOW.

Understanding What Matters Most

In a world where awareness of sustainability-related risks is heightened, our stakeholders⁴ increasingly expect Melco to take a leadership role in addressing global challenges.

Engaging with our stakeholders, and understanding their concerns, enables us to set priorities while allowing us to better manage risks and opportunities in the social, economic and environmental realms.

Our Strategic Relationships

Melco does not operate in isolation. We can only deliver genuine value by engaging with our stakeholders regularly, building understanding and trust to become a more responsive and responsible business. As such, consistent dialogue with our stakeholders remains a crucial focus. Given restrictions on physical interaction in 2020 due to COVID-19,

opportunities for in-person forums, meetings and other types of events were severely limited. In response, Melco made full use of virtual communication platforms to engage with stakeholders. Our stakeholder groups, their influence over Melco, methods of engagement, as well as the priorities and key concerns raised during the 2020 stakeholder engagement process, are outlined in the table. This report responds to what our stakeholders told us matters most to them.

In addition to understanding our stakeholders' key concerns, we are also exploring options to better communicate our many sustainability initiatives to them, so as to further encourage engagement from internal and external groups.

⁴ Our identification of key stakeholder groups is guided by the AA1000 Stakeholder Engagement Standard (2015).

Board Members

Provide strategic direction for our long-term success.

ONGOING ENGAGEMENT

- Surveys
- One-on-one interviews
- Industry forums

PRIORITIES/KEY CONCERNS

- Ensuring sound procedures and policies to tackle key risks and opportunities such as money laundering and online gaming
- Aligning business strategies with governmental initiatives
- Assuring license renewal in operating environments
- Implementing a concise reporting mechanism
- Maintaining stringent health and safety procedures against COVID-19
- Improving and promoting engagement with local SMEs and communities through workshops and training
- Promoting staff interest in sustainability and encouraging participation as part of corporate culture
- Investing in technology to achieve successful climate change mitigation
- Enriching guest experiences

Guests

Patronize our integrated resorts, providing the driver for business success.

ONGOING ENGAGEMENT

- Surveys
- One-on-one interviews
- Mystery guests
- Focus groups
- Online
- Social media

PRIORITIES/KEY CONCERNS

- Maintaining strict health and safety measures against COVID-19
- Raising awareness on responsible gaming
- Ensuring customer data protection
- Increasing leisure and entertainment facilities specifically for families
- Ensuring service excellence from staff
- Supplying and offering healthier and organic food options

Government

Provide access to operating licenses and administer regulatory measures

ONGOING ENGAGEMENT

- Surveys
- One-on-one interviews
- Industry forums

PRIORITIES/KEY CONCERNS

- Maintaining stable and sustainable economic contributions
- Promoting opportunities for job creation and socioeconomic development
- Managing diversification of Melco's businesses in the long run
- Ongoing, transparent and transformative engagement with government to align goals and build sustainable economies
- Protecting customers' interests on service quality and privacy
- Supporting local and rural communities through persistent efforts in community investment and SME engagement
- Managing environmental impacts such as GHG emissions and climate change
- Addressing culture and heritage preservation

Investors

Provide financial capital for long-term business success.

ONGOING ENGAGEMENT

- Surveys
- One-on-one interviews
- Briefings and meetings
- Annual General Meeting
- Property tours
- Investor presentations
- Roadshows
- Conferences

PRIORITIES/KEY CONCERNS

- Ensuring sustained financial growth
- Improving transparency of sustainability performance (i.e. license renewal, succession planning, human capital development, corruption and money laundering)
- Sound corporate governance practices
- Embedding more quantitative metrics in reporting
- Providing industry and peer data for easy comparisons
- Advocating for regulations against modern slavery and human trafficking
- Providing direct access to the Board for understanding Board dynamics and engagement over ESG performance

Colleagues (Employees & Management)

Contribute skills and productivity to develop and execute our strategy.

ONGOING ENGAGEMENT

- Colleague surveys and virtual interviews
- Workshops
- Training
- Various online platforms
- Hotline
- Events: townhall, family days, volunteering and wellness activities

PRIORITIES/KEY CONCERNS

- Ensuring the leadership team makes it a priority to protect and support people across operations (i.e. monitoring of safety and hygiene)
- Maintaining a robust and resilient governance structure to further sustainability goals
- Fostering a diverse and inclusive working environment
- Championing SME outreach and supporting local communities through volunteering and capacity building
- Raising staff awareness on sustainability efforts and commitments
- Setting up a team/program focused on waste management (e.g. food waste)
- Processes to recycle playing cards

Suppliers

Enable us to effectively provide our products and services.

ONGOING ENGAGEMENT

- Surveys and training
- One-on-one interviews
- Supplier events and forums
- Meetings
- Assessment against our code of Business Conduct and Ethics

PRIORITIES/KEY CONCERNS

- Following a clear and effective sustainability strategy in delivering positive environmental, social and economic impact
- Ensuring ethical sourcing and expanding the incorporation of sustainable items into Melco's operations to minimize waste and reduce unnecessary material usage (e.g. biodegradable products)
- Implementing strict health and safety measures against COVID-19
- Contributing to local communities and publicizing information on international events in relation to culture and heritage
- Protecting consumer data and ensuring a high level of security and integrity for data management to avoid money laundering

NGOs

Provide socioeconomic support in the communities where we operate.

ONGOING ENGAGEMENT

- Surveys
- One-on-one interviews
- NGO participation in industry meetings
- Collaboration on community projects
- Staff volunteering

PRIORITIES/KEY CONCERNS

- Increasing the frequency of local community outreach and initiatives
- Enhancing communication channels and planning regular engagement opportunities between community and Board members
- Raising sustainability awareness through increased communication about Melco's sustainability initiatives
- Increasing transparency on sustainability performance

Assessing Materiality

Partnering with independent experts to undertake the materiality assessment has been vital to our stakeholder engagement process, for not only having a transparent and unbiased approach, but to ensure that the analysis is guided by best practice standards, including AA1000 and the GRI Standards.

Key objectives of our stakeholder engagement process have been multifold: to obtain valuable insights on what our stakeholders deem most important; to enhance our reporting and performance; and to understand how we can best partner for progress on sustainability challenges. To accomplish this, an in-depth benchmarking exercise was undertaken to understand industry approaches toward value creation and risk management, and best practices in sustainability reporting. This was followed by a comprehensive assessment process, including 34, one-on-one interviews and 2,987 online survey responses from various stakeholder groups across our markets.

Through this assessment, opinions were synthesized on Melco's sustainability approach, performance and opportunities for differentiation. In looking beyond our business, the engagement also surfaced key risks across our value chain, helping to establish how our Above & Beyond strategy can be enhanced to not only mitigate these potential risks, but to also turn them in to distributive business opportunities.

This in-depth process enabled us to identify the key topics that are material to our business. These nine confirmed topics combine various related issues, guiding Melco's strategic approach and response to our stakeholders' priorities and key concerns in a comprehensive manner. As a result of this process, we have refined our Above & Beyond sustainability focus areas to make a larger, positive impact in the markets where we operate.

1

Identification of Topics

Melco based the identification of topics on:

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

Stakeholder groups include, but are not limited to:

- Board members
- Customers/Guests
- Current Melco employees and contractors
- Government representatives
- Investors
- Suppliers
- Non-governmental organizations (NGOs)
- Academic institutions

Stakeholders were engaged through a variety of channels:

- 34 one-on-one interviews with internal and external stakeholders
- Online survey to all stakeholder groups with 2,987 respondents
- Guest satisfaction surveys

2

Evaluation & Validation

Based on the results and data gathered in Step 1, senior management gathered during a workshop to evaluate and confirm the material topics identified by stakeholders

The assessment was based on:

- Concerns expressed directly by stakeholders
- What Melco deems as important to the business and its longer-term success in light of key risks and opportunities
- Melco's influence on upstream entities, such as suppliers, and downstream entities, such as customers/guests
- Broader societal expectations

3

Outcomes

- Refined our stakeholder engagement process
- Refined framework for materiality based on nine confirmed topics
- Designed sustainability report content and structure according to the assessment
- Improved the communication of our strategic approach to sustainability

4

Next Steps

- Review and refine the stakeholder engagement process to continuously capture evolving expectations and priorities
- Continue to review and evaluate risks and opportunities
- Continue to evolve Melco's sustainability strategy

CONFIRMED MATERIAL TOPICS

Restoring our World

- Energy & Climate Resilience
- Material Use & Waste

Inspiring our Communities

- Engaging our People
- Safety, Health & Wellbeing
- Responsible Gaming
- Community Engagement & Investment

Sustaining our Supply Chain

- Ethical & Sustainable Supply Chain

Empowering our Business

- Ethics & Integrity
- Privacy & Cybersecurity

Sustainability Risks and Opportunities

Risk Management

Melco is motivated by an approach that turns risk management into a disciplined quest for new opportunities, improvements and innovative revenue streams. Our Enterprise Risk Management (ERM) framework takes reference from the industry standard ISO 31000:2018, which provides principles, a framework and a process for managing risks that impact our strategic and operational objectives, including progress relating to sustainability. The Board oversees the ERM process through the Audit and Risk Committee. Risk assessments are submitted twice a year to the committee and our Chief Risk Officer (CRO) is operationally responsible for the process.

Our CRO regularly discusses current and emerging risks, and their potential impacts and mitigation measures, with the Executive Management team, and presents the results to the Audit and Risk Committee every quarter. As part of the quarterly update, a risk register is updated on the basis of the 4Ts: Treat, Tolerate, Transfer or Terminate. Our colleagues are then updated on mitigating measures when necessary through monthly risk management meetings at each property, circulation of new and/or revised policies and procedures, and other management meetings where appropriate.

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

For further details on risks related to our business and operations, please refer to our Annual Report (US Form 20-F) linked [here](#).

The 4Ts Risk Management

Treat

Risk Level: Currently Unacceptable
Develop plans to reduce risk

Tolerate

Risk Level: Currently Acceptable
Review again next quarter

Transfer

Risk Level: Insure Risk
Map insurance policies against risk, to ensure coverage, or support with new insurance coverage (i.e. a policy specific for cybersecurity)

Terminate

Risk Level: High, Outside Tolerance for Risk
Stop activity immediately

THE 2020 LANDSCAPE

The pace of change in the world has picked up exponentially in the past year and to remain at the forefront of sustainability leadership, Melco has proactively re-aligned our strategy across our operations. This re-alignment is reflected in our Risks and Opportunities table below which highlights the issues of pandemic management, health and security more acutely than previous years, in response to 2020 events.

SPEED OF IMPACT: GRADUAL | RAPID

Energy & Climate Resilience

OPPORTUNITIES

- Play a leading role within our industry and the jurisdictions in which we operate to reduce GHG emissions and mitigate against physical climate change impacts that could threaten operations and the supply of raw materials
- Design our new properties for changing climatic conditions and extreme weather events and build energy-efficient properties that make use of sustainable resources and materials in construction
- Extend the installation of solar panels and chargers for electric vehicles at our properties

RISKS

We require a considerable amount of energy to operate our large-scale integrated resorts. As such, we face key environmental risks including:

- Inability to maintain reliable energy supply due to extreme weather and climate change disruptions will impact our business continuity.
- Failure to take all measures to design climate-resilient resorts and utilize energy responsibly may lead to increased costs from energy consumption, damage from climatic events, negative environmental impacts, and from transition risks.

IMPACT OF COVID-19

Whilst the pandemic has had some positive environmental impacts such as decreased emissions with reduced travel, it has also made it difficult to accurately measure progress on energy-efficiency initiatives due to the decrease in business volume and the disruption brought to our construction projects.

MITIGATING MEASURES

- Identification and oversight of energy-efficiency practices across the company through the Carbon Neutral Working Group
- Environmental features incorporated into building design and facilities
- Building design and emergency preparedness procedures and drills to minimize impacts from climatic events
- ISO 14001, 41001 and 50001 certifications for environmental, energy and facility management systems, respectively

Material Use & Waste

OPPORTUNITIES

- Be a leader in the Circular Economy by using materials efficiently, managing water consumption responsibly and achieving zero waste
- Partner with government, NGOs and suppliers who can reuse/recycle/repurpose our materials and waste. For example, currently working with HK Research Institute of Textiles & Apparel to identify ways to recycle bed linen

RISKS

We utilize a significant amount of water and produce a substantial amount of waste everyday through the operation of our properties.

Failure to use materials efficiently and reduce waste would not meet the expectations of our stakeholders and our own social and environmental objectives.

IMPACT OF COVID-19

The achievement of environmental objectives has been impacted by:

- Increase in the consumption of single-use plastic/paper products, in particular face masks and hand sanitizer bottles
- Decrease in demand for recycled products such as plastic due to the halt in operations and/or closure of the converting plants, the record low prices of virgin plastic and decreased recycling activity globally. For example, with the exception of compost waste, we have been unable to recycle in Manila due to government restrictions on disposal
- Inability for suppliers to enter our jurisdictions due to travel restrictions. For example, installation of the NORDAQ bottling plant has experienced delays as the technicians were not able to come to Macau

MITIGATING MEASURES

- Water conservation features incorporated into building design and facilities
- Waste audits performed, waste reduction targets established and KPIs tracked in relation to water use, food waste and wastewater minimization
- Winnow system installed to measure food waste
- Engagement with suppliers to avoid disposable packaging, particularly single-use disposable plastic, and to adopt reusable and/or reduced environmental impact alternatives. Examples include promoting the reuse of Styrofoam containers, which will be prohibited by the Macau government from January 2021
- Staff training and awareness campaigns on food waste minimization, cleaning water management and meat consumption reduction

SUSTAINABILITY RISKS AND OPPORTUNITIES

Engaging People

OPPORTUNITIES

- Hire and invest in people who share our purpose, values and respect for an inclusive culture to ensure colleagues and Melco can equally thrive into the future
- Continue to enable diversity of thinking to encourage impactful innovation and provide opportunities for resilience for both Melco and our communities

RISKS

Melco fosters an inspiring culture where our talent is empowered to have an impact. It is one of Melco's guiding principles to cultivate an inclusive workplace and provide equal opportunities for all persons regardless of individual characteristics.

Inability to attract and retain talented individuals with the right skillset and experience, and manage the evolving expectations of colleagues, may lead to unfavorable customer experience and financial loss. ↘ GRADUAL

IMPACT OF COVID-19

Our casinos faced temporary closures and limited operations under the pandemic, inevitably reducing the number of patrons visiting our properties, and consequently the number of hours worked by many staff. Cost savings measures were implemented. Uncertainty possibly can contribute to feelings of increased stress.

MITIGATING MEASURES

- Employer of choice initiatives such as Strawberry Life work-life balance programs, back-to-school programs, hardship assistance, focus groups/ surveys, leadership forums and mobile apps for enhanced communication
- Enhancing colleagues' skills through capacity-building opportunities, including cross-functional training through our Foundation Acceleration Program (FAP), resulting in 164% more training hours in 2020 than 2019
- Engaging colleagues in paid volunteerism activities through our 'Simple Acts of Kindness' initiative
- Awards and Recognition that empower women to be the best version of themselves, including inspiring more females into decision-making leadership positions, and celebrating outstanding women in our communities

SUSTAINABILITY RISKS AND OPPORTUNITIES

Community Engagement & Investment

OPPORTUNITIES

- Partner with SMEs to source quality and unique products and services, which offer a competitive advantage
 - Leverage the skills, experience and networks of our business partners, gaming promoters and contractors/suppliers to achieve mutually beneficial outcomes
 - Support the communities where we operate through volunteerism and engagement activities, particularly for disaster response and pandemic relief

RISKS

As part of our commitment to the community, we place substantive effort in supporting the development of local Small and Medium Enterprises (SMEs) and the communities where we operate through partnerships and engagement activities. Failure to foster these relationships may lead to missed opportunities to leverage the skills, experience and networks of other parties to achieve mutually beneficial outcomes, and also meet the expectations of governments, potentially impacting our licenses to operate. ↘ GRADUAL

IMPACT OF COVID-19

Many typical forms of face-to-face volunteering undertaken by our colleagues historically were unable to be completed due to social distancing requirements, particularly in jurisdictions such as Manila. Conversely the pandemic has also created new opportunities, such as the ability to support the community in different ways leveraging the size of our workforce and purchasing power, for example providing originally hard to source products such as face masks to the community.

MITIGATING MEASURES

- Programs for regular SME engagement and education on sustainability practices such as waste lifecycle and segregation
- Platforms for supporting / showcasing local SMEs' products and services to the wider community and guests
- CSR Steering Committee and CSR programs

Responsible Gaming

OPPORTUNITIES

- Be a leader in our industry on promoting responsible gaming
- RG accreditation for Altira, City of Dreams Macau, Studio City and City of Dreams Manila through RG Check by the Responsible Gambling Council.

RISKS

Melco has an important duty to help ensure our patrons game responsibly. There is a risk we could fail to protect all patrons from the negative consequences of problem gaming. ↘ GRADUAL

IMPACT OF COVID-19

The pandemic has had unprecedented impact on the global economy, with unemployment rates increasing across many countries. This has increased the risk patrons may display problem gaming behaviours, and as such has further increased our emphasis on responsible gaming.

MITIGATING MEASURES

- Mandatory staff training and regular awareness sessions on responsible gaming
- Responsible gaming kiosks, appointed ambassadors and reading materials available to patrons at all our properties
- Responsible Gaming Steering Committee comprises cross-functional team members, including our most senior executives
- Facial recognition deployed in all properties

Safety, Health and Wellbeing

OPPORTUNITIES

- Ensure safety, health and wellbeing are safeguarded
- Educate our colleagues and guests on the benefits of sustainable food choices, and enhance the offering of healthy and sustainable food to guests

RISKS

Given the immense scale of our properties and number of guests we service each day, we are exposed to security threats that may impact people and our properties, including but not limited to theft, assault, vandalism, terrorism and natural disasters. ↘ RAPID

It is equally important to us that we provide safe, healthy and sustainable food to our colleagues and guests. Failure to prepare our meals according to international safety standards and to make sustainable food choices will have negative consequences on the soils and oceans, and the health of our colleagues and guests. ↘ GRADUAL

IMPACT OF COVID-19

Stringent health and safety protocols have been implemented across our properties and offices to ensure the protection of all colleagues and guests. This has resulted in reduced allowable capacities within our properties, which may impact revenue.

MITIGATING MEASURES

- ISO 45001:2018 Occupational Health and Safety management system certification
- OSH Committees in each jurisdiction, and comprehensive regular incident and near-miss reporting to senior management
- Health and safety training, incident review and investigations, incident reporting channels and Emergency Response Teams
- Regular drills on security incidents, including fire, bomb, typhoon and emergency evacuation
- Health and safety culture promoted through regular training, awareness programs and staff awards
- Crisis management and business continuity plans updated on a regular basis
- Sustainable sourcing guidelines, and healthy food options provided in our Heart-of-House and restaurants

SUSTAINABILITY RISKS AND OPPORTUNITIES

Ethics & Integrity

OPPORTUNITIES

Share our international knowledge and experience to educate SMEs and other suppliers on environmental management best practices, the importance of good governance, and the frameworks and structures to achieve it

RISKS

Melco prides itself on its integrity and deep sense of ethical responsibility, which is set from the top and embedded throughout the company.

Failure to operate with transparency, integrity, ethical conduct and lawful behavior, would impact our business success, licenses to operate, and may also lead to fines and reputational damage.

GRADUAL

IMPACT OF COVID-19

Whilst Melco has been able to maintain key governance standards including meetings of Boards, Board Committees and Executive Committees, COVID-19 restricted our ability to fulsomely engage with stakeholders to understand ESG concerns and priorities, for example running focus groups, due to travel and social distancing restrictions.

MITIGATING MEASURES

- Formal policies and programs including the Code of Business Ethics and Conduct and Ethical Business Practices Program. The Nominating and Corporate Governance Committee is responsible for approving and/or overseeing of amendments to these policies/programs
- Stakeholder engagement on ESG conducted online for the 2020 materiality assessment
- Corporate governance orientation undertaken by all new employees, in addition to the annual 'Do the Right Thing' online training and mandatory test
- Whistleblower hotline, run by independent third party
- Ethical training programs presented to SMEs and our business partners

SUSTAINABILITY RISKS AND OPPORTUNITIES

Privacy & Cybersecurity

OPPORTUNITIES

Adoption of the National Institute of Standards and Technology (NIST) framework to benchmark current processes and controls, and continually enhance information security

RISKS

With rapid changes in technology and data privacy regulations, there is a risk a breach could occur; we could be subject to a cyberattack and/or we may be ineffective in managing a data breach incident. This could result in significant damage to our reputation and relationships with stakeholders, financial loss and regulatory fines. **RAPID**

IMPACT OF COVID-19

Remote working practices increased cyberthreats, and pressure on our internal security network resources.

MITIGATING MEASURES

- Melco's IT infrastructure and systems are protected by a comprehensive Information Security Management System certified to ISO27001
- Information Security Incident Management Policy in place, covering detailed procedures to manage a security incident and to minimize any impact resulting from the incident
- Regular cybersecurity drills performed with business stakeholders
- Appointment of Data Protection Officers in each jurisdiction
- Mandatory online and face-to-face training on both data privacy and cybersecurity

Sustainable & Ethical Supply Chain

OPPORTUNITIES

- Use our influence with ecologists, governments and our large pool of suppliers to reduce ecological impacts and conserve biodiversity, including contributing to climate stability, species conservation and the maintenance of ecosystems
 - Consider all applicable site development options in developing our resorts to minimize impacts on local ecology, including habitat and species diversity

RISKS

Our business success may be threatened if we do not match our services and standards to guests' needs and desires, including understanding and responding to the environmental and social issues that are important to our guests. **GRADUAL**

IMPACT OF COVID-19

The pandemic has forced many organisations including Melco to implement agile responses to the unforeseen global disruption. We faced supply chain consequences including disruptions to the availability of goods, changes in purchasing demand, and working with suppliers to reduce both fixed and variable costs.

MITIGATING MEASURES

- Engage with suppliers to collectively identify sustainable alternatives and initiatives in building resilient supply chains
- Source products responsibly, such as cotton, seafood and chemicals, as well others with eco-labels such as Green Key and Green Seal

Business Continuity and Crisis Management

While pandemic management always features as part of our risk register and we have had both business continuity plans and best practice management plans at the operational and community levels in place, the situation in 2020 posed unexpected challenges.

The gravity of the pandemic, resulting in long-term operational shutdowns by government regulators, created uncertainty for all businesses. The global gaming and hospitality sector, where the flow of revenue relies heavily on people being able to travel within their own geographies and across borders, was severely affected as a result.

In response to this, we updated our risk register to distinguish between black swan risks, unpredictable and rare events that have potentially severe consequences, and other everyday risks. This is significant for Melco, as black swan risks are often uninsured, meaning less risk can be transferred to a third party. To address this effectively, we continue to work on more specific risk and crisis management planning focused on handling events that could trigger prolonged shut downs in the future.

Our proactive response to the COVID-19 crisis has established Melco as a leader in our industry. A key focus with regards to the pandemic has been how we can help colleagues and suppliers continue to work and earn a living during long periods of closure. To address this, we have taken quick action on the financing side to make sure we are still able to pay colleagues and support suppliers. On the community front, our efforts were focused on meeting the immediate and urgent need for protective masks, which we were able to source by tapping into our global network.

Another key initiative has of course been the strengthening of health and security measures across our value chain. We have worked hard to ensure all our health and safety

procedures are in compliance with expert-validated best practices to minimize the risk and impact of COVID-19 and other potential public health events that may occur in the future. Melco is among the first hotels and resorts in the world to achieve the Sharecare Health Security VERIFIED® certification issued by the Forbes Travel Guide. More details on our enhanced health and safety measures can be found in the [Safety, Health & Wellbeing](#) section of this Report.

Opportunities through Sustainable Business

The COVID-19 crisis reinforced our commitment to maintain sustainable business success and financial stability in the markets where we operate. Despite the challenges, we took this opportunity to deepen our engagement with local stakeholders, gaining a better understanding of their needs and ensuring that we do everything within our power to support those who are hardest hit. We continued investing in our newest projects, including Studio City Phase 2. Looking beyond Macau, we have commenced operations in Cyprus and are scheduled to open City of Dreams Mediterranean in the summer of 2022, while in Japan we have our corporate offices established.

Looking ahead we see promising opportunities for Melco to forge ahead using technological innovations to capitalize on internal efficiencies and create superior guest experiences in areas beyond gaming.

As we plan for the future, we continually strive to align the successful evolution of our business with our environmental and social responsibilities. This entails consistently assessing the impact of our practices, and going beyond in-house operations to actively build capacity and collaborate with our partners to create value. We are confident that the impact of our business success will continue to be felt across our value chain, from our shareholders, colleagues and suppliers to local governments and communities.

Awards and Recognition

Melco continually assesses and aligns sustainability performance in the context of the global sustainable development goals and recognized sectoral, regional and global benchmarks. Our performance against these is indicated by the below awards, recognition and certifications.

AWARDS

- Studio City Phase 2 recognized with the 'Regional Award, Asia' at the BREEAM Awards 2021
- "Asia's Best CSR" – Asian Excellence Awards 2020, Corporate Governance Asia magazine
- "Community Award – Asia" – Industry Community Awards 2020
- Gold Award for "Excellence in Internship Recruitment/ Development" – HR Distinction Awards 2020
- "Best Companies to Work for in Asia" – HR Asia magazine (2019-2020)
- Bronze Award for "Best In-house Recruitment Team" – Asia Recruitment Awards 2020
- Green Key Award for all properties in 2020 meeting the stringent standards set by the Foundation for Environmental Education (FEE)
- Four accolades received at the Companhia de Electricidade de Macau (OEM) Macau Energy Saving Activity 2020. Studio City and City of Dreams were awarded 1st Runner-up and Excellence Award of the Hotel Group B category respectively, and Studio City and Altira Macau were recipients of the Continuous Energy Saving Award (Hotel Group)
- Asian Excellence Award – Best Environmental Responsibility (2013-2020)

CERTIFICATIONS⁵

- "RG Check" Accreditation by international third-party Responsible Gambling Council for Altira Macau, City of Dreams Macau, Studio City and City of Dreams Manila
- Melco's integrated resorts in Macau and the Philippines were among first in the world to achieve the Sharecare Health Security VERIFIED® with Forbes Travel Guide certification
- BREEAM "Excellent" ratings for the Design stage for both Studio City Phase 2 and City of Dreams Mediterranean

RECOGNITION

- For our first submission to the Dow Jones Sustainability Index (DJSI), ranked the 93rd percentile for the environment category and the 75th percentile for our industry group overall
- In 2019, Melco was named the Best First Time Performer by the globally-renowned Carbon Disclosure Project (CDP) and in 2020 we received an A- score for our climate-related supplier engagement strategy and an overall score of B
- "Excellence" ranking for waste reduction campaign "Wastewi\$e" for 12 consecutive years from 2009-2020 for our Hong Kong offices

5. Other certifications related to environmental and health and safety management are referenced in relevant report sections.



RESTORING

Restoring our World

CONSERVING RESOURCES, ENHANCING
CLIMATE RESILIENCE AND RESTORING OUR ECOSYSTEMS



QUICK ACCESS TO MATERIAL TOPICS

Energy & Climate Resilience.....	036
Material Use & Waste.....	046

Strategy and Management Approach

MANAGEMENT APPROACH

Never before has awareness been higher of the link between our own survival and the health of the natural world. We know what our responsibility is; we are committed to map, measure and mitigate our impact on natural resources, and beyond conservation, endeavour to regenerate our natural systems. Above all, we have the ability to use our influence to support collective action for change within our own operations and beyond our integrated resorts.

In believing that a sustainable future is the only future, our Above & Beyond sustainability strategy lays out our bold commitments on climate resilience, clean energy, sustainable sourcing, waste elimination and water management. Bold and impactful actions along a clear roadmap are critical to our success in achieving those goals. To strengthen the management of our environmental performance, three Working Groups have been set up under our Executive Sustainability Committee. These include:

- **Carbon Neutral Working Group**
- **Zero Waste Working Group**
- **Sustainable Sourcing Working Group**

KEY GOALS

- Achieving carbon neutral resorts⁶ by 2030⁷
- Achieving zero waste⁸ across our resorts by 2030

- Contributing to circular economy leadership in Asia
- Sourcing sustainable goods and services
- Reducing our water footprint

MATERIAL TOPICS

Energy & Climate Resilience.....	036
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HIGHLIGHTS

Minimizing Food Waste

A successful six-month trial period of Artificial Intelligence (AI)-driven technology, Winnow Vision, saw Melco reducing overproduced food waste in the kitchens of colleague dining areas at City of Dreams Macau by 67% in 2020. The trial resulted in the equivalent of diverting over 7,800 kg of waste from the landfill annually, which equates to avoiding almost 30 tonnes⁹ of CO₂e¹⁰ or the GHG emissions generated through charging over 3.5 million smartphones¹¹. Melco has since expanded this technology to other colleague dining areas at three of our largest properties and in one of our self-operated buffet restaurants.

For internal awareness raising, we continued our Clean Plate Challenge in 2020 in our Heart-of-House colleague dining areas and launched another pilot with Winnow in

collaboration with the London School of Economics and Political Science to weigh and capture photos of food waste on individual plates, with the goal of Winnow developing the technology to provide real-time data in the future. These very visual approaches raise colleague awareness and also help our Food & Beverage (F&B) teams adjust their menus. Collectively with all the initiatives we have implemented for plate waste in Macau, we saw a reduction of 13% in plate waste in grams per cover in 2020 compared to the previous year. As our resorts recover to full capacity, the impact of the awareness campaigns could see a saving of roughly 107 tonnes a year. With our learnings from overproduced waste in the kitchens and plate waste in colleague dining areas, we will continue to share best practices across our properties to further reduce food waste arising from our colleague, guest and tenant dining areas.

Eliminating Single-use Plastic

Melco has already achieved an important milestone in our long-term commitment toward reducing the use of single-use plastic (SUP) and promoting circular economy practices across our global operations. The introduction of the **NORDAQ 2000 water filtration system** offers automatic water bottle refilling in a closed-loop onsite. The statistics are staggering – once operational across our entire Macau portfolio, we will eliminate 14.8 million plastic bottles annually. This reduction of our plastic waste is equivalent to the amount of CO₂ absorbed by 20,263 tree seedlings over a 10-year period¹².

CHALLENGES

We are racing against time to meet our ambitious 2030 targets for carbon neutrality and zero waste. COVID-19 posed a severe challenge to our waste treatment processes and access to recycling facilities due to border closures. Furthermore, in some markets, water in SUP bottles has been perceived as more hygienic and preferred by some guests, particularly during the pandemic. Balancing health and safety concerns with environmental impact continues to be a critical yet challenging task.

Partnering with certified and trusted suppliers, raising awareness about our high standards along the value chain and aligning our sustainability performance across the board remain areas of critical focus to achieve our ambitious goals.

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

7. To achieve our goal of carbon neutrality, we are focused on first increasing energy consumed from renewable sources, which are generated onsite or through power purchasing agreements, for example, and then purchasing Energy Attributable Certificates or other market instruments, in quantities equivalent to the amount of energy that is consumed through non-renewable sources.

8. Achieving zero waste means avoiding the disposal of all waste materials to landfill or other treatment or disposal methods that do not involve the recovery, reuse, recycling or repurposing of the material or the generation of energy.

9. <https://www.epa.gov/warm>

10. Tonnes of carbon dioxide equivalent (tCO₂e).

11. <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

12. <https://sciencing.com/carbon-footprint-plastic-bottle-12307187.html> and <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

2021 & BEYOND

With the successful installation of the revolutionary **NORDAQ 2000 water filtration system at City of Dreams Macau**, we have initiated plans for a full rollout of refillable glass bottles in our guest rooms across all of our properties in Macau by the end of 2021. In addition to the NORDAQ plastic reduction initiative, we will be installing refillable shower amenity dispensers as existing disposable bathroom amenities are depleted in our guest rooms and spas. We will also be expanding our sustainable sourcing categories and increasing our spend on reduced-impact chemicals.

To move forward with our more ambitious efforts in energy and waste management, we are also exploring ways to further concrete progress. These include:

- Collaborating with local networks to find creative solutions for achieving the deep decarbonization of the grid and showing demand for renewable energy through power purchasing agreements (PPAs), green tariffs and other mechanisms
- Improving our diversion of waste from disposal through awareness raising, engaging our tenants and suppliers, reviewing and enhancing our onsite practices and adopting new technologies and other innovations
- Exploring options for enhancing and accessing recycling facilities within the Greater Bay Area (GBA), in partnership with local contractors

Energy & Climate Resilience

OUR COMMITMENT

The foundation of our ambitious goals is to build and operate world-class integrated resorts that are fit for the future. To address the evolving climate crisis, we must work on all aspects of the climate equation. This requires leadership commitment, investment in renewables, sustainable design and materials, energy-efficient equipment and systems, and above all, partnership. Melco is compelled to support and inspire our dedicated teams, and to use our influence to help our partners and communities achieve broader transformations.

By managing our impact at our properties and across our operations, Melco leads the way in our industry to show that a sustainable future is the only future.

OUR TARGETS

- Achieving carbon neutral resorts by 2030
- Minimizing the impact of our business on ecology and biodiversity
- Improving the operational performance of our resorts year-on-year

IMPACT ALONG THE VALUE CHAIN



Upstream

- Procuring cleaner and renewable energy to create demand and reduce impact along the supply chain
- Encouraging resilient and robust supply chains that reduce impacts on biodiversity and support local economies



In-house

- Adopting energy-efficiency measures and renewable energy while mitigating climate-related impacts to reduce risk
- Minimizing the environmental footprint of our buildings and sites
- Improving the operational performance of our resorts



Downstream

- Setting an example to further collective action on climate change and clean energy
- Setting benchmarks in sustainable building, reducing environmental impact and supporting enhancements in local infrastructure

CASE STUDY

Build out BREEAM

In support of going Above and Beyond, our new properties are all designed for certification to internationally recognized standards, which guide us in integrating sustainability features not only during the design and construction stages but throughout the full building lifecycle. Studio City Phase 2 is Macau's first BREEAM-certified hotel and entertainment development and was awarded the 'Regional Award, Asia' at the BREEAM Awards 2021. The project, with an approximate floor area of 341,000m², comprises two hotel towers, a cineplex, one of the world's largest indoor/outdoor water parks and retail areas at the podium level.

The building has been designed to support the health, wellbeing and safety of our colleagues and guests; with a focus on achieving good thermal comfort levels, excellent internal acoustic performance, and the provision of clean, fresh drinking water from our onsite NORDAQ system. It is also designed and built to mitigate natural hazards with an earthquake resistant design, flood-proofing of exterior walls and flood gates for door openings.

Circular economy principles also formed a key part of the design process to improve functional adaptability over the building's lifecycle, including modular external wall build-up, as well as Heart-of-House equipment and work spaces that can be easily disassembled to allow for changes in working practices. The measures adopted and the learnings from this process will be utilized by Melco, in combination with in-use performance data, to inform future projects.

MACAU

ENERGY & CLIMATE RESILIENCE

HOW WE ARE MANAGING IT

WHY IT MATTERS

Humanity is already facing catastrophic climate change impacts: severe climatic events, unstable weather patterns, diminished resources, species extinction and loss of life. From the fishers and farmers who supply food to our forks, to our guests who enjoy our integrated resorts, everyone, globally, will experience one or more of these impacts.

AWARDS AND RECOGNITION

Melco has been recognized as one of Asia's leaders in corporate climate action by the Carbon Disclosure Project (CDP), receiving the "CDP 2019 Best First Time Performer" accolade in 2019. While our overall CDP rating in 2020 was a "B" reflecting the ever-increasing expectations for corporate action, Melco continues to make positive strides and is undertaking an in-depth climate risk assessment with scenario planning and target setting, and scope 3 inventory mapping. We are proud to report our CDP supplier engagement rating in 2020 was "A-", reflecting our efforts to raise awareness and build supplier capacity for climate action. More details on our supplier engagement strategy can be found in the [Ethical & Sustainable Supply Chain](#) section of this Report.

HOW WE ARE MANAGING IT

We are leading the integrated resort industry to decarbonize our portfolio. For Melco, this equates to the game-changing goal of reaching carbon neutrality by 2030. By focusing on reducing electricity consumption, improving energy efficiency and transitioning to renewable energy, we are also taking decisive action to seek and support innovative technology and to source low-carbon alternatives.

Our key initiatives include:

- Prioritizing investment in renewable energy by installing renewable energy systems onsite
- Integrating energy-efficient building façades, heat recovery systems and other measures, as well as climate-resilient design features into new builds
- Adopting efficiency measures to reduce overall energy consumption at all our properties and engaging our suppliers to do the same for their own operations and along the supply chain
- Expanding EV charging points for guests and colleagues, as well as our fleet of electric shuttle buses, the largest in Macau, with the goal of having all our vehicles fully powered by renewable energy
- Building public-private partnerships to help communities, governments and other businesses to address climate change
- Annually purchasing Energy Attributable Certificates (EACs) or other instruments so that an equivalent amount of renewable energy is generated for the amount of electricity that we consume

In addition to reducing our own impact on the climate, it is crucial to enhance the ability of our operations and supply chain to respond to the impacts of climate change. Withstanding the impacts of climatic-induced threats such as storm surges, flooding and sea-level rise, as well as extreme temperature, is integrated into the design and operation of our integrated resorts and the engagement and capacity-building initiatives we undertake with our suppliers.



To address these risks, we have also initiated a climate risk assessment, including scenario planning with the aim of setting specific actions for enhancing our mitigation measures. We are also mapping our Scope 3 GHG inventory as part of our overall initiative to set temporal targets to achieve our overarching 2030 goals.

Carbon Neutral Working Group

Our Carbon Neutral Working Group develops and implements our strategy for achieving Carbon Neutral Resorts by 2030. This Group focuses on:

- Engaging external stakeholders to align with our strategy and goals
- Adopting industry best practices and technologies
- Implementing GHG emission reduction projects across our properties and business functions
- Promoting awareness and engagement among colleagues
- Measuring and verifying the sustainability and financial impacts of our goals

Sustainable Building Design

With building and construction answerable for 39% of all GHG emissions in the world, and operational emissions (including energy used to cool, heat and illuminate buildings) accounting for 28%¹³, we must take immediate action to make buildings better for both our world and the people inside and around those four walls. Melco designs buildings that are not only visually striking but are also resource efficient and resilient to climate change. With the knowledge that our ambitions for sustainable buildings today will play out for decades, perhaps centuries, we work with a network of professionals, including architects, engineers, suppliers and other partners to minimize environmental impact from the very initial stages of our design and throughout the buildings' full lifecycle.

13. <https://worldgbc.org/news-media/WorldGBC-embodied-carbon-report-published>

ENERGY & CLIMATE RESILIENCE HOW WE ARE MANAGING IT

Studio City Phase 2 exemplifies how adaptability and resilience to climate change was accounted for in the building footprint, orientation and form so as to withstand external hazards, including:

- ground floors with class B engineered bricks, water-proof mortar and internal lining, as well as sustainable urban drainage strategies
- external shading elements on the building façade to limit the influence of solar energy on habitable spaces
- reinforced concrete for structural robustness against high wind speeds and flooding, and non-oxidizing/corrosive resistant materials such as stainless steel, to withstand seawater inundation
- extensive planting to reduce the urban heat island effect and internal finishes such as light-colored surfaces and blinds to provide shading and high reflectance that limit and reflect solar heat
- bracing and anchoring of internal and external elements to avoid the generation of projectiles and falling objects
- emergency procedures and access and egress routes for building occupants and emergency services to use during a disaster

Managing our Ecological Footprint

The ecological impacts of our construction projects are a key consideration in planning site development options. While futuristic designs set our buildings apart, careful planning that respects local ecology ensures that our buildings offer the most memorable experiences to our guests while minimizing impacts on local ecosystems.

Studio City

Our Studio City property was meticulously planned with ecological considerations in mind. The property site was chosen ensuring that the protected 15-hectare wetland, designated as the Macau Cotai Ecological Zone, was not disturbed. Our planning also included minimizing the impact of basement excavation on both the wetland and underground water sources to protect this land that serves as a resting place for many species of migratory birds. Our two hotel tower blocks were carefully engineered to create a 'sky-stream' that takes into account migratory pathways for the birds. In addition, an ecologist was consulted to preserve existing flora and implement habitat-compatible

compensatory planting for the site. For Studio City Phase 2, all timber sourced for the building is from Forest Stewardship Council™ (FSC™) (or equivalent) certified suppliers.

City of Dreams Mediterranean

At City of Dreams Mediterranean, we have also been working extensively with our landscape consultants and agronomists to implement recommendations from our BREEAM Ecology Report. Some recommendations for enhancement of the site's ecology and biodiversity include:

- Revision of the landscape plan to remove invasive foreign species and include species with low water demand that are resilient to climatic conditions in Cyprus
- Maintenance of the existing mature *Eucalyptus* trees including pruning, application of nutrients, backfilling of exposed roots and replacement of dead trees
- Installation of bird nest, bat roost and insect boxes in appropriate locations throughout the site to provide a habitat for those species and maintain the site's ecological food chain
- Monitoring of the wider area to explore the implementation of off-site conservation measures for the endangered *Lotus cytisoides* species – through the collection of seeds and planting within the micro-habitats of the development

Reducing Greenhouse Gas (GHG) Emissions

With operations significantly affected by reductions in room nights and guest visitation due to the COVID-19 restrictions, GHG emissions reduced by 45% in both absolute and intensity terms. We note that energy-efficiency measures as well as increases in both renewable energy generation onsite and in our EV fleet and charging points continue to result in substantial reductions year-on-year. However, 2020 is obviously an anomaly and the primary reason for the reduction in GHG emissions during the year. We remain steadfast in our efforts to continuously look for new technologies and innovative solutions to move us toward meeting our 2030 carbon neutrality target.

In 2020, our Group-wide Scope 1 and 2 (location-based) GHG emissions decreased by 24% compared with 2019, and for market-based emissions, a 45% reduction was recorded. For our Scope 1 and 2 market-based emission intensity, we saw a reduction of 92% between the years 2016 and 2019,

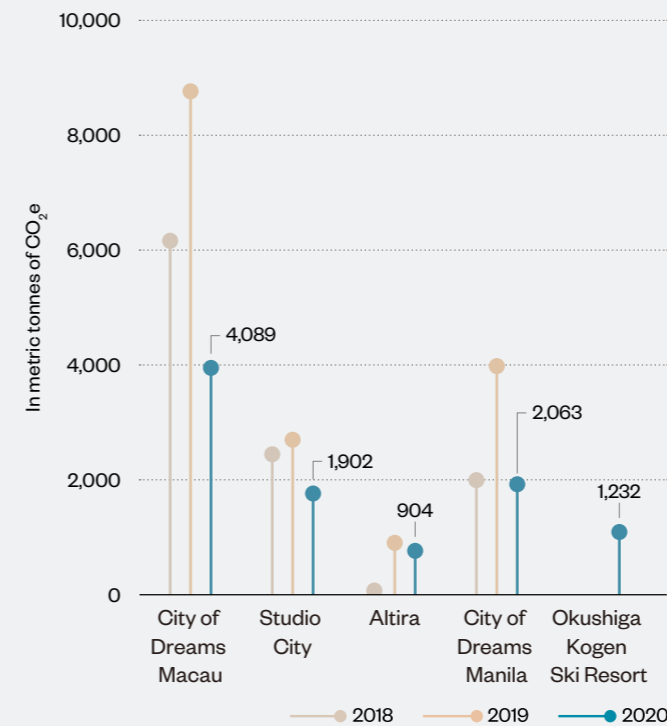
and a reduction of 45% in 2020 compared to 2019. We added emissions from our Okushiga Kogen Ski Resort in Japan in our 2020 data, which already includes our four integrated resort properties and corporate offices in Hong Kong, Japan and Taiwan.

All five of our integrated resorts, namely City of Dreams, Studio City, Altira Macau and City of Dreams Manila, and our Mocha Clubs and Okushiga Kogen Ski Resort, account for 93% of our Group's total emissions in 2020, which represents 98% of Melco's total floor area.

Total Scope 1 and 2 (market-based) GHG Emissions (In metric tonnes of CO₂e)

-45%

Reduction from 2019 to 2020



We understand our impact extends beyond our operational boundaries so we are looking into our Scope 3 emissions more closely in 2021 to both enhance our capture of data and to look for opportunities for reduction and to influence our supply chain.

Absolute GHG Emissions by Scope and Intensity (in metric tonnes of CO₂e)

	2020	2019	2018
Scope 1 emissions	16,011	29,192	19,768
Emissions from stationary fuel combustion	4,962	7,587	6,806
Emissions from mobile fuel combustion	5,955	12,880	8,964
Fugitive emissions from refrigerants	5,095	8,725	3,998
Biogenic emissions	150	331	163
Scope 2 emissions (location-based)	206,420	263,055	266,478
Scope 2 emissions (market-based)	-	-	-
Total Scope 1 and 2 emissions (market based)	16,011	29,192	19,768
Total Scope 1 and 2 emissions (market based) intensity by floor area (in metric tonnes of CO ₂ e / m ²)	0.01	0.02	0.01

ENERGY & CLIMATE RESILIENCE

HOW WE ARE MANAGING IT

Effective Energy Management

Managing our energy consumption and efficiency starts with effective systems that align all our actions for continual improvement. Melco was the first integrated resort and hotel operator in Macau and Hong Kong to achieve ISO 14001 Environmental Management Systems (EMS) and ISO 50001 Energy Management Systems (EnMS) certifications in 2018, as well as ISO 41001:2018 for Facilities Management Systems (FMS) in 2019. These certifications cover the entire portfolio of Melco properties in Macau and Hong Kong, including City of Dreams Macau, Studio City, Altira Macau, Mocha Clubs and Melco's Macau and Hong Kong corporate headquarter offices.

Implementing energy-efficiency measures is foundational to how we design, build and operate our buildings and systems. Through improving existing operational efficiencies and as a result of the pandemic restrictions on our business, in 2020, we achieved a 25% reduction in our energy footprint across our operations compared to 2019 levels.

Our efforts in 2020 that are directly tied to improvements in energy efficiency resulted in a reduction of annualized electricity consumption of 34,297 MWh in Macau and Manila. This is equivalent to avoiding over 24,000 metric tonnes of GHG emissions, which is the reduction that would be achieved by taking over 5,200 cars off the road¹⁴.

Our efforts were recognized by the Macau Energy Saving Activity 2020 Award; Studio City won the first runner up and Continuous Energy Saving Award, City of Dreams Macau received the Excellence Award and Altira won the Continuous Energy Saving Award.

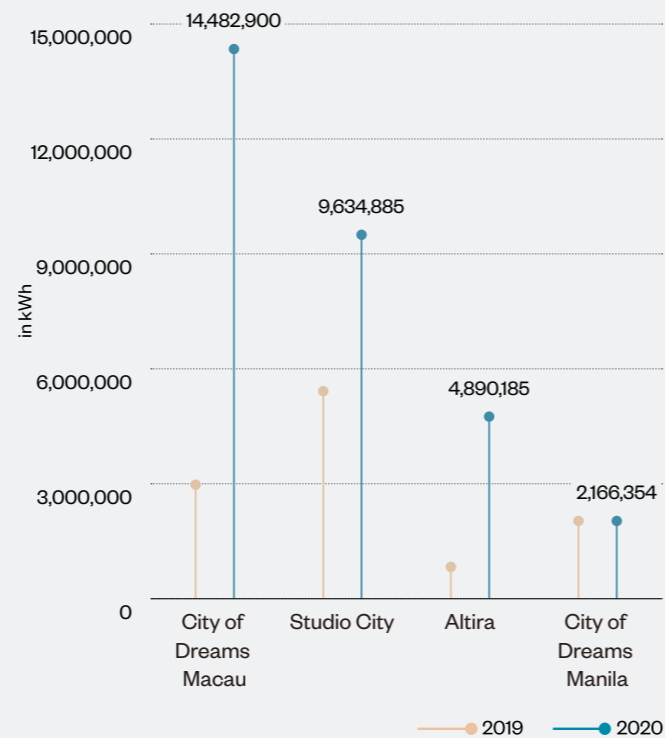
Energy efficiency measures include ongoing delamping, reviewing and adjusting ventilation flow rates, retrofitting or installing more efficient plant and equipment, and replacing sensors for car park extractions, as well as new projects.

In 2020, specific initiatives included:

- City of Dreams Macau and Studio City reduced ventilation flowrates to achieve 3.9 million kWh in actualized savings
- Studio City improved lighting efficiency to achieve annualized savings of 3.1 million kWh

For the range of measures adopted to reduce energy demand for Studio City Phase 2, refer to the [Case Study](#).

Calculated kWh savings based on annualised Energy Efficiency Measures (EEMs)
(in kWh)



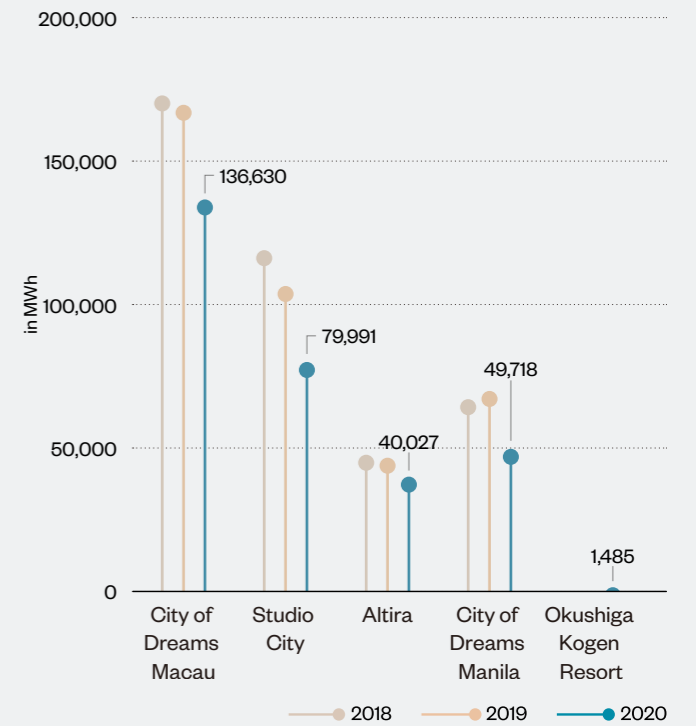
In 2020, our Group-level electricity consumption from non-renewable sources decreased by 22%, and our total energy consumption reduced by 26% in absolute and 25% in intensity terms, compared to 2019. Driving this reduction was primarily the restricted operations during the pandemic, as well as the continued implementation of energy-saving initiatives across our integrated resorts in Macau and Manila.

Energy Consumption and Intensity by Sources
(in MWh)

	2020	2019	2018
Fuel consumption from non-renewable sources	50,738	97,387	74,917
Fuel consumption from renewable sources	-	-	-
Electricity consumption from non-renewable sources	326,116	414,314	420,682
Electricity consumption from renewable sources	1,555*	21.5*	-
Total energy consumption	378,409	511,701	495,600
Energy intensity (in MWh/m ²) ¹⁵	0.27	0.36	0.35

Total Resort-level Purchased Electricity Consumption
(in MWh)

-22% Reduction from 2019 to 2020



14. <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

15. Intensity data for the years 2016 to 2019 have been restated to reflect an adjustment in actual floor area.

* Energy from renewable sources, generated by solar PV panels at City of Dreams Manila, was consumed onsite in 2020.

* Electricity generated and consumed onsite from solar PV panels installed at City of Dreams Manila in December 2019.

ENERGY & CLIMATE RESILIENCE

HOW WE ARE MANAGING IT

Transitioning to Renewable Energy

Melco is using its influence to usher in the clean energy revolution for our industry. We have invested in the following initiatives to transition to renewable energy:

- Installing onsite solar photovoltaic (PV) energy systems
- Expanding electric vehicle fleets
- Increasing the number of charging bays for electric vehicles for guests and colleagues to use across all resorts
- Purchasing EACs and other renewable energy instruments or verified carbon credits for 100% of our global electricity consumption

Our sustainable building initiatives include harvesting energy from the sun – onsite solar photovoltaic (PV) technology is part of our investment to accelerate our transition to clean energy at our properties.

In Macau, we implemented the city's first, large-scale onsite solar PV project in 2019, in partnership with Macau-based Man lo Energy. Covering 30,000 square meters of roof space at City of Dreams Macau and Studio City, the 18,000 PV panels generate approximately 7.7 MWh at full capacity. This project is the largest in Macau and has the capacity to reduce 6,000 tonnes of CO₂ annually, equivalent to taking 1,296 passenger cars off the road for a year.

Moving us further on our journey to carbon neutrality is the installation of 3,120 PV solar panels at City of Dreams Manila to generate 1.2 MWh at full capacity, making it the first Integrated resort in the Philippines to harness solar power.

Having been fully operational since the beginning of 2020, the panels generated 1,617 MWh of electricity during the year, equivalent to the amount of CO₂ absorbed by close to 19,000 tree seedlings grown for 10 years or charging over 139 million smartphones in a year¹⁶. We continue to explore additional opportunities to expand the solar array at the resort.

Beyond enhancing connectivity around our integrated resorts, Melco is looking to end dependence on petroleum through adopting electric vehicles (EVs). In Macau, we partner with local manufacturer Zhengzhou Yutong Bus Company; our fleet of shuttle buses has grown to 36. Electric vehicles now account for 29% of Melco's total bus fleet in Macau, reducing our use and ownership of diesel buses.

Our new 45-seat e-coaches provide environmentally-responsible and comfortable rides for our guests and colleagues, and they also have an increased standing capacity, which means that fewer journeys on the road are required for the same number of passengers. Our transportation team continues to be focused on reducing our diesel fleet and with the rate of innovation in EVs accelerating, we hope to transition all vehicles to EVs faster.

We are also working on a new built-in-load-sharing program through which an additional 24 EV chargers have been installed at City of Dreams Macau and Studio City to date, bringing our total number of charging points to 70. Implementation of EV charging ports that utilize a similar technology are also under evaluation in both Manila and Cyprus.

Supporting Renewable Energy Markets

Melco is contributing to the growth of renewable energy markets in Mainland China and the Philippines. Since 2018, we have been purchasing EACs issued by the i-REC Standard (International Renewable Energy Certificate Standard) in amounts equivalent to our electricity consumption in Macau, Manila, Hong Kong and Taiwan. Meanwhile, we match our electricity consumption in Japan with local EACs generated through the PowerPlus™ scheme. We apply a similar approach to our Cyprus operations and purchase EACs with Guarantees of Origin in Europe to cover 100% of our electricity-related GHG emissions.

We remain focused on further stimulating renewable energy markets through collaboration with local networks; finding creative options for purchasing renewable energy through PPAs and other instruments.

Energy Efficiency at City of Dreams Mediterranean, Cyprus

Once doors are opened in 2022, Cyprus will be the first integrated resort and the only one of its kind in Europe. Already obtaining the first BREEAM rating of “Excellent” in Cyprus at the design stage, we are targeting nothing short of an overall “Excellent” rating for this property upon completion. To that end, we have adopted a wide array of energy-efficiency measures, such as:

- BREEAM standards on energy-efficient equipment required in tenders that are in progress for all categories of equipment and systems
- Passive design measures such as thermal insulation, building façade shading and glass with low-shading coefficients
- LED lighting, automatic photo-sensors and the connection of all external light fittings to the building management system, enabling automatic control and suspension of lighting during daylight

Other measures contributing to the reduction of GHG emissions at this property will include the installation of provisions for electric vehicle recharging stations within the parking area, refrigerant systems with a zero-ozone depleting potential and a low Direct Effect Lifecycle carbon dioxide (CO₂) equivalent emissions indicator.

16. <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

RESTORING OUR WORLD

Material Use & Waste

OUR COMMITMENT

Waste can take on many forms; Melco commits to a systems-based approach to understand and manage the full lifecycle of waste that we, our partners and our guests use and reuse. From building construction, water, packaging or food from our kitchens, we focus on uncovering opportunities for circularity. Sustainable material and design choices, along with effective waste management, also help us along our journey to zero-waste resorts and contributing to circular economy leadership in Asia. In addressing this challenge, we must holistically engage with stakeholders across the full value chain to reach our journey's destination by 2030.

OUR TARGETS

- Achieving zero waste across our resorts by 2030
- Reducing the consumption of water and increasing our capacity for greywater recycling across all our properties

IMPACT ALONG THE VALUE CHAIN



Upstream

- Sourcing reduced impact products from responsible suppliers to reduce Melco's footprint and impact on biodiversity
- Championing responsible consumption as well as best practices in material and waste management in the supply chain



In-house

- Encouraging local government bodies and communities to protect and restore ecosystems
- Promoting water conservation and adherence to Supplier Code requirements to further suppliers' environmental performance

- Adopting circular economy models to further responsible consumption, the repurposing of materials and waste diversion
- Increasing awareness and appreciation of the importance of local species and ecosystems to promote sustainable sourcing, wellbeing and business resilience
- Minimizing water consumption and increasing the reuse, recycling and proper treatment of wastewater



Downstream

- Demonstrating leadership in sustainable building projects to set new benchmarks for others to improve upon, while reducing environmental impact and supporting improvements in local infrastructure
- Paving the way for collective action to establish circular economic models
- Maintaining the richness and variety of local species and habitats
- Championing water stewardship to conserve scarce water resources, further aquatic ecosystem health, and ultimately ensure safe and affordable access to clean water for all stakeholders

17. <https://www.unwto.org/sustainable-development/global-tourism-plastics-initiative>

CASE STUDY

Reducing Plastic Waste and our Carbon Footprint

All of Melco's integrated resorts are positioned within island economies that are largely dependent on tourism. Not only do we have a responsibility to manage the waste we and our guests generate, but often isolated from waste processing infrastructure, it is our duty to eliminate the fundamental reasons for plastic pollution.

As an early signatory to the Global Tourism Plastics Initiative – led by the UN Environment Programme and the World Tourism Organization – in collaboration with the Ellen MacArthur Foundation – we have committed to a set of actionable goals and targets by 2025 to combat the root causes of plastic pollution¹⁷ and report on progress annually. In 2020, Melco became the first to globally roll out the NORDAQ water purification and bottling solution, starting with Morpheus at City of Dreams.

“The NORDAQ onsite plant can refill 2,000 bottles of purified water per hour, and once we expand to all our properties in Macau in 2021, we will eliminate the production, transportation and disposal of approximately 14.8 million plastic bottles annually. Beyond reducing plastic waste it significantly reduces our carbon footprint. By 2021, the system will also be fully implemented across our properties globally.”

DENISE CHEN

SENIOR VICE PRESIDENT AND CHIEF SUSTAINABILITY OFFICER,
MELCO RESORTS AND ENTERTAINMENT

📍 ACROSS ALL OPERATIONS

MATERIAL USE & WASTE

HOW WE ARE MANAGING IT

WHY IT MATTERS

The inherent link between the environmental challenges and biodiversity threats facing our world were laid bare by the COVID-19 pandemic. As is typical of our industry, a significant amount of natural resources and other materials are consumed, and waste produced, every day throughout our operations globally. For any responsible business, the only option is to take substantive action to sustainably consume materials and resources.

Ensuring a safe and clean supply of water is also critical. The way we supply, consume and conserve water not only impacts our water footprint and resource efficiency as a whole, but how we dispose of wastewater also has a direct impact on the local aquatic ecosystems where our properties are situated.

HOW WE ARE MANAGING IT

Achieving our zero-waste goal by 2030 means doing things differently. We are focused on adopting new ideas and technologies to achieve our goals, and inspiring and empowering both colleagues and suppliers to reduce the environmental impact of their day-to-day activities and operations. By adopting innovative approaches and working with our partners to effect change, we are taking action to reduce our environmental impact and create circular economic models – from our sourcing of building materials and seafood to our consumption of water, to how we reuse, recycle and compost materials.

Material Use

Our efforts to responsibly manage materials and waste span a range of areas across our operations.

Sustainable Building Materials

Melco's iconic buildings are designed, built or retrofitted according to the highest environmental standards and we continuously opt for sustainable materials and systems with lasting operational benefits. This ranges from the use of timber and timber-based products that are legally-harvested, traded and sourced to meet FSC™ certification standards, to chemicals such as paints, coatings, sealants and adhesives that have no or low Volatile Organic Compound (VOC) content as much as possible.

To align our suppliers with our specific standards, we updated our sustainability sourcing guidelines to include broader coverage of sustainable chemicals, including paints, coatings, sealants and adhesives used in our buildings. We encourage all of our contractors to adopt this set of guidelines in the design and construction of our new buildings.

Plastic-free Journey

Becoming a signatory to the Global Tourism Plastics Initiative (GTPI) builds on our 2019 New Plastics Economy Global Commitment, through which we strive to eliminate problematic packaging. We are identifying a full list of packaging in our portfolio that is not reusable, recyclable or compostable and developing a roadmap to address these by 2025.

We are avoiding
the use and wastage of
9.5 tonnes of SUP in
F&B operations
per year

Our GTPI action plan to address plastic includes:

→ Elimination of problematic plastic by:

- » Targeting SUP bottles, shoe mitts, razors, toothbrushes and toothpaste for recycling and/or replacement with alternatives in all guest areas
- » Replacing all SUP F&B containers and utensils with biodegradable, sustainable alternatives including items made from cornstarch, bamboo fiber or paper
- » Proactively engaging with suppliers to avoid disposable packaging, particularly SUP plastic, and adopt reusable and/or lower-impact alternatives

→ Implementation of a reuse and recycle model through:

- » Providing water refilling stations, as well as establishing bottling plants progressively across all our properties to provide water for guests in refillable glass bottles
- » Introducing large-sized dispensers for shampoo and other amenities in guest rooms and spas
- » Encouraging our suppliers to develop and incorporate specifications into tenders, purchase orders and other agreements to increase demand for reduced-impact products, packaging and services based on circular economy principles
- » Redesigning and standardizing plastic bottles in existing operations across properties in Macau to support recycling streams, and sourcing bottles made with rPET, as interim measures along our path to zero waste

In Macau, F&B operations have adopted sustainable, alternative disposables and provided for proper recycling of 5,480 kg of SUP disposable items in 2020.

In Manila, a range of steps have been taken to replace non-biodegradable products with biodegradable ones, including:

- Bagasse packaging materials for take away
- Biodegradable paper resealable pouches for chocolates
- Cardboard boxes replacing acetate boxes
- Greaseproof papers for sandwiches
- Biodegradable OPP (oriented polypropylene) wraps for bread
- Biodegradable trash bags
- Recyclable bottles

Sustainable Products – Cotton, Chemicals and Seafood

We have made substantial progress in ensuring that our high-quality, luxurious bed linen and towels for our guests are sustainably sourced and are free of harmful chemicals. We continue to review the use of chemicals across our properties and engage with suppliers to procure more sustainable products. In 2020, we consolidated chemical usage across properties, reducing the number of products so it is easier to transition to sustainable choices.

Carefully selecting seafood that provides an exceptional culinary experience with a reduced environmental impact is a top priority for our chefs. We procure our preferred seafood in accordance with our Sustainable Seafood Sourcing Guidelines, which prioritize sources that are certified by internationally-recognized schemes.

For details on these initiatives, please refer to the [Ethical & Sustainable Supply Chain](#) section of this report.

MATERIAL USE & WASTE

HOW WE ARE MANAGING IT

Towards Zero Waste

Across our operations, we seek to avoid the generation of waste in the first place, followed by efforts to increasingly adopt options and systems to responsibly reuse, recycle and compost valuable resources. For those materials that cannot be repurposed, we ensure they are sent for proper treatment and disposal. Along our journey towards circularity and zero waste, continually conducting material and waste audits, revising our approach and collaborating with governments, industry partners, supplier and innovators to find solutions together, is key.

In 2020, we developed resort-wide waste reduction action plans, based on the result of comprehensive waste audits conducted at City of Dreams Macau, Studio City, Altira and City of Dreams Manila, to address the types of and hotspots for waste generation identified. Actions focus on reducing food waste, amenity kit and small toiletry bottle wastage, plastic reduction, and promoting recycling. Sustainability Champions have been tasked with training and running campaigns to achieve further reduction amongst colleagues.

Eliminating Food Waste

Food waste is a global problem that results in cascading impacts to food security, human and ecosystem health, and the climate crisis. Wasted food also increases the burden on landfills and incinerators, releasing GHGs that further exacerbate climate change. With Asia generating over half of the world's food waste¹⁸, the region is responsible for 4% of total global GHG emissions¹⁹.

Managing food waste has been one of our biggest challenges. For our multiple Michelin-star restaurants, in-house dining rooms for colleagues, and more than 115 restaurants, cafés



and bars, minimizing food waste in all our properties continues to be a priority. We employ several initiatives across our properties, which range from conducting full-scale waste audits to installing cutting-edge AI technology for tracking and reducing wastage, to internal awareness-raising amongst our colleagues.

Advanced Food Waste Measurement Technology

Waste audits previously conducted at Melco's integrated resorts show that food waste has contributed to 41% of the total waste we generate. Reducing food waste at source has since become one of our biggest challenges and opportunities for progress. Leaner and more efficient food production requires accurate demand forecasting and waste data collection. Melco's commitment to reducing food waste has led to a significant breakthrough in 2020, which saw us adopting a highly-advanced AI food waste measurement technology to operate our kitchens more sustainably and separately also influence our colleagues' behavior.

We have also engaged our colleagues to champion our efforts on food waste. In Macau alone, on average in 2020, we served meals to over 10,000 colleagues each day. To raise awareness of the importance of responsible food consumption, we have implemented an ongoing Clean Plate Challenge campaign whereby our colleagues are encouraged to only take what they can consume in our Heart-of-House dining venues. As part of our plate waste initiatives in both Macau and Manila, we are collaborating with Winnow and the London School of Economics and Political Science to trial awareness and communication campaigns to encourage colleagues to change behavior. Please refer to [Inspiring Partnerships](#) within this section for more detail.

Composting and Dewatering

Composting also plays a big part in our food waste reduction strategy.

In 2020, the food waste that we composted comprised 14% of our total waste stream. This is an increase of 2% over the previous year and in Macau alone, we generated 36 tonnes of compost.

We continue to review and tweak our composting operations to ensure the right mix of inputs to generate high quality compost. While enhancing our practices across our properties, we also plan to install a food waste pulper and composting process at our integrated resort in Cyprus.

Building Systems

We ensure that holistic waste management procedures are adopted across our buildings and that they are fitted with the latest infrastructure to enable our waste reduction and handling processes to be optimized.

Dedicated areas have been incorporated into the design of Studio City Phase 2 in Macau to maximize our capacity for the collection, sorting, recovery and storage of recyclable materials. Furthermore, our principal contractor is required to implement a construction and waste management plan that facilitates the reuse, recycling and recovery of materials throughout the construction process.

18. <https://www.greenqueen.com.hk/50-of-the-worlds-food-waste-comes-from-asia-and-businesses-are-gearing-up-to-fight-crisis/>

19. <https://www.drawdown.org/solutions/reduced-food-waste>

**MATERIAL USE & WASTE
HOW WE ARE MANAGING IT**

City of Dreams Mediterranean is committed to reduce construction waste by ≥ 12.5 tonnes of waste per 100 m² generated. Procedures are in place to minimize non-hazardous and hazardous waste in line with this target, which include minimizing the wastage of raw materials by ordering construction materials when required and not in excessive quantities, as well as through their proper handling and storage, reuse and/or recycling of materials. By taking care to only order materials we need, we are targeting to divert $\geq 70\%$ by weight or 60% by volume of construction waste from landfill.

In addition to construction waste, we continually review innovative options for segregating and managing recyclable and compostable waste streams for our property in Cyprus, as well as for upgrading existing systems at our other properties.

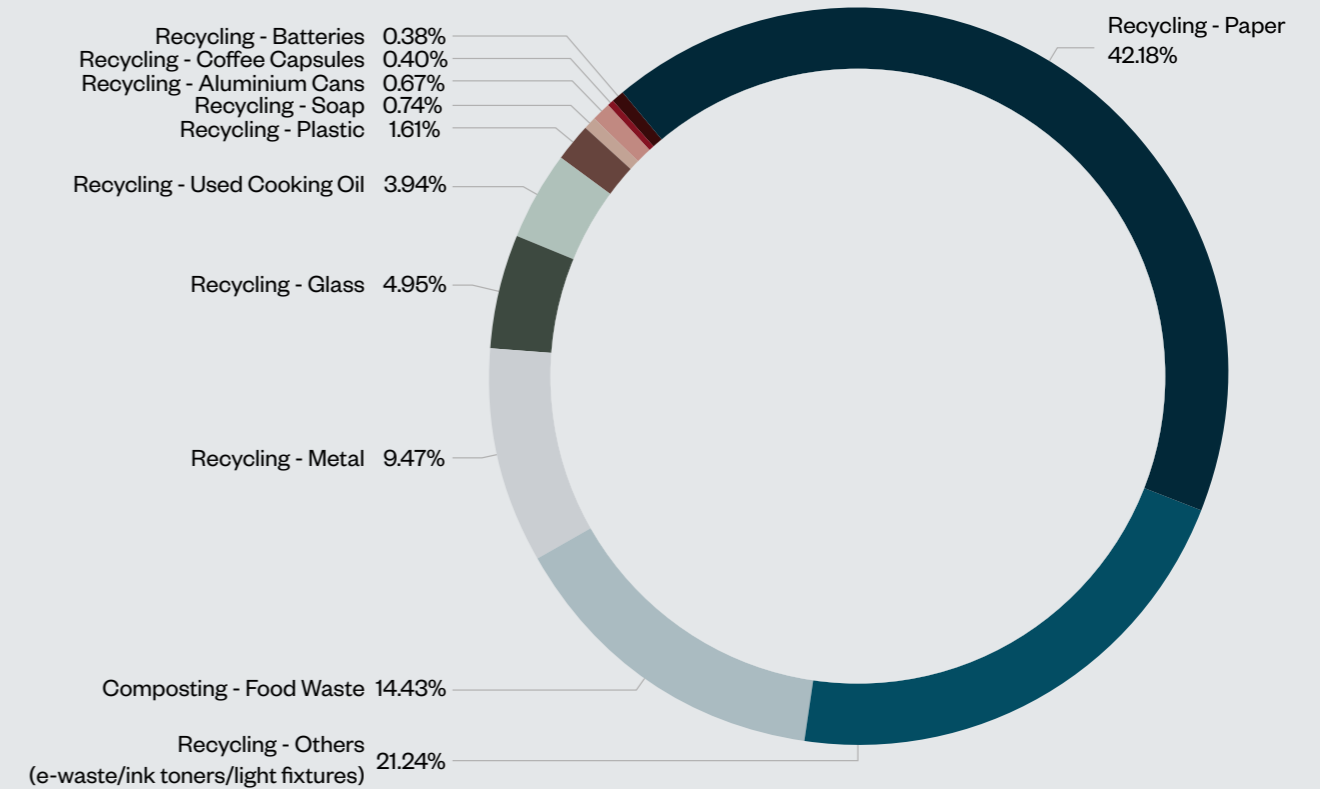
Recycling and Waste Diversion

While we recognize the urgent need to reduce waste at source, reducing the proportion of waste sent to landfill or incineration is critical. A vital part of this process is identifying new options for recycling facilities and exploring further alternatives for recycling, particularly for playing cards and plastic. We are also working with NGOs and industry partners to recycle linen and other items. We are in the process of setting a waste diversion target, which will be essential in keeping us on track for meeting our 2030 zero-waste target.

Waste generated and waste diverted through composting and recycling dropped substantially by 55% and 50% in 2020 and 2019, respectively, due to the reduced visitation to our integrated resorts as a result of COVID-19, restrictions on recycling during the pandemic in Manila and through the adoption of improved practices based on the results of a KAIZEN exercise in early 2021. One challenge exacerbated by the pandemic has been the lack of access to available recycling facilities, partly contributing to a 49% reduction in materials sent for recycling.

WASTE GENERATION IN 2020

355 Metric tonnes
OF WASTE DIVERTED IN 2020



Total Waste Generated (in metric tonnes)

8,274

Most Recycled Type

Paper

Waste Generation Intensity (in metric tonnes)

0.006

Waste Recycled (in metric tonnes)

319

MATERIAL USE & WASTE
HOW WE ARE MANAGING IT

Water Management

Reducing water usage and reusing water in our resorts' water cycle are fundamental to our water policy. At each of our integrated resorts, we have measures to reduce water consumption, ranging from automatic sensors on all faucets and water-saving toilets and showers in hotel guest rooms to rainwater recovery systems that store rainwater for onsite irrigation, and extensive planting to minimize water loss through wind evaporation from pools and river features.

Examples of property-specific initiatives include:

- A sophisticated filtration system for The House of Dancing Water show at City of Dreams treats and reuses pool water indefinitely
- Reusing treated wastewater in City of Dreams Manila's cooling tower since the system became fully operational saved 38,476 m³ of water as at the end of 2020 with the potential to save 219,000 m³ annually
- For City of Dreams Mediterranean, a high-tech 'harvesting system' is being installed to collect greywater to be treated and re-purposed for use in toilets and gardens
- At Studio City Phase 2, a leak detection system exposes water leaks within the building and between the building and utilities' water meters, enabling us to prevent water wastage
- At City of Dreams Mediterranean, adjustments to sanitaryware items, such as water closet tanks as well as hand wash basin and pantry sink mixers, have been made to achieve optimal water-efficient consumption levels set by BREEAM without compromising guest experience

- A utility pulsed water meter connected to the building management system has been installed on the main water supply at City of Dreams Mediterranean to enable water monitoring and water leak detection
- Encouraging our colleagues to be vigilant in their water usage while cleaning guest rooms and public areas

Water Consumption by Water Source
(in m³)

	2020	2019	2018
Municipal water	2,110,619	3,423,319	3,218,930
Recycled water	63,120	50,718	50,718
Total water consumption	2,173,739	3,474,037	3,269,648
Water intensity by floor area (in cubic metres/m ²) ²⁰	1.56	2.47	2.34

Tracking Water Use and Wastewater Minimization

In 2020 and again primarily as a result of COVID-19 restrictions, both total water consumption and water intensity across the five integrated resorts reduced by 37% compared with 2019²¹. Going forward, we will conduct a review of our water consumption to identify opportunities to further reduce consumption.

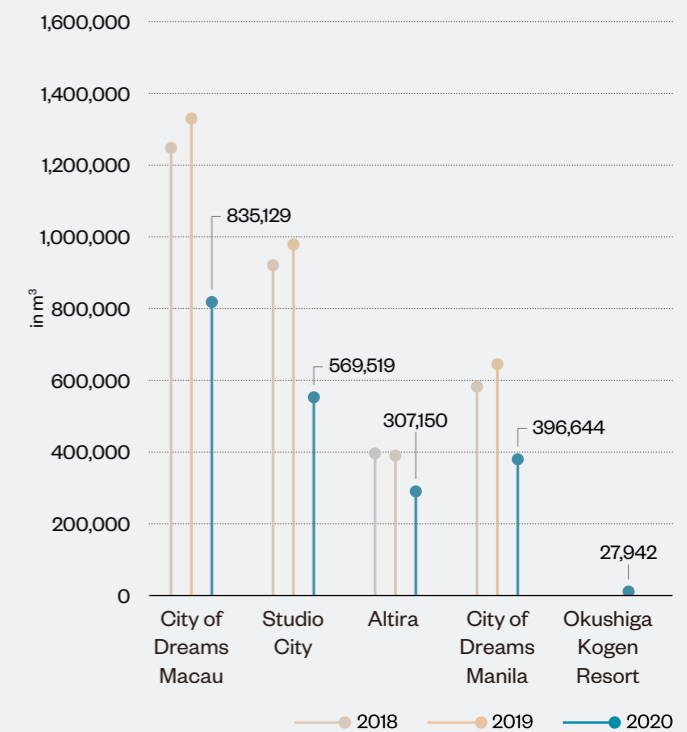
City Of Dreams Manila Wastewater Reuse

City of Dreams Manila has been successful in reusing treated greywater from our property for use in the cooling towers. The water is filtered and monitored constantly for bacteria count and adjusted automatically to ensure the water meets required health standards. During the reduction of business due to COVID, daily consumption of greywater is approximately 400 m³ per day. As business returns to pre-COVID levels, the daily consumption of reused, treated water will be approximately 600 m³ per day, which is equivalent to annually saving the water contained by 88 Olympic-sized swimming pools²².

As a result of this initiative, our cooling towers are no longer dependent on water from the city supply, enabling us to conserve valuable water resources, with the potential to save 219,000m³ annually.

Total Resort-level Water Consumption
(in m³)

-37% Reduction from 2019 to 2020



20. Intensity data for the year 2016 to 2019 have been restated to reflect an adjustment in actual floor area.

21. Data from the Okushiga Kogen Ski Resort were only available for the year 2020 so consumption associated with this resort is not included in this metric.

22. <https://www.justintools.com/unit-conversion/volume.php?k1=cubic-meters&k2=olympic-size-swimming-pool>

RESTORING OUR WORLD

Inspiring Partnerships

MELCO X WINNOW

Kitchens have become smarter at understanding their waste

We take food waste very seriously given the global impact of waste on the health of people, food security and the planet. In fact, reducing food waste has already enabled us to make a substantial difference.

We have introduced the Winnow system in our dining areas for over 10,000 of our colleagues at two of our largest properties in Macau, and for one of our guest buffets. The smart AI program was able to quickly identify critical ingredients to tackle, such as sponge cake, plain congee, meat stir fry and vegetable stir fry noodles, and adjust menus accordingly.

It has also been important to engage with our colleagues who are operating the system and who are dining in the venues. Communications, including a series of posters and other tools, have resulted in greater understanding around food and plate waste, supporting our ongoing Clean Plate Challenge drive. We have also installed a system in three of our colleague dining areas to capture food waste data from individual plates, encouraging everyone to reduce what they discard uneaten each day. The awareness campaigns conducted in 2020 achieved an overall reduction of plate waste by 13% in grams per cover. We can see a saving of roughly 107 tonnes on plate waste alone per year when our colleague dining areas recover to full capacity.

Kitchens have become smarter at understanding their waste; managing food supply, menu engineering and serving smart portions. This means that they can focus on what they do best, delivering delicious and thoughtful dishes, at the same time as reducing food costs and lightening Melco's carbon load in the kitchen.



Calvin Soh

Vice President, Culinary Operations

Calvin has spent 12 years understanding and fine-tuning the dining functions across Melco operations in Macau, and has been a key driver in implementing the progressive new Winnow food waste AI system in Macau.



Marc Zornes

Co-Founder, Winnow

With a background in supply chain and resource management, Marc co-founded Winnow in 2013 when he identified an opportunity to utilize AI to revolutionize waste management within the hospitality sector.

Food waste costs the hospitality industry over \$100 billion annually

We created Winnow with a vision to inspire a movement of chefs and commercial kitchens who support our conviction that food is too valuable to waste! In just six months Melco has been able to demonstrate how our technology can transform the way we consume food.

Food waste costs the hospitality industry over \$100 billion annually and kitchens are often throwing away up to 20% of food purchased. Winnow has developed intelligent technology which helps to measure and manage food waste, making kitchens more efficient and empowering chefs to spend more time getting creative with food.

We appreciate that kitchens are very busy places. Our revolutionary AI technology shows kitchens exactly what they are putting in their bins by using computer vision to recognize what has been thrown away, automatically capturing data.

Melco has effectively installed our systems in the kitchens of the colleague dining areas at City of Dreams Macau and Studio City and in six months, reduced overproduced food waste by 67% and 60% in grams per cover, respectively. This considerable success is testament to Melco's commitment to sustainability and innovation.

We look forward to rolling the system out across the Group, contributing further to a combined industry saving, to date, of over 36 million meals and 61,000 tonnes of CO₂ across the globe, as a result of Winnow's technology.



SPINNING

Inspiring our Communities

MAKING A MEANINGFUL DIFFERENCE
FOR OUR PEOPLE, GUESTS AND COMMUNITIES



QUICK ACCESS TO MATERIAL TOPICS

Engaging our People	062
Safety, Health & Wellbeing	068
Responsible Gaming	072
Community Engagement & Investment	076

INSPIRING OUR COMMUNITIES

Strategy and Management Approach

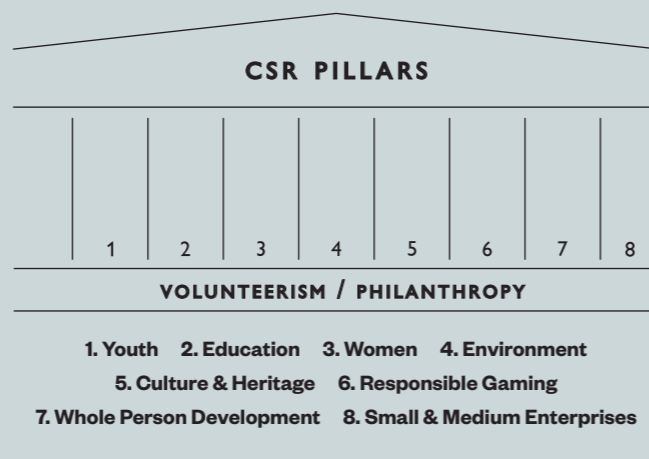
STRATEGY & MANAGEMENT APPROACH

From the top-down, we are driven to operate our business in a way that makes a positive impact on people and social progress. Colleagues are at the very heart of this business strategy and it has always been our fundamental belief that if we take care of our colleagues, they will take care of our guests.

We commit to being the company people choose to work for in our industry. Despite the pandemic's challenges, we have remained steadfast in offering a workplace where the best talent stays and thrives. We provide comprehensive training and development programs, competitive compensation and incentives, an inclusive and diverse workplace and an environment that supports the safety and health of all.

Our people-oriented approach enhances our guest experience and community investment efforts. In combining the highest service standards with a fair and safe gaming experience for guests, responsible gaming remains an integral part of our commitment to society. We understand that it takes a unified vision with government and industry partners to deliver mutual success and meet the needs of our communities on this level. As a result, creating shared value continues to inform the way we shape and conduct our business. This requires constant communication and cooperation with our local partners to inspire trust and lasting relationships.

These relationships are balanced by respecting local laws, cultures and time-honored customs while also leading the change to improve the social, economic and environmental wellbeing of our communities. To ensure our community investment efforts are in line with our strategic business goals, we focus on the following CSR pillars:



KEY GOALS

- Being the company people choose to work for and stay with
- Being best-in-class in safety for our guests, colleagues and community
- Promoting responsible gaming and an attitude of staying in control
- Supporting our communities and strengthening their economic prosperity

MATERIAL TOPICS

Engaging our People.....	062
Safety, Health & Wellbeing.....	068
Responsible Gaming.....	072
Community Engagement & Investment.....	076

HIGHLIGHTS

In 2020, Melco demonstrated our dedication and care for our people by offering tangible and continued financial assistance, along with other forms of support as we moved through the ups and downs of the global pandemic. We continue to be encouraged by our colleagues' positive feedback on the proactive leadership shown by the Company, sealing our position as an employer of choice in the industry.

- Melco was chosen as one of HR Asia's 2020 Best Companies to Work for in Asia for the second consecutive year
- Melco was recognized by the HR Distinction Awards 2020 with a Gold Award for "Excellence in Internship Recruitment/Development" for our initiative to engage special needs students with experience-based learning
- Melco was awarded "Best In-house Recruitment Team" – Asia Recruitment Awards 2020

We have also not wavered from ongoing responsible gaming measures, or our commitment to community and SME engagement efforts. From the outset of COVID-19, Melco was the first operator in Macau to provide swift aid by donating US\$2.6 million to support Wuhan and Hubei to purchase medical supplies, including face masks and hand sanitizers. This was followed by the donation of additional aid and relief goods equivalent to US\$4.6 million to our Macau, Philippines and Cyprus communities. Since the outbreak, we decisively mobilized over 7,800 Melco volunteer participants in more than 600 volunteer activities under our 'Simple Acts of Kindness' initiative. Our efforts went above and beyond social responsibility to demonstrate solidarity with the local communities in which we operate.

CHALLENGES

The integrated resort industry has been severely hit by the COVID-19 pandemic, particularly with mandated closures of facilities and the restrictions imposed on incoming visitors. Another implication of the pandemic has been the continuing need to safeguard the health and safety of our colleagues and guests. Mobilizing resources and our workforce toward this end has been a monumental job that, we are pleased to say, has been largely successful and has strengthened stakeholders' trust in our corporate citizenship.

2021 & BEYOND

While the pandemic continues to put unprecedented pressure on the integrated resort industry, we continue to use this slowdown to renew our commitment to our local partners, including governments, NGOs and SME suppliers. A key 2021 goal is to support government efforts in promoting and encouraging people to get vaccinated. Melco remains committed to finding creative and meaningful ways to engage and support our local stakeholders to create shared value.

Engaging our People

OUR COMMITMENT

Melco is committed to being the place where the best people choose to work and grow. Fundamental to this is our promise to comply with relevant labor laws in all the jurisdictions we operate in, and to protect the human rights of all our people. Ensuring that our colleagues receive the best training and opportunities for development – not just in their roles with us but in their full potential as individuals – is what sets Melco apart in our industry.

Melco is an equal opportunity employer. Given our guests come from numerous parts of the world, ensuring that our workforce reflects that diversity, and our venues are bias-free, is important to our success. We have zero tolerance for any form of discrimination or harassment based on gender, age, race, religion, gender identity, sexual orientation, varying ability, parental/marital status, or other non-meritocratic factors. Over the years, we have focused our efforts to increase gender equality at all levels of the Company.

OUR TARGETS

- Maintaining the number of colleagues receiving training/education/professional development at the current 96% level or greater annually

- Hiring 95% of managers from the local community by 2030
- Filling 50% of management roles with female candidates by 2030

IMPACT ALONG THE VALUE CHAIN



Upstream

- Hiring of people who will deliver on the company's brand promise of quality service



In-house

- Delivering on our consumer brand promise
- Creating career opportunities internally through enhancement of professional skills and enabling cross functional careers
- Maintaining a work environment where colleagues feel valued and included



Downstream

- Supporting the sustainable growth of societies and economies in our communities
- Creating inclusive and diverse work place
- Setting an example of best practice

CASE STUDY

Supporting our People through the Pandemic

Supporting our people through the unprecedented challenges presented by the COVID-19 pandemic has been a priority for Melco. Measures taken for colleagues have included ensuring a safe working environment by employing stringent safety protocols, subsidizing compensation during city-wide lockdowns and implementing work from home (WFH) arrangements wherever possible. In addition, we strived to strengthen our workforce and community relationships by using the downtime productively. Efforts have included:

- Engaging colleagues in volunteerism activities during working hours through our 'Simple Acts of Kindness' initiative
- Enhancing colleagues' skills capacity building opportunities, including cross-functional training through our Foundation Acceleration Program, resulting in 164% more training hours in 2020 than 2019

Easing financial strain

Despite facing a significant operating loss in 2020, Melco reinforced our commitment to our people in this difficult year. Standing with everyone at Melco, our Chairman and CEO took the lead to forgo his salary starting in May. Along with the executive team, he forfeited unused leave for the remainder of the year. Many Melco colleagues also took voluntary, unpaid leave to ease the financial strain for the Company as a whole.

ACROSS ALL OPERATIONS

**ENGAGING OUR PEOPLE
HOW WE ARE MANAGING IT**

WHY IT MATTERS

Melco's success and sustainability as a business depends on our people. We hire the most talented individuals and benefit from their unique skills and contributions. Our people strategy aims to design an experience that inspires our colleagues to deliver exceptional customer service to guests. The excellence and dedication exhibited by more than 19,700 colleagues, allow us to provide premium guest experiences in our resorts across the world.

HOW WE ARE MANAGING IT

Year-on-year, we operate in a highly-competitive market where the best people are in fierce demand. To retain the best and brightest, we must work hard to keep our people happy and motivated through constant engagement, building capability from within and investing in their wellbeing. We benchmark employee benefits and compensation against our peers as well as related industries in our various jurisdictions. In addition, we continually review and update all human resources policies and employment contracts to ensure compliance with statutory requirements, including working hours and minimum wage, and have kept all relevant policies and procedures up-to-date to reflect changes in labor laws in 2020.

To keep our colleagues engaged, we have put in place the following approach:

- **Culture of Excellence**
Systems Aligned to Premium Brand Standards
- **Career Development Opportunities**
Whole Person Development
- **Workforce Inclusion & Diversity**
An Equal Opportunity Employer
- **Work Environment**
Where People Feel Valued, Cared For and Recognized

- **Quality of Life**
Work, Family and Personal Wellbeing
- **Safety & Health**
Keeping our Colleagues and Guests Safe

Culture of Excellence

Our culture of excellence brings out the best in everyone; colleagues are supported through a system that not only allows them to be the best version of themselves but to provide best-in-class service standards to our guests. This approach integrates:

- Leadership vision and commitment
- An environment that fosters success
- Diligent processes and structures for delivery of our brand promise, including a training system that delivers meaningful programs and customized content
- Continuous measurement of service delivery and behavioral standards
- Attractive reward structures
- A culture that celebrates our achievements

To align to premium brand standards, our tailor-made training program includes:

- **Orientation and induction:** introduces new joiners to the secrets of Melco's success: our core values, our philosophy and our standards. As part of this program, new colleagues receive training to ensure alignment with our exceptional service standards.
- **Technical skills training:** provides technical knowledge to those hired according to our belief in "hiring for attitude, potential and image, and training on skills."
- **"My first 90 Days" integration program:** integrates new joiners into Melco's culture of excellence through a proprietary program that ensures each department's unique requirements, knowledge, skills and expectations are shared and understood.

- **Consumer brand and service training:** ensures that service is aligned with our consumer brand and positioning to maintain our distinctive edge in the market.
- **Forbes Five-Star standards training:** reveals what is behind our exquisite premium luxury service.
- **Mystery shoppers:** allows our colleagues to experience Melco's service excellence and inspires their own commitment to being best-in-class.

Our Culture of Excellence approach and colleague training program benefit from and act upon valuable guest feedback gleaned from surveys and online channels shared through platforms such as ReviewPro and QuestionPro. Prior to COVID-19 restrictions, service standards were also consistently enhanced based on suggestions provided at periodic focus groups and during face-to-face surveys conducted to measure guest satisfaction at specific touch points at our properties. We hope to resume varied methods for measuring satisfaction as our colleagues continue to take guest services to new heights.

Career Development Opportunities

Melco's Whole Person Development is a holistic approach where cross-functional development is encouraged. Colleagues are urged to break free from traditional roles and nurture well-rounded growth. Some components of Whole Person Development are highlighted below:

Building New Perspectives and Skills

Through our Foundation Acceleration Program (FAP), our colleagues gain exposure across different departments and functions. This broadens their range of perspectives and builds new skills and experience beyond their known expertise. Experiences can vary from one day to several months or a long-term transfer, and might comprise a single task, a series of projects or provide a glimpse into new skills designed to stretch and inspire them. In 2020, we offered 33,267 FAP experiences.

Melco's Learning Academy

Life-long learning is a value Melco embraces and instills in our people. We provide a customized curriculum of courses through Melco's Learning Academy, the first ever in-house



academy in Macau. Around 7,800 courses covering sales and marketing, language, finance, leadership and personal development have been offered to over 1.3 million colleague participants since 2009. In 2020, while operations slowed due to the pandemic, we took the opportunity to further engage colleagues in training programs. As a result, global training hours increased by 164% during the year as compared to 2019.

Internal Career Opportunities

Our long-standing policy is that job vacancies be internally posted, and priority be given to internal candidates where qualifications are comparable. Since our first resort opening, more than 29,600 colleagues have been promoted or retained by internal transfer. In addition to internal hiring, we focus on local development. In 2008, 38% of managers in Macau came from the local community; today, that figure is over 80%.

**ENGAGING OUR PEOPLE
HOW WE ARE MANAGING IT**

Scholarships

Offering academic scholarships for self-improvement and achieving professional qualifications is one way in which we reward our colleagues' hard work. Scholarships are extended to our colleagues' immediate family to raise the overall prospects for prosperity and wellbeing in our communities.

Back to School

Melco believes that building a career and achieving academic success can happen at the same time. Launched in 2010, the Back to School program provides colleagues who have prematurely left school the opportunity of formal education, to obtain their high school diploma while they work. Our Back to School program is offered in partnership with the Education and Youth Affairs Bureau of Macau and teachers from the Escola Secundária Luso-Chinesa de Luís Gonzaga Gomes.

Melco YOU-niversity

We partner with Edinburgh Napier University to implement Melco YOU-niversity; a two-year scholarship program that enables colleagues to achieve a university degree while working with us. Each intake includes a maximum of 15 students and, at the time of reporting, two intakes have completed the program.

Graduate Trainee Program

The Graduate Trainee Program at Melco, organized by the Labour Affairs Bureau (DSAL), provides local graduates a glimpse into the hospitality industry through on-the-job and classroom training. The program helps trainees make informed choices for their future career paths and equally forms part of our commitment to local talent development, particularly for young people in Macau.

Realizing the scheme's objectives to "self-improve through the epidemic for a brighter future", local university graduates participated in three-month-long training programs at Melco in 2020. Through this, trainees gained work experience in almost a dozen of the Company's various departments, including hotel operations, food & beverage, entertainment, legal, human resources, finance, property services, supply chain, VIP services, construction and transportation.

Following the completion of the training program, we are glad to see almost half of this year's trainees join Melco as full-time colleagues making this experience all the more worthwhile. We will continue to create lifelong learning opportunities for all our colleagues in support of Melco's Whole Person Development philosophy.

Workforce Inclusion and Diversity

In addition to professional development and colleague engagement, our people strategy continually promotes inclusion and diversity across the organization.

Inclusive Workplace

Melco is committed to maintaining a diverse workplace where everyone's rights and unique attributes are respected. Our workforce comprises individuals representing 43 nationalities. Furthermore, we foster an inclusive environment by continually supporting programs such as the Labour Affairs Bureau (DSAL)'s Special Internship scheme for local students with special needs. Between 2013 to 2019, more than 50% of student interns recruited through work experience initiatives and referred by DSAL went on to become full-time employees after graduation, with almost half of these colleagues staying on at Melco for three years or longer. We strongly believe that diversity of thinking, and the value that comes from embracing individual differences in the workplace, helps us create an inclusive culture that encourages meaningful innovation and impact.

Gender Diversity in Leadership

The diversity of our senior management team and executive steering committees set examples from the top for our commitment to being an equal opportunity employer.

WOMEN IN LEADERSHIP:

9 Female directors across our boards

20% of our Corporate Executive Committee

36% of our senior management

41% of our general management

Family-friendly Workplace

Being an inclusive employer means supporting our people to care for their families, without negatively impacting their career development. Melco is the first integrated resort to provide a fully equipped lactation room for nursing mothers across all our global operations.

Work Environment

We believe that listening and responding to our colleagues is the best way to understand their needs and improve our performance as an employer. We design our programs and initiatives in a way that ensures open communication and helps colleagues with challenges they may face. Engagement occurs on many levels, typically including surveys and "Meet Management" sessions where resort presidents interact with up to 50 colleagues at a time. Given the special circumstances in 2020, engagement channels included:

- Annual performance appraisals
- Leadership forums
- Periodic focus groups across various business functions and resorts. For example, between 2012 and 2020, 1,362 focus groups were organized for our Table Games Dealers, through which 96% of the suggestions were addressed
- A MelcoToday colleague mobile app which allows colleagues to "Talk to Management"
- Newsletters and social media

Feeling at Home in our Heart-of-House

As a premium integrated resort operator, we take pride in providing our colleagues with facilities and amenities to support their wellbeing, learning and social lives. Our Heart-of-House contains::

- Dining rooms with an extensive menu selection including healthy options
- A Learning Academy training center with premium onsite learning facilities
- Relaxation rooms fitted with massage chairs, hammocks and TVs
- Social areas with a selection of coffee, tea or other refreshments and computers for online entertainment
- Concierge desk to support colleagues

The Future Workplace

Melco offers strategic work-life balance initiatives to provide flexibility to meet our colleagues' varied needs. These include:

- Strawberry Life FlexCompress: a compressed work week arrangement where our colleagues can concentrate work hours on certain days of the week
- Strawberry Life: a part-time scheme that allows colleagues to remain eligible for full-time benefits on a pro-rated basis
- Lifestyle Programs: workshops providing lifestyle and personal growth knowledge through the Melco Learning Academy

During the pandemic, we have evolved swiftly to support colleagues in working from home (WFH). Beyond providing VDI/VPN access to the Company network, flexible WFH programs have been designed to reimagine how and when work is done. This includes helping colleagues who need to spend more time supporting loved ones, and those who prefer to avoid high-traffic public areas during peak times.

As we continue to move through the challenges COVID-19 creates for our working environments, we remain buoyed in finding inspiring and opportunistic ways to reimagine our office and work life.

INSPIRING OUR COMMUNITIES

Safety, Health & Wellbeing

OUR COMMITMENT

Creating and sustaining an environment and culture where our colleagues feel supported and can thrive, and our guests and supply chain partners can also feel safe and secure, is essential. We are committed to engage with and inspire everyone to take a holistic view of health and safety, taking into account clean air, physical security and sustainable food choices.

We take substantive measures to provide a safe place for our guests and our people, which was particularly evidenced during this past year. In response to COVID-19, Melco has taken a comprehensive approach to maintaining a safe and hygienic environment across our properties. We managed to keep onsite COVID-19 cases to a minimum by ensuring strict internal protocols and by being in full compliance with government recommendations in the jurisdictions where we operate. Our level of transparency in communicating with all stakeholders played a significant role in our controlled management of the pandemic across our integrated resorts and the surrounding communities. As a result of our joint efforts, we managed to achieve zero local cases across our Macau properties in 260 days and 150 days of zero cases among Melco's colleagues. Across all of our operations we are undertaking every possible mitigation measure to contain COVID-19.

OUR TARGETS

- Reduce Melco's Group annual employee Injury Frequency Rate (IFR) by 5% in 2021 from base year 2019

- Target to have at least 20% of Macau-based colleagues each year attend the DSAL Hotel & Catering Industry Safety Card Training

IMPACT ALONG THE VALUE CHAIN



Upstream

- Engaging with local authorities to ensure up-to-date crisis management planning in the communities where we operate



In-house

- Maintaining trust in our brand by safeguarding the security and wellbeing of our guests, colleagues and properties



Downstream

- Helping to protect communities, and provide a sense of safety for all our colleagues and guests

WHY IT MATTERS

The health and wellbeing of our guests and colleagues has never been more important than in 2020. As we continue to live through a global pandemic, reassuring our guests and colleagues about the safety and hygiene practices at our premises is of utmost importance, and goes to the heart of our service excellence. Beneath the layer of acute and immediate concern brought about by the events of 2020 and beyond, lies our consistent effort to provide an unparalleled positive experience to guests at our properties across the globe.

CASE STUDY

Our People-first Response to COVID-19

Melco ensures our colleagues are well trained on our COVID-related standard operating procedures and are given clear instructions on how to respond swiftly and report all presumed cases to appropriate persons if required. We have trained First Aid Officers onsite 24 hours per day, available to attend to unwell guests, assist with the provision of first aid, and involve health authorities as necessary. Efforts have also been made to ensure that health and safety training can continue online with arrangements in place for colleagues to be spot tested.

An all-encompassing protocol mandating a full range of measures has been put in place to contain the spread of COVID-19. As such, at the time of reporting, Melco has dedicated staff conducting the following health checks for everyone accessing the premises at public and staff entrances:

- Temperature check
- Verification of identification and government health documents
- Valid and clear Nucleic Acid Test results for all guests

Everyone must practise proper social distancing within public and Heart-of-House areas, as advised by signage at entrance points and enforced by staff inside. Melco provides masks and hand sanitizers to guests and colleagues and has expanded the air filtration systems across all areas to minimize risks. Health and safety measures are also in place for guest rooms, gaming floors, restaurants, spas and recreation areas, our transportation fleet and Heart-of-House. When positive cases are identified, we mobilize surveillance resources and work to tirelessly help alert those who may have been in close contact.

📍 ACROSS ALL OPERATIONS

SAFETY, HEALTH & WELLBEING
HOW WE ARE MANAGING IT

HOW WE ARE MANAGING IT

Occupational Safety and Health

The safety, health and wellbeing of people – either as a team member, a guest or partner within our supply chain – is paramount. Melco’s Occupational Safety and Health (“OSH”) Policy sets out our pledge to comply with all relevant legal requirements around injuries and illness prevention. This also includes continual improvement in OSH performance and the maintenance of our safety and health standards across all our resorts. Our policies are strengthened by our strict compliance with the requirements under our ISO 45001-certified, OSH management system for all our properties, including City of Dreams Macau, Studio City, Altira, Mocha Clubs and our Hong Kong corporate office. We remain proud to have been the first organization in the hotel and entertainment industry to have achieved ISO 45001 certification in Macau.

Each of our resorts has its own OSH Committee, which meets monthly and is responsible for:

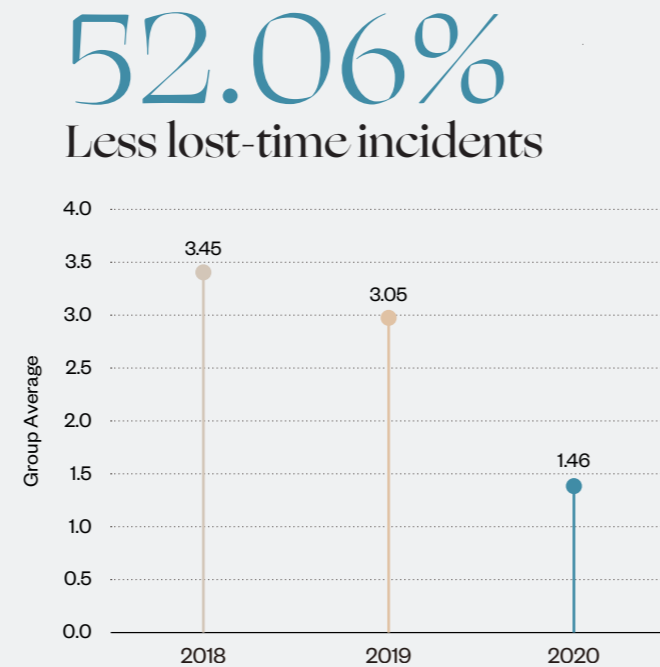
- Monitoring OSH performance trends and following up on any OSH incidents, ensuring thorough investigation and effective rectification
- Developing targeted training and awareness-raising activities
- Managing auditing and inspection activities
- Identifying areas for improvement and the need for resource allocation
- Reporting to management on OSH issues raised by colleagues and contractors and corresponding corrective and preventative actions

While all our new joiners partake in mandatory OSH induction training, our existing staff members are also required to attend OSH refresher training annually. Beyond this, our contractors are similarly required to attend our OSH orientation sessions to ensure alignment with our standards.

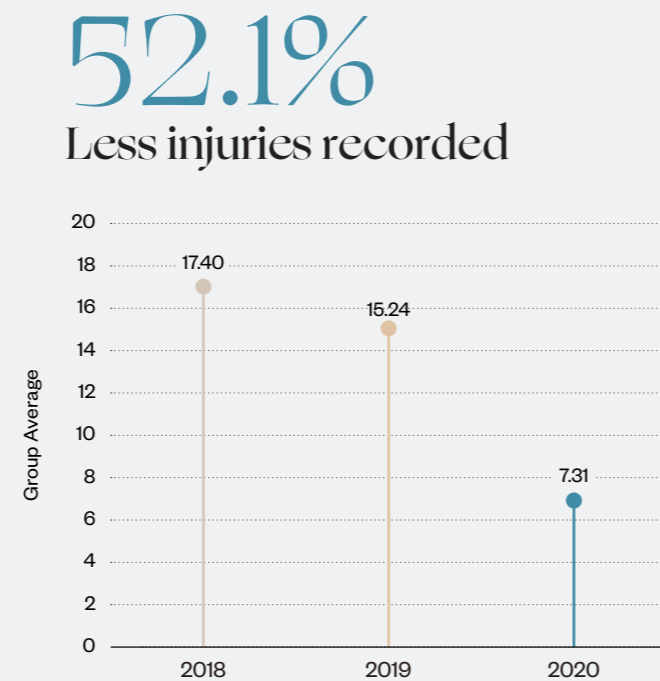
In continuing to promote excellence in achieving international safety standards, comprehensive assessments of all our key public areas, including guest rooms, entertainment areas, elevators, entrances and exits to our properties, are conducted quarterly by independent risk engineers.

Any incident - whether minor or significant - is reviewed by the CRO and where necessary, corrective or preventive actions are taken by the relevant Business Units. Our resort-level Emergency Response Teams collaborate with local emergency response teams to develop site-specific plans.

Melco Total Lost-time Incident Frequency Rate
(Group average)



Melco Total Recordable Injury Frequency Rate
(Group average)



In 2020, across Melco’s operations in Macau, Philippines, Cyprus and our office in Hong Kong, the average work-related injury frequency rate reduced significantly by 52.1% and 52.06% for the lost-time injury frequency rate, surpassing the work injury reduction target set by the Macau Labor Bureau. There were no work-related fatalities in 2020.

Hotel and Catering Safety Card Training Program

Our Hotel and Catering Safety Card Training Program remains a major focus of OSH activity across the business. Relevant topics include workplace accident prevention, manual handling, kitchen safety, electricity, fire and heat prevention and emergency response. In 2018, Melco became the first integrated resort operator in Macau to initiate this training for colleagues on our premises. In 2020, we remain proud that our program has been attended by 7,617 Melco colleagues from various departments. Company-wide, 300 colleagues are required to complete the training and exam on a monthly basis. In Macau, all colleagues are required to complete the program by December 2021, and those who successfully pass the assessment, will be issued with Safety Cards. The training is actively supported by the Labour Affairs Bureau (DSAL) and Melco.

Healthy Air

Maintaining indoor air quality is vital in our integrated resorts. Sensors installed throughout guest areas and Heart-of-House make it seamless to monitor quality, while security officers patrol public areas to ensure that designated smoking areas are being used by guests.

Eating Safely, Healthily and Sustainably

Both our guests’ health, and our reputation, depend on the quality of food that we serve. Our impeccable Food & Beverage (F&B) service is founded upon stringent food safety standards. Across our Michelin-star restaurants, and other food outlets, we take our food quality and hygiene standards very seriously. Regular audits are carried out by our highly-qualified food safety team.

We also engage an external auditor to conduct Hazard Analysis Critical Control Point (HACCP) assessments onsite at our restaurants. This ensures we not only comply with the standards of the Food Safety Centre of Macau, and other international regulations, but remain committed to continually improving food quality and safety.

City of Dreams Macau, Studio City and Altira achieved the HACCP certification for food safety in 2020 and the same is anticipated for City of Dreams Manila in 2021. In 2020, we did

not have any incidences of non-compliance resulting in fines, penalties or warnings.

Training on food hygiene is also provided to our suppliers and colleagues. Meet-and-greet seminars are organized for our colleagues and suppliers to connect with our chefs, providing opportunities for better understanding and enhancements to be made.

When it comes to food, our mission also includes supporting and inspiring guests to eat healthily and sustainably. We have made substantive progress in increasing sustainably-sourced seafood options on our menus and we commit to increase our sustainable seafood purchases. Healthy food options are also provided for colleagues, using less oil, salt and meat, and more vegetables, to encourage and inspire our people to be mindful of their own health and wellbeing. We also encourage our colleagues to enjoy vegetarian and vegan options and continue our Green Monday initiative.

Keeping Our Properties Secure

Our security and safety leaders are highly experienced in the industry. We trust them with the tasks of employing advanced technological and security measures to combat unlawful and inappropriate behaviors within our properties, and to effectively tackle emergency situations.

Melco continues its close working relationship with the police and other local authorities, including running joint drills for disaster and crisis management planning, and meeting regularly to discuss potential security threats. In addition, both visible and undercover security teams patrol our resorts to identify and respond to a wide range of incidents in the most appropriate manner.

This experienced team on the ground is backed by our surveillance team, which utilizes the latest technology in facial recognition, CCTV and access control systems to monitor our resorts.

Crisis Management

Our security and safety teams are experienced in dealing with casino-related incidents and oversee our emergency management and disaster prevention measures. We ensure regular liaison with appropriate agencies and colleague training takes place, and undergo rigorous testing of our crisis management plan, with drills on evacuation procedures.

Responsible Gaming

OUR COMMITMENT

Tied to our commitment to safeguard people's wellbeing is our effort to promote responsible gaming (RG). We understand our fundamental duty to help ensure all our guests game responsibly and see our RG culture as a proud point of differentiation. In the jurisdictions that we operate in, we surpass mandated regulatory requirements and always seek continuous improvement to ensure a fair and safe experience for our guests.

OUR TARGETS

- Ensuring all current integrated resort RG programs will be third-party accredited by 2025
- Achieving third-party accreditation for all new integrated resort RG programs within three years of opening

IMPACT ALONG THE VALUE CHAIN



Upstream

- Complying with regulatory requirements set by government for gaming operators
- Supporting social welfare and wellbeing of our communities



In-house

- Solidifying RG safeguards through a robust program of systems and controls that provide player protection, education and access to help
- Empowering colleagues to detect and respond to potential problem gaming behaviors



Downstream

- Supporting our licenses to operate
- Propagating a healthy and responsible attitude of gaming as a form of entertainment



RG Check—The most comprehensive RG Accreditation program in the world.

CASE STUDY

Leadership Commitment for External Accreditation

In April 2021, Melco's entire integrated resort portfolio, including City of Dreams Macau, Studio City, Altira Macau and City of Dreams Manila, became the first integrated resort operator in Macau and the Philippines to achieve the esteemed international third-party RG accreditation, RG Check. Developed by the Responsible Gambling Council, RG Check is the most comprehensive and rigorous RG accreditation program in the world. It is designed to meet or exceed all existing RG regulatory requirements and is valid for three years. Accreditation is reviewed by a prestigious and independent panel of RG specialists.

"We are committed to the development and maintenance of a culture of RG in every jurisdiction in which we operate, respecting and fully cooperating with national governments and gaming regulators. We would like to take this opportunity to thank the organizers and our many dedicated colleagues who made this achievement possible."

MR. LAWRENCE HO
CHAIRMAN & CEO OF MELCO

"We commend Melco on demonstrating its commitment to RG and being the first operator to achieve RG Check accreditation for venues in Macau and the Philippines."

MS. SHELLEY WHITE
CEO OF RESPONSIBLE GAMBLING COUNCIL

MACAU • MANILA

RESPONSIBLE GAMING HOW WE ARE MANAGING IT

WHY IT MATTERS

As a responsible organization, we take all possible measures to uphold the wellbeing of our guests, colleagues and communities. Part of that is achieved by providing the information and tools for informed decision making in the gaming experience.

HOW WE ARE MANAGING IT

Melco takes proactive and systematic action to help our guests manage their gaming; we conscientiously provide safeguards and support to those who need help. Beyond working closely to align our approach with governments and gaming regulators, we continue to evolve industry-leading technology and ensure that our people, no matter their position, understand their role in instilling a culture of RG.

Leadership from the Top

As RG is a top priority, our Responsible Gaming Steering Committee is justly led from the top. Our Chairman & CEO, Lawrence Ho, is accountable for our RG strategy, including reviewing and approving strategic initiatives and sponsoring our cross-functional Responsible Gaming Working Committees. Our gaming and non-gaming departments, and leaders of all our properties, are represented on the Steering Committee. Through quarterly meetings, the Committee provides strategic direction for all our RG initiatives. Separate working committees meet more regularly to propose and implement initiatives.

Technology and Process

State-of-the-art technology is a key feature of our award-winning RG program.

Facial Recognition

Melco was the first operator in Asia to deploy real-time facial recognition security systems at every entrance to our gaming areas in Macau. Today, in all of our gaming facilities in Macau, Manila and Cyprus, real-time facial recognition security systems are an also integral part of supporting self-exclusion.

MelGuard

Melco has developed the world's first "Biometric Intelligence System" for RG in Japan, which uses biometric indicators to prevent restricted individuals from entering the casino floor. This system effectively screens out these individuals, including those who wish to self-exclude, while meeting data privacy requirements. For Japan, MelGuard is designed to work in conjunction with the "My Number" card to enable authentication for entry to our casino areas.

Educating our Colleagues on RG

In the same way our people support the long-term resilience of our business, they are also at the heart of our RG strategy. Investment in training is core to this – 130,000 colleague participants have been trained since the first opening of our integrated resorts, to identify and address potential problem gaming and raise awareness among guests, colleagues and the broader community.

To facilitate increased accessibility to our training programs, we launched an e-learning version of our advanced RG course in January 2020. More than 12,000 colleagues from across Melco's global operations have completed this advanced RG training, which is based upon the curriculum of the "Macao Responsible Gaming Advisor Certificate Program" designed by the Gaming Inspection and Coordination Bureau and the University of Macau.

In going beyond government-required biennial refresher training for gaming colleagues, Melco enhances colleagues' understanding with yearly RG refresher training.

To stay top of mind, an RG educational space is also reserved at the Heart-of-House in Macau and Manila. In addition to large, visual digital displays and interactive information kiosks, the spaces are dedicated to hosting experiential RG awareness-raising activities. To date, over 83,000 colleague participants have taken part in fun-based RG learning events. For November RG Awareness month, and in support of the Macau Government's 2020 RG theme "Lost Control, Lose Family", Melco set up game booths in the Heart-of-House areas of City of Dreams, Studio City, Altira and Mocha Clubs, and saw over 4,000 colleague participants join these activities.

With COVID-19-related social distancing measures keeping RG activities at Heart-of-House areas and classroom training to a minimum, Melco has made even greater efforts to proactively engage colleagues through alternative channels

such as mobile participation. We launched the "RG, Everyone's Job" mobile quiz to regularly reinforce and test RG knowledge. In 2020, over 24,000 participants completed this mobile quiz. In addition, we leveraged our MelcoToday colleague mobile app to post "RG Monthly Focus" bulletins; each with an RG theme, message and training fact spotlighted for that particular month.

RG Ambassador

Melco RG Ambassadors, comprise selected frontline managers with enhanced RG training knowledge and experience. This ensures we provide support to patrons in all jurisdictions in a professional, informative and empathetic manner, including providing information on the availability of counseling services and referrals. RG Ambassadors also assist patrons on self-exclusion applications.

All RG Ambassadors undergo a structured global training program consisting of:

- Level 1 – RG Introduction
- Level 2 – RG Advanced course
- Level 3 – RG Ambassador training

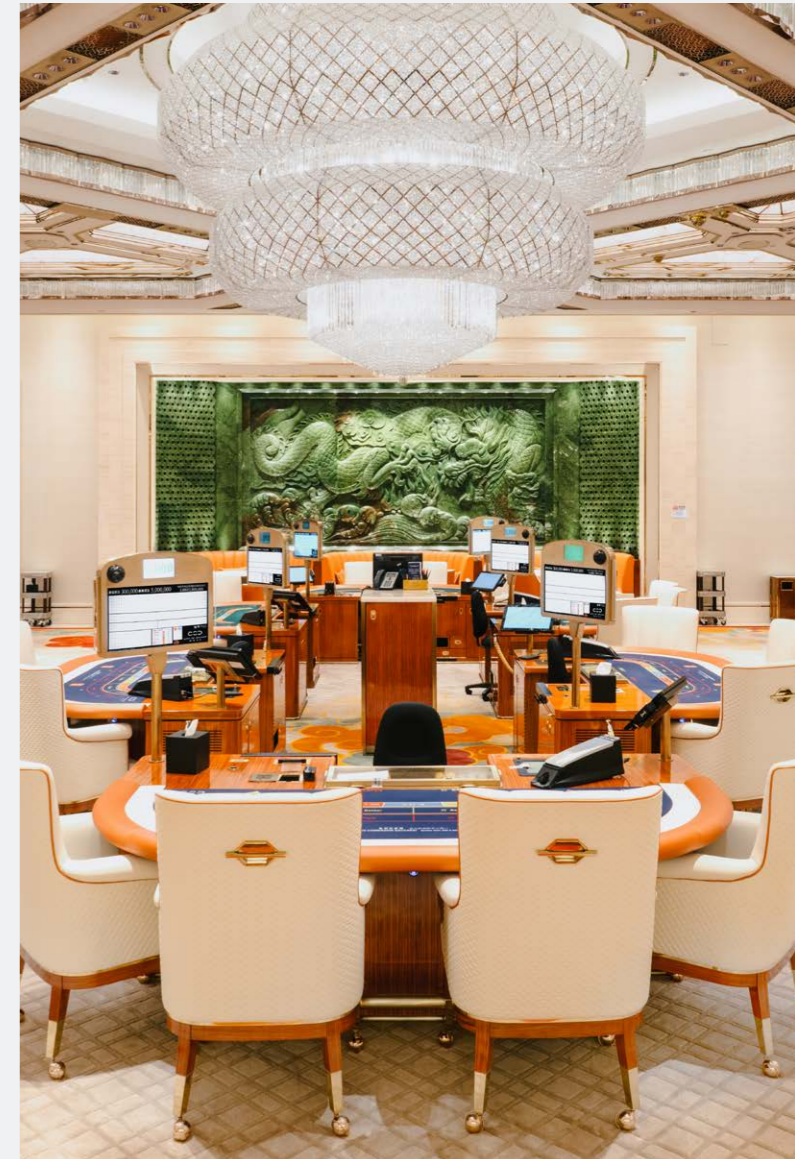
In 2020, 100 new RG Ambassadors were trained in Cyprus. Globally to date, Melco has more than 600 qualified RG Ambassadors who are available onsite 24/7, and who serve as departmental contact points for all RG-related issues.

Also in 2020, an RG logo design contest was held among colleagues at City of Dreams Manila where the winning design was transformed into a lapel pin that every RG Ambassador wears for quick identification.

Looking ahead, we are preparing to roll out an advanced RG Ambassador training course in 2021 and a select number of RG Ambassadors will go on to complete a governmental "RG Advisors" course in Macau.



Winning RG logo contest design



Supporting Gaming Research

Melco invests in gaming research by supporting the Macao Polytechnic Institute and the University of Macau's Institute for the Study of Commercial Gaming (ISCG). ISCG's 2019 research paper updates their decade long, ongoing study, and indicates that despite an increased number of casino resorts in Macau, the rates of gaming disorders (as defined globally in DSM-5) amongst Macau residents remain extremely low (<1%).

INSPIRING OUR COMMUNITIES

Community Engagement & Investment

OUR COMMITMENT

At Melco, we leverage our best assets to support the communities where we operate, through focused investment and engagement activities. We strive to be a leading corporate citizen in the community by supporting local needs, proactively bolstering economic prosperity for local SMEs and promoting local culture and the conservation of heritage. Our unique and differentiated programs, developed in collaboration with our local partners, help ensure the wellbeing of our communities.

OUR TARGET

- Engaging 200,000 colleague participants in activities that support our communities by 2022²³

IMPACT ALONG THE VALUE CHAIN



Upstream

- Engaging with local community stakeholders – including charities, academia, government departments, associations and other organizations – to ensure that our investment and engagement activities address local societal issues and support local cultural and heritage



In-house

- Encouraging volunteerism and facilitating volunteer activities for our colleagues
- Developing unique and differentiated programs in collaboration with our local partners to address specific local issues and needs of that society
- Providing various internal, external and training programs to build capacity among SME partners
- Respecting and celebrating culture and heritage, enabling us to enjoy enriched relationships and experiences with our diverse stakeholders



Downstream

- Furthering social equality, health and wellbeing, environmental quality and sustainable communities
- Sharing economic benefits, building sustainable economies and societies
- Enriching societies by inspiring appreciation for heritage, while also creating economic opportunities for those showcasing their culture to guests and the local community

23. Baseline set in 2007

CASE STUDY

Melco & Colleagues Giving Stores

Melco & Colleagues Giving Stores were established in 2020 in partnership with the Macao Federation of Trade Unions and the Fu Hong Society of Macau – becoming the only company in Macau with a branded community enterprise.

Three stores were opened to give people in need access to a broad range of goods, new or almost new, donated from Melco and our colleagues. These include food, household items and premium hotel furniture donated by Melco, offered for free or at a fraction of the retail price. Visits to the stores are arranged via online booking for user convenience and safety.

Over 72,000 items have been donated to the Giving Stores, including over 8,500 food items offered through the colleague ‘one item per month’ Melco Food Drive. Within the first three weeks of operation, the Giving Store at Fu Hong (an NGO providing diverse support for people with intellectual challenges or mental illness), generated more than 50% of its average monthly revenue.

Since launch, the stores have benefited 500 underprivileged families and around 4,000 individuals.

MACAU

COMMUNITY ENGAGEMENT & INVESTMENT

HOW WE ARE MANAGING IT

WHY IT MATTERS

Melco prioritizes the needs of the societies in the communities where we operate. Our mutual prosperity is dependent on the health of all segments of our society, as unprecedentedly demonstrated during COVID-19. Ongoing support through SME engagement, donations and volunteering uplifts the community, and equally engenders pride among our colleagues. Respect for local culture and heritage, whether in the form of tangible buildings or intangible customs and traditions, inspires our youth, creates economic opportunities in local communities and generates goodwill towards Melco. Investing in the community is good for business – creating shared value for all our stakeholders.

HOW WE ARE MANAGING IT

At Melco, we place proactive community investment and genuine long-term local partnerships at the very center of our business. We value the relationships we have built with our local communities through good and challenging times, and never for a moment hesitate to give a helping hand when the going gets tough.

CSR Steering Committee

Our Chairman & CEO actively participates in our CSR Steering Committee, which regularly discusses important issues regarding community engagement and investment. The Committee comprises local colleagues who dedicate their time and effort to deepening our relationships with local

NGOs and community organizations. Meeting monthly, this Committee reviews initiatives of various working committees and oversees Melco's CSR programs.

Our CSR Approach and Programs

Coupled with our CSR pillars is the ethos to meet the unique needs of local communities by:

- Being mindful of pertinent local issues and customizing the way we engage with communities
- Developing differentiated programs that offer practical solutions for social issues
- Partnering closely with local NGOs, charities, academia, government departments, associations and other organizations
- Aligning needs with our business strategy for a sustainable approach
- Engaging with local suppliers and SMEs

Our CSR Pillars underpin our passion to make a meaningful difference across all aspects of our business. In reporting on our programs and partnerships to build the capacity of our communities, we highlight the following five areas:

- Economic Prosperity for Local SMEs
- Volunteerism
- Disaster/Pandemic Relief Response
- Culture & Heritage
- Philanthropy

Economic Prosperity for Local SMEs

We take an empowering approach to supporting our local businesses and prioritize local procurement. Our work with local SMEs entails a range of educational initiatives, that strengthen their organizations, equipping them to provide the best products and services to Melco. Refer to our [Sustaining our Supply Chain](#) section for more details.

Melco SME Academy

A signature initiative of our engagement with SMEs is the SME Academy. Established in 2017 and supported by Melco's own Learning Academy, the SME Academy aims to help local businesses succeed by providing access to the latest industry trends, training and technical knowledge. The Academy equips these businesses to better face challenges.

Topics that are covered in the SME Academy include sustainability, occupational safety and health, food safety and updates on ISO and other international standards. Training is conducted regularly in workshop and forum formats.

'Knowing you, Knowing Us' Campaign

The 'Knowing You, Knowing Us' campaign was developed to offer a communication platform for SMEs to develop a better understanding of Melco's procurement categories and procedures and help SMEs identify the products and services they can offer Melco and the industry.



COMMUNITY ENGAGEMENT & INVESTMENT

HOW WE ARE MANAGING IT

“Made in Macau” Initiative

Challenges brought on by the COVID-19 pandemic reinforce Melco’s commitment to supporting new local production and manufacturing industries in Macau. We are particularly committed to helping SMEs launch new sources of revenue. In November, Melco hosted an event that brought together key stakeholders, including SMEs, to take on a leadership role in announcing new “Made in Macau” initiatives.

Through the Melco Mask and Melco Red Packet Design Competitions launched in collaboration with the Macau Productivity and Technology Transfer Centre (CPTTM), Melco proactively promotes opportunities for Macau’s local suppliers, manufacturers and design talent. With the winning designs set to be wholly produced and manufactured in Macau by local enterprises, these initiatives demonstrate Melco’s commitment to strengthening Macau-branded industries and boosting economic local diversity.

Express Payment Scheme

The most direct way to stand by our SME suppliers through the pandemic challenge in 2020 has been by fast tracking payment to them. Under the new online invoicing system, Express Payment Scheme, we reduce paper and

administrative time, with the added reward of paying all eligible local SME vendors within 14 days of receipt of deliverables. This initiative’s objectives are to ease liquidity pressures and to work closely with local SMEs to overcome challenges and difficulties in these unprecedented times.

Heart-of-House Roadshows

Our Heart-of-House Roadshows provide an innovative channel for additional revenue by selling direct to our colleagues. We provided rent-free retail spaces in Heart-of-House areas of City of Dreams, Studio City and Altira, exclusively for local SMEs. Through this initiative, Melco helped generate record-breaking sales of over US\$457,000 for 55 local SMEs and three local NGO vendors. The seven sessions held in 2020 served as effective platforms for increasing revenue and market exposure for our SME partners who were experiencing economic hardship due to the pandemic.



COMMUNITY ENGAGEMENT & INVESTMENT
HOW WE ARE MANAGING IT

Volunteerism

Melco is proud of all the efforts of our colleagues in enhancing the quality of life in our local communities through volunteering. Over 177,000 colleague participants have joined our global community engagement activities since 2007. Outstanding volunteers are recognized through Volunteer Recognition Events. The dedication of our colleagues was especially evident when we were faced with the COVID-19 pandemic in 2020. Seeing people in need, our colleagues rolled up their sleeves as part of our “Simple Acts of Kindness” initiative, to offer help in any way they could.

Disaster/Pandemic Response & Relief

Melco has unfailingly come to the aid of our communities during difficult times of catastrophe and natural disaster, and COVID-19 was no exception. When the pandemic hit first in Macau and then much of the world, Melco immediately sprang into action. Led by our Chairman & CEO, Melco swiftly executed relief efforts and supportive initiatives for the community, becoming the first to respond in Macau.

In July, Melco’s pandemic relief efforts were recognized by the Liaison Office of the Central People’s Government in the Macau SAR. Mr. Yao Jian, its Deputy Director, conveyed appreciation for Melco’s contributions not only to Wuhan, but also for our efforts in assisting Macau’s local associations and the community.

In Quezon City, Philippines, Dr. Allan Troy D. Baquir, Chief Medical Professional Staff II and Dr. Alfonso G. Nuñez III, Medical Center Chief II from the Department of Health East Avenue Medical Center recognized Melco’s support of its hospital with donations of masks, gloves, sanitizers, linen and pillows, which were all gratefully received.

Our bold and swift actions were also recognized by the 2020 Industry Community Awards (ICA) in which our “Simple Acts of Kindness” program was awarded the Community Award – Asia. Our Chairman & CEO Mr. Lawrence Ho was awarded ICA’s Outstanding Individual Award for his leadership role in supporting stakeholders, including colleagues and the broader community.

Pandemic-related Philanthropic Effort Highlights

- Donated US\$2.6 million to support Wuhan and Hubei for the purchase of medical supplies, including face masks and hand sanitizers, to support the local community
- Contributed almost US\$1 million to NGOs to help the unemployed in Macau
- Provided 500,000 surgical masks to the Macau Government and the local community, with 200,000 masks being donated directly to 85 social services facilities managed by the Social Welfare Bureau (IAS) to benefit local community groups such as the elderly and people in rehabilitation or with special needs
- City of Dreams Manila made donations of 1,300 reprocessed soap bars and water to informal settlers in Parañaque city, alongside 15,000 N95 masks, 125,000 gloves, 1,000 liters of sanitizer and 42,520 meal packs for frontline medical staff in various hospitals
- In Japan, Melco distributed 200,000 masks to the community in Yokohama during the most critical periods of the pandemic
- In Cyprus, Melco donated US\$120,000 to the Ministry of Health

- In Hong Kong, Melco collaborated with the NGO “The Hub” and “3 HK”, a mobile operator to support online learning for underprivileged children; with colleagues donating funds to purchase 410 data sim cards and giving 224 items of food and primary school exercise books to those in need

Creating Employment

As part of our community efforts we provided jobs to 150 unemployed Macau residents with support from the Labour Affairs Bureau and Macao Federation of Trade Unions. Successful applicants were offered a one-year employment contract starting in March and on-the-job training to enhance their technical skills for personal growth.

Raising Public Awareness

Melco also worked to raise awareness of the importance of personal and public hygiene and wellness in the community during the early days of the pandemic. We supported and helped promote a series of ten online videos by the local newspaper, Macao Daily News, to raise awareness.

Culture & Heritage

While our community efforts in 2020 were mainly focused on managing issues around the pandemic, in 2021 we will re-prioritize all of our CSR Pillars, including ‘Culture & Heritage’.

Melco is honored and privileged to be in a unique position to help protect and promote local heritage, provide cultural opportunities for our youth, and empower people through sensitive, culture-based education and activities in the places where we operate. For example, in Cyprus through our project ‘Heritage Signs’, we continue to work with local authorities to

safeguard and promote the island’s most treasured heritage sites. This includes subsidizing heritage enhancements and sharing cultural information that will significantly improve the tourist experience.

Philanthropy

Investing in our local communities is one of the most direct and impactful ways for Melco to help create a more sustainable future for our world. We are pleased that in 2020 we supported various charitable initiatives focused on health and wellbeing, education, art and cultural heritage. This was accomplished through donations and sponsorships amounting to over US\$34 million, with 53% specifically directed at addressing the COVID-19 pandemic for our communities and colleagues.

Charitable Contributions²⁴
(US\$)

2008-2019 (cumulative)	US\$62.8 million
2019	US\$17.1 million
2020	US\$34 million

24. Comprising cash contributions, in-kind donations and donations from our Philippines Foundation.

Inspiring Partnerships



Schools

“Thank you, Melco Volunteers, for your professional help in installing light sensors in the kindergarten section of the Sacred Heart Canossian School. The light sensors allow our students a safe environment and a considerable reduction in energy consumption – a value we’d like to teach our students from a young age.”

Sister So,
Principal of Sacred Heart Canossian College



“We are thankful and appreciative that Melco volunteers had come to give a great enhanced cleaning for the school during this difficult time. The students, teachers and staff were very happy to see a bright and clean environment when they returned to school.”

Mark Lockwood,
Former Head of School of The International School of Macao



SME

“The Melco volunteers arrived this morning at 9am and have been working hard to help clean the place. I’m impressed by their dedication. I would like to thank them for lending a much needed helping hand.”

Mr. Lam,
Proprietor of San Hoi Lei U Lan



Chamber of Commerce Macau

“We are encouraged to see an integrated resort operator like Melco offer assistance and care for local SME business owners and workers during these challenging and unprecedented times.”

The Macau Chamber of Commerce



NGO

“We reached out to other volunteer teams, but they were unable to provide the extensive help our underprivileged families need. Melco is the only one who sent out engineers to help them with the dire living conditions. We are very thankful.”

Ms. Bonita Ho,
President of True Goodwill Friendship Association



Association

“As the pandemic continues, many workers and their families are faced with reduced income in the recent months with increased pressures on their livelihood. We are glad to see Melco and their colleagues donate goods to help affected families during this difficult time.”

Mr. Lee Chong Cheng,
President of FAOM

SUSTAINING

TRAINING

Sustaining our Supply Chain

TRANSPARENCY, TRACEABILITY AND
TRANSFORMATION TO FURTHER SUSTAINABLE SUPPLY CHAINS



QUICK ACCESS TO MATERIAL TOPICS

SUSTAINING OUR SUPPLY CHAIN

Strategy and Management Approach

STRATEGY & MANAGEMENT APPROACH

Strengthening our supply chains requires purposefulness; to protect and advance livelihoods in our value chain, and to galvanize entire supply chain communities around reducing and mitigating the impact of products and services on the natural environment.

Our approach of building awareness and capacity extends beyond our staff; we consistently look for training opportunities to empower our suppliers on Melco's expectations around human rights, ethics and environmental responsibility throughout the value chain. Our Supplier Code and Sustainable Sourcing Working Group equally drive our sustainable sourcing efforts globally, helping to illuminate a path towards global supply chain transparency, traceability and transformation.

Melco procures goods and services from over 4,000 suppliers²⁵ globally. We are proud that our investment in strengthening our relationship with suppliers has resulted in 89% of purchasing from local companies in Macau, out of which 46% was from local small and medium enterprises (SMEs) in 2020. In Manila and Cyprus, 86% and 80% of our procurement supports local businesses, respectively. We continue to prioritize engagement and capacity building with suppliers in all our markets. This win-win approach is not only right for the local community, but also builds trusted and long-term relationships with our suppliers, enabling us to tackle unforeseen disruptions in the supply of goods and services globally.

KEY GOALS

- Procuring locally and creating demand for materials that have sustainability attributes in the supply chain
- Building capacity and awareness of the social, ecological and biodiversity impacts in sourcing
- Enhancing workers' lives and working toward eliminating human trafficking and modern slavery in our industry and supply chains

MATERIAL TOPICS

Ethical & Sustainable Supply Chain 090

25. Suppliers by country: Macau – 32%, Hong Kong – 21%, Philippines – 19%, Cyprus – 7%, Japan – 5%, USA – 3%, Singapore – 2%, UK – 2%, China – 2%, and Other locations – 7%

HIGHLIGHTS

Melco received a score of A- for our climate-related supplier engagement strategy by the globally-renowned Carbon Disclosure Project (CDP) in 2020. During the pandemic, we continued to focus on providing support and capacity-building opportunities for suppliers. This included recommendations on operating more efficiently, using technology to reduce waste, plastic and paper and discussing new ideas for further collaboration. Our new procurement system, designed to increase visibility in the supply chain, is one of our key initiatives that enhances our sourcing process and engagement with suppliers.

In 2020, Melco also joined The Mekong Club, a not-for-profit organization that inspires and engages the private sector to collaborate and lead in the fight against modern slavery.

CHALLENGES

Managing supply chain performance and resilience in the face of global border shutdowns has been challenging during the pandemic. We have been in constant communications with our business partners and worked with them directly to not only help them manage disruptions onsite but also to find solutions for mitigating reduced orders.

From the 2020 Chinese New Year onward, our supply chain teams were under incredible pressure to source masks and hand sanitizers for our people and at-risk community stakeholders. While a colossal challenge, how our network of colleagues quickly galvanized to source such products was a testament to their commitment and to the strong and trusted relationships we have built throughout our value chain.

2021 & BEYOND

With steady progress being made across current sourcing categories, Melco is beginning to look into the sustainable production and procurement of vegetables as a new sourcing priority. Sustainably sourcing vegetables creates new and far-reaching opportunities for our Above & Beyond strategy to address impacts arising from industrial agricultural practices. This will allow us to address chemical use, soil erosion and degradation, as well as particular transportation methods that all contribute to climate change and poor human and planetary health.

We have also planned a full calendar of events throughout 2021 to support and build the capacity of our suppliers on key focus areas of ethics, occupational health and safety, food safety, environmental best practices in sourcing and performance, as well as maximizing efficiency in the procurement process.



SUSTAINING OUR SUPPLY CHAIN

Ethical & Sustainable Supply Chain

OUR COMMITMENT

We commit to procuring sustainable and ethical products and services to operate our integrated resorts at a level that goes above and beyond our guests' expectations. Through our robust engagement initiatives, we inspire and empower our suppliers to excel in both quality and sustainability attributes. In this way, we are also playing a part in developing sustainable employment opportunities, making a positive impact on the local economies where we operate.

OUR TARGETS

- Sourcing 80% of our procurement choices with sustainability attributes by 2025
- Purchasing 100% of our bed linens and towels from OEKO-TEX® certified suppliers and 100% of our pure cotton linens and towels from sustainable sources by 2030

- Procuring 20% of our seafood from sustainable local and/or globally-recognized certification schemes by 2025
- Sourcing 50% of our chemicals rated as Green or Amber by 2025

IMPACT ALONG THE VALUE CHAIN



Upstream

- Building resilient and sustainable supply chains, supporting best practices and local economies



In-house

- Championing robust and resilient procurement and sourcing networks supporting delivery of reliable, high-quality and sustainable products and services



Downstream

- Setting leadership benchmarks and ensuring our license to operate while achieving customer satisfaction

CASE STUDY

“Digitalising the Supply Chain”

With the belief that procurement decisions must progress from being purely price-focused to value-focused, in 2020, we implemented a new P2P (purchase to pay) procurement system across all Melco offices and integrated resorts.

This online system allows us to have a clear view of our organization's spend, achieve our supply chain sustainability targets and strengthen partnerships. We are in the process of reaching out to our suppliers to coach and teach them through our new system and our updated procedures.

Adopting the system has enabled us to go completely paperless in our Receiving and Warehouse processes. Beyond reducing the amount of paper we use by 80% across our Macau and Manila operations, the invoicing experience and workload for our back office, related colleagues and suppliers has been significantly simplified.

It's also worth highlighting the positive impact of the P2P system on our Culinary Team. Now digitally enabled, the team can prepare new recipes and see related costs in real-time, and by placing orders on their tablets, their office time is reduced, allowing them more time where the magic happens – the kitchen.

Enhancing and digitizing our supply chain has cut down on inefficiencies, heightened transparency on sourced products, and provided meaningful time to engage suppliers from around the world in meeting both financial and sustainability goals.

MACAU • MANILA

ETHICAL & SUSTAINABLE SUPPLY CHAIN HOW WE ARE MANAGING IT

WHY IT MATTERS

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

HOW WE ARE MANAGING IT

Supplier Code

Our Code of Conduct for Suppliers (Supplier Code) sets expectations for our suppliers. This Code not only requires suppliers to meet all applicable legal requirements, but also adhere to our stringent standards on ethics, anti-corruption data privacy and security, health and safety, environmental protection and human and labor rights. All suppliers acknowledge acceptance of the Supplier Code and we provide training and regularly engage with our suppliers directly to assess performance and mutual progress. While there were no incidents of non-compliance with our Supplier Code, Melco shall not hesitate to suspend any business dealings with a supplier that violates the code and fails to implement an appropriate corrective action plan. We also did not receive any substantiated grievances during the year.

We revamped our Supplier Code in 2020 to provide increased emphasis on our approach to business ethics, including zero tolerance of improper advantage, and expectations for fair business, advertising and contract completion practices. We also clarified requirements for safeguarding human rights, particularly related to freedom of association and no forced or child labor, as well as standards for health and safety, and environmental protection.

In 2021, we will share a detailed questionnaire with our suppliers as a first step towards reinforcing our requirements and expectations. This will not only address our environmental expectations but bring greater emphasis to practices adopted to prevent and eradicate all forms of human trafficking and forced or child labor in the supply chain. More details can be found on [page 097](#).

Sustainable Sourcing Working Group

The Sustainable Sourcing Working Group drives our efforts to enhance the sustainability attributes of procured goods and services. This Working Group prioritizes several categories to

establish sustainable purchasing criteria, develops programs to implement this strategy and engages internally and externally to raise awareness of sustainable procurement. Meeting quarterly, and reporting to the Executive Sustainability Committee, the Working Group ensures that progress and the related financial impact of our sourcing strategy are being measured.

Engaging with our Suppliers

We take utmost care in choosing which suppliers and partners we work with. We proactively engage to share and build capacity to meet our requirements, and to collaboratively work together to identify sustainable alternatives and opportunities for enhancing the environmental and social performance of the supply chain.

During the quieter times of the COVID-19 pandemic, Melco took the opportunity to hold meaningful conversations with our partners and offered support to help sustain their business through the economic downturn. We committed to remit payment to our SME suppliers who were hit the hardest within 14 days of receiving their invoices. Support also took the form of offering recommendations on staying resilient and enhancing procedural efficiencies.

We had several weeks of calls and constant communication to not only show that we were in this together, but also to keep our suppliers informed of the market situation. This entailed helping with several areas ranging from teaching profit and loss analysis to cleaning and organizing warehouses. We also demonstrated how our suppliers could harness technology to reduce waste, plastic and use of paper, and worked with them to explore new products and opportunities for further collaboration, not just in local markets but across our global operations. This level of deeper engagement has strengthened our mutual trust and sparked hope among our partners for a better future.

One key initiative has been capacity building for implementing environmentally responsible packaging solutions. We asked suppliers questions about their packaging and delivery processes to implement improvements. As our suppliers tend to deliver items in small bags or packages, we have focused on encouraging them to minimize plastic use by demonstrating how this will greatly reduce environmental impact.

In 2020, we opened our doors to suppliers and SMEs, inviting them to our Heart-of-House. Five sustainability workshops and further related sessions were opportunities to not just inspire our partners, but allow them to experience first-hand

our high standards on ethics, health and safety, food safety and hygiene and process efficiency, as well as our level of care when it comes to our people. Through this, we are also able to share with them the strategy and practices we employ to reduce our environmental impact. Focus areas included responsible sourcing, the importance of eliminating wastage, increasing recycled and biodegradable content, and eliminating the use of single-use plastic packaging. All of this serves to motivate our suppliers to adopt best practices across their operations. We are in the process of preparing additional guidance on ethical conduct for suppliers with guidelines on pertinent topics such as modern slavery, working hours for pregnant women and disadvantaged communities.

In 2020, Melco was honored to receive a score of A- for supplier engagement by CDP. This rating assessed Melco's process for identifying and responding to climate-related risks and opportunities in the value chain. In particular, this covered Melco's climate-related supplier engagement strategy in terms of nature and type of engagement and our impact of engagement, including measures of success. More details on specific capacity-building programs for SMEs can be found in the [Community Engagement & Investment](#) section of this report.

Sourcing Guidelines

We have continued to enhance sustainability attributes in our procurement process, increase transparency around the origin of goods sourced and strengthen the ESG practices adopted by our suppliers. Since 2018, we have provided clear guidelines and actively engaged in the sustainable sourcing of cotton, cleaning products and seafood. Our sourcing guidelines are designed to mitigate the ecological and biodiversity impacts of the products we use.

Cotton

Our resorts provide a luxurious and restful experience for guests through the use of high-quality bed linens and towels, which are made from large quantities of cotton. The most significant environmental impacts from growing, harvesting and manufacturing cotton include the use of agrochemicals, the consumption of water, and the conversion of habitats for agricultural use. As a responsible corporate citizen, Melco works with our suppliers to mitigate these impacts by sourcing high-quality cotton from sustainable sources. We procure OEKO-TEX® certified cotton products for our hotels, ensuring our linens and towels are free from harmful chemicals and safe for human use. Our goal is for 100% of our



bed and bath linens to be sourced from OEKO-TEX® certified and other sustainable sources by 2030. We aim to extend this to other textiles and garments in the near future. In 2020, all cotton bed, table and bath linen purchased, totaling 102,430 kg, with 86,607 kg for Macau and 15,823 kg for Manila resorts, was made from cotton that is certified to STANDARD 100 by OEKOTEX® or other sustainability standards. As part of this, significant purchases were made for the renovation of our Nūwa property this year. Between Macau and Manila, this represented a 58% increase in sustainable cotton procurement as per the table below. We are also working toward extending this goal to other textiles and garments, including uniforms for colleagues and guest slippers.

Sustainably Sourced Cotton Received

(in kg)

	2020	2019
Macau and Manila	102,430	64,645

ETHICAL & SUSTAINABLE SUPPLY CHAIN HOW WE ARE MANAGING IT

While all our blended cotton table, bed and bath linens are OEKOTEX® certified, the difficulties with procuring sustainable sources for blended products has meant we are moving towards switching some materials from blended fabrics to 100% cotton. Melco is currently attempting to do this for table linens, which will also have a cost benefit. Looking forward, we will also seek opportunities to source more sustainable blended cotton fabrics.

As part of our sustainability initiatives, in 2020, we ensured 28,949 pieces of fabric were repurposed, donated or recycled across our properties.

Chemicals

Our Supply Chain teams have continued to consolidate our use of chemicals and engage with chemical suppliers to identify more sustainable, safe alternatives while ensuring that we meet stringent sanitization standards.

We extended the scope of our chemical product review in 2019 to include paints, sealants and coatings and adhesives. For these products, which made up 20% of our total spending on chemicals in 2018, we have since made progress in reducing the number and toxicity of chemical types procured. Adopting risk assessment criteria such as the impact on human health, toxicity, ecosystem degradation and bio-accumulation, we identified opportunities to improve chemical management. The assessment was based on factors including the severity of resulting health impact, availability of eco-responsible alternatives and product performance requirements, with a priority on managing high-spend products.

All of our resorts in Macau have received Green Key awards as a result of our use of cleaning products that are free from harmful chemicals listed on the Green Key Blacklist. Since 2018, we have established guidelines for sourcing sustainable chemicals and providing a “Green, Amber or Red” rating system that prioritizes the use of internationally recognized eco-labels such as Green Key and Green Seal. As part of our tender renewal process, we have progressively moved away from red chemicals, replacing them with Amber or Green alternatives.

In 2020, the COVID-19 pandemic required extremely high sanitization standards across all of our properties, resulting in some cases of increased use of Red chemicals. We continue to monitor this situation and maintain our commitment to using environmentally responsible products wherever we can. We conducted an in-depth review of our overall Group-wide chemical consumption at the end of 2020 and managed to reduce the total quantity of different types of chemicals used at our properties in Macau by 48% and in Manila by 58%, including significant reductions in the percentages of Red chemicals by 86% and 46% in Macau and Manila, respectively.

We will continue to both reduce the number of chemicals used and for those that are used, to increase the proportion of Green-rated products. Henceforth, any new products requested that are either Amber or Red will require approval and only be procured under exceptional conditions. Details on the consolidation of chemical products can be found in the table below.

Chemical Consolidation for Macau and Manila

	Before Consolidation		After Consolidation		Change
	No of products	%	No of products	%	
Green	51	24%	38	36%	-25%
Amber	110	51%	56	52%	-49%
Red	56	26%	13	12%²⁶	-77%
Total Product Quantity	217		107		-51%

26. Currently only Red products are available for disinfecting marble, floors and toilets.



ETHICAL & SUSTAINABLE SUPPLY CHAIN

HOW WE ARE MANAGING IT

Seafood

We continue in our efforts to increase the procurement of responsibly sourced seafood at our resorts and provide support to fisheries or farms working on fishery improvement projects (FIPs) or aquaculture improvement projects (AIPs). By purchasing from sustainable suppliers, Melco plays a role in the responsible management of fish stocks and ocean restoration, while also helping to preserve marine biodiversity and the livelihoods of communities that depend on marine ecosystems.

We source our preferred seafood in accordance with our Sustainable Seafood Sourcing Guidelines (our Guidelines), which specify our preference for seafood certified by the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Global Aquaculture Alliance – Best Aquaculture Practices (BAP) and the GLOBALG.A.P Aquaculture Certification.

We continue to examine our procurement strategy based on the comprehensive review that we conducted in 2019, referencing science-based recommendations from the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the International Union for Conservation of Nature (IUCN) as well as the World Wide Fund for Nature (WWF)'s Local Seafood Guide. This approach continues to inform our sustainable seafood sourcing strategy, ranking each species as either Green (recommended) or Red (to be avoided). In Manila, we are working with a local NGO and the government to help suppliers responsibly procure seafood from local sources and receive MSC certification.

To enhance our ability to trace our seafood stock's origin, in 2020, we engaged our suppliers through workshops on how to source more sustainable alternatives in accordance with our Guidelines. We also seek to influence all of our partners to adopt sustainable sourcing practices. While shark fin has been off the menus of our self-operated restaurants since 2019, we continue to work with our F&B tenants across all of our resorts to remove shark fin from their menus as well.

In 2020, we proceeded with our efforts to confirm our baseline and targets for sustainable seafood. Despite the logistics and export restrictions in various countries, we maintain our spending on sustainable seafood at close to 10% of the total spend in seafood purchased. With the implementation of a new procurement system across all resorts, oversight of our sustainable procurement spend will be greatly enhanced.

As we renew and secure new contracts with seafood suppliers going forward, we have systems in place to embed data requirements to ensure better transparency around the source of our supplies. By integrating more of these sustainability-based requirements into our procurement process, we aim to make significant progress in building supplier capacity.

In 2020, we continued to increase our procurement from sustainable sources, including a 10% reduction in Amber and Red species.

Human Trafficking & Modern Slavery

As an international integrated resort operator, we welcome thousands of visitors and guests every day, Melco knows that having proper protocols in place to protect human and labor rights and mitigate possible exploitation in our operations and supply chain is fundamental to our license to operate.

Internally, care has been taken to review all employment contracts to ensure compliance with labor laws in the jurisdictions we operate in, including statutory working hours and minimum wage requirements. Training is conducted for our Security Department on detecting the presence of underage persons and possible sexual exploitation, while independent vetting is done by our Investigations Department of both colleagues and suppliers to screen out suspicious persons.

We also partner with local authorities, not-for-profits and industry leaders, and engage with our supply chain to raise awareness, identify potential risks and eradicate modern slavery from their businesses. This includes providing up-to-date training, tools and alliances to reduce vulnerability, and help to prevent any more adults or children from being enslaved or exploited.

Joining the Mekong Club

A staggering 40 million people are trapped in modern slavery, with 16 million of these victims directly related to the private sector. Current efforts of governments, the United Nations, and NGOs help an inadequate 0.2% of victims each year. Business must do more, Melco included. Due to the global presence of our business, eradicating this issue has the potential to affect many vulnerable people.

Recognizing the critical need to eradicate modern slavery, efforts are underway to provide further training to our colleagues and suppliers on both detecting risks and addressing potential vulnerabilities, and to also develop standardized responses across our operations. There are numerous touch points where modern slavery can occur in the hospitality industry; forced labor within our supply chains, including third-party service contracts and construction, as well as forced prostitution. In 2020, as a step towards fulfilling our commitment to end human trafficking and modern slavery, we joined The Mekong Club.

The Mekong Club is a non-profit organization that fights modern slavery using a business-to-business approach; uniting and inspiring the private sector through an association platform, technical training pertinent to our industry and tools for tackling these issues. By stepping up and voicing the need to face these challenges head-on, we hope to take the lead in our industry and inspire others to follow suit in Asia.

SUSTAINING OUR SUPPLY CHAIN

Inspiring Partnerships

MELCO X MEKONG CLUB

An urgent humanitarian issue for all businesses

Issues around modern slavery may be sensitive but are unpardonable. Melco is committed to taking a leadership role within the integrated resort industry to focus on eradicating modern slavery throughout our supply chain.

This is the beginning of a very important journey for us. We are determined to understand more about the challenges, and where the vulnerabilities may lie, to stop slavery in our supply chain.

This is a clear focus for us in 2021 and we know that only through partnerships with peers and associations, such as the Mekong Club, can we build much-needed awareness, commitment and collaboration for action. This is not a matter simply addressed for good investor relations, but an urgent humanitarian issue for all businesses.

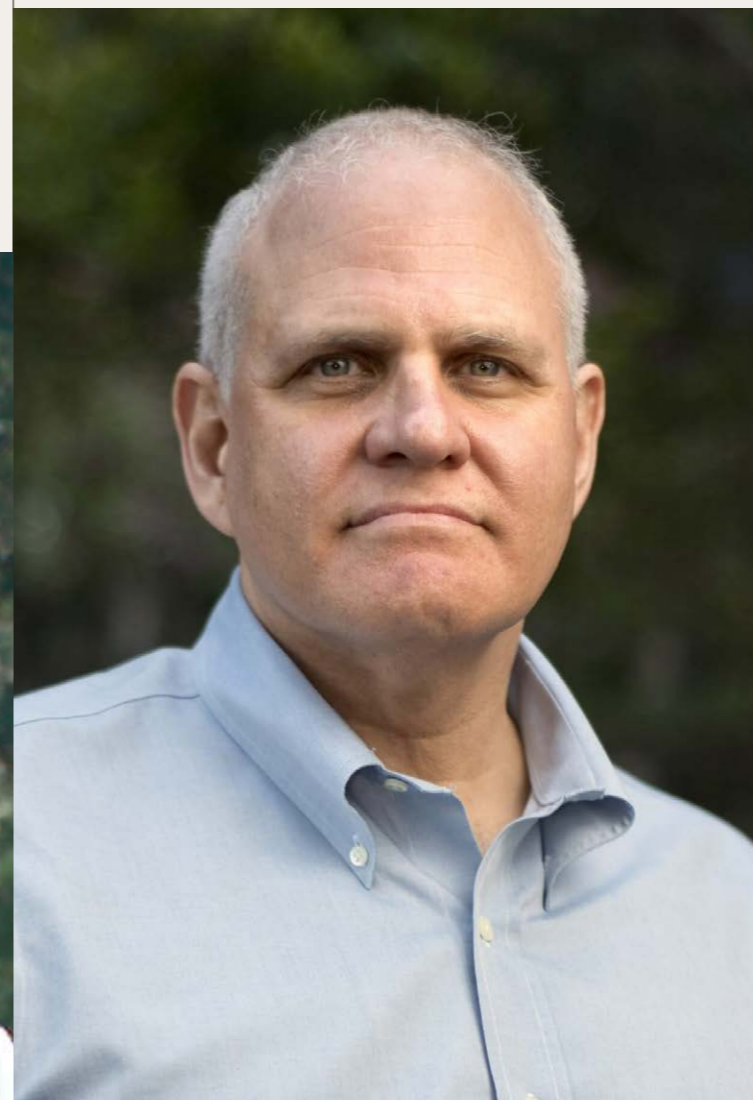
In 2020, we worked with our legal team to produce a supplier 'ethical practice' booklet which includes crucial discussion and advice around modern slavery. The Mekong Club has been critical in supporting the content of this booklet, which we roll out in 2021 through our sustainable sourcing workshops for Melco suppliers.

The pandemic crisis has given us a greater opportunity to use this challenging time to reinforce, develop and engage with significant issues around slavery. We are 100% committed to highlighting the uncomfortable issues across the hospitality industry and its supply chain and illuminating pathways towards eradication.



Augusta Vargas Prada
Vice president, Global Supply Chain

Augusta has been driving change in the global supply chain at Melco, underpinned by a passion to raise the profile of sensitive issues commonly affecting today's suppliers.



Matt Friedman
CEO, Mekong Club

Matt is an international human trafficking expert, advisor to numerous governments, author of thirteen books, producer of two award-winning films about sex trafficking and a well-regarded voice speaking out against modern day slavery.

We firmly believe in systemic change, working together to be stronger

Today there are over 40 million victims of modern slavery and 60% are in Asia. Sixteen million of them are within the supply chain.

In 2020, Melco stepped forward, as a major voice in the resort sector, and became the largest integrated resort member of the Mekong Club. Our association, with its leadership, technology-based tools and industry peers, will support the company's ambitions to work closely with its suppliers to highlight, tackle and eliminate modern slavery.

Sadly, modern slavery challenges are all too common across the hospitality industry and can include forced labor within supply chains, third-party contractors hired for events, in construction projects, as well as forced prostitution. However, the size of the industry means that there is also an opportunity to positively affect thousands of lives. One way of doing this is to train suppliers and staff at different levels to detect problems. We look forward to supporting Melco's educational work with suppliers around ethical practices.

Mekong Club's mission is to end modern slavery by acting as a catalyst for change, inspiring and engaging the private sector to lead the fight against modern slavery. Our relationships are founded on deep trust and we firmly believe in systemic change, working together to be stronger. Collaborating with major industry partners, such as Melco, gives us an opportunity to be a greater force for societal good.

EMPOWERING

Empowering our Business

OUR LICENSE TO OPERATE IS BOTH
A PRIVILEGE AND A RESPONSIBILITY



QUICK ACCESS TO MATERIAL TOPICS

Ethics & Integrity	106
Privacy & Cybersecurity	110

Strategy and Management Approach

STRATEGY & MANAGEMENT APPROACH

Sustainability is core to the Company's business philosophy and guides Melco's Above & Beyond strategy. Our commitment to the highest sustainability governance standards remains steadfast as we evolve the future of gaming and entertainment. Responsible governance demands embedding ethical conduct across our value chain and safeguarding the privacy and information security of our stakeholders. Melco's governance structure is foundational to our integrity; it underpins the highest of ethical standards and ensures exceptional experiences for both our people and our guests.

KEY GOALS

- Being the world's most responsible, ethical and transparent integrated resort
- Minimizing any risk of disruption from data privacy or cybersecurity concerns

MATERIAL TOPICS

Ethics & Integrity.....	106
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HIGHLIGHTS

While significant work continues to address the impacts of the pandemic on our operations and our communities, we remain buoyed by the trust gained from nimbly adapting to strict health and safety protocols and protecting and supporting people along our value chain. This year we celebrate the strengthening of relationships, resulting from unprecedented mobilization of financial, logistical and other resources to support communities and SMEs across all markets. We launched the 'Simple Acts of Kindness' program, involving 7,800 volunteering colleagues and exceptional levels of engagement and coordination with local governments, business partners and NGOs.







Another highlight of the year is the continued investment in our cybersecurity capabilities with the hiring of a Global Chief Information Security Officer and the ongoing enhancement of policies and procedures with respect to data privacy and cybersecurity.

CHALLENGES

While pandemic preparations have always been a part of our risk management strategy, planning for unexpected long-term, government-imposed shutdowns and border closures has warranted more specific risk and crisis management planning. The learnings of 2020 have helped us to sharpen our focus; refining our sustainability strategy and how we operate as a business.

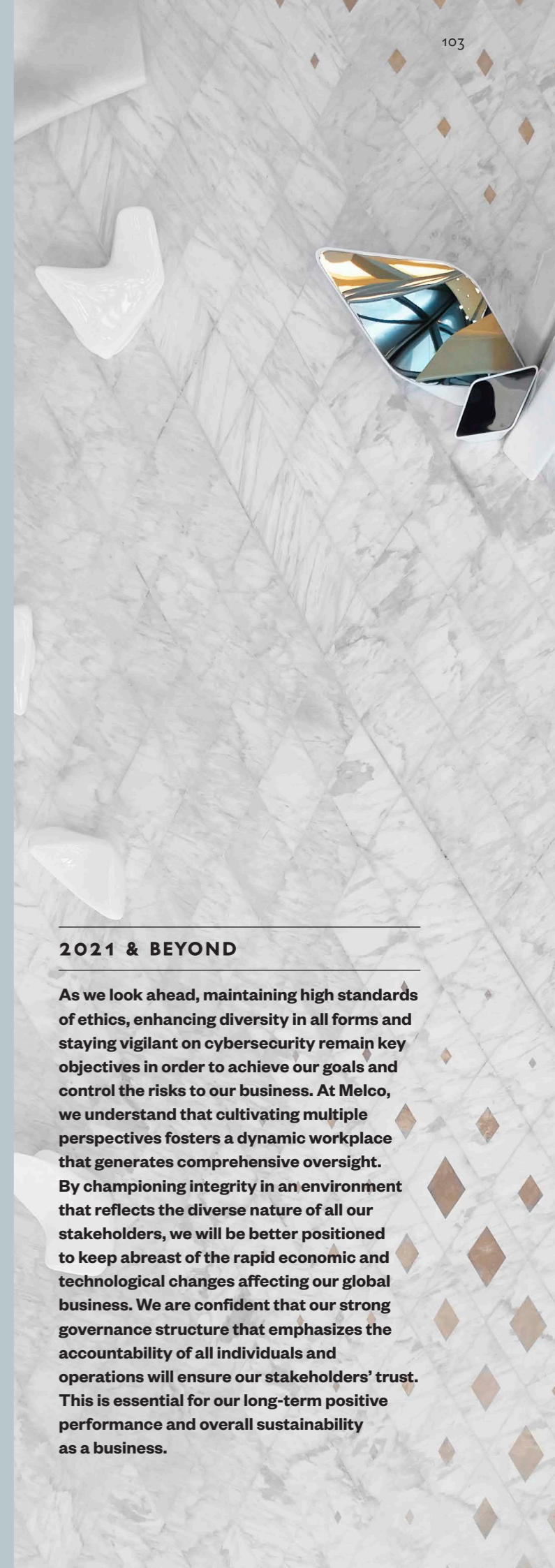
OUR POLICIES & STATEMENTS

Our Above & Beyond strategy is underpinned by the following policies that help us to manage specific environmental, social and governance risks:

-  [Board Diversity Policy](#)
-  [Code of Business Conduct and Ethics](#)
-  [Environmental Sustainability Policy](#)
-  [Inclusion & Diversity Statement](#)
-  [Occupational Safety and Health Policy](#)
-  [Procedures for Handling Complaints and Whistleblowing](#)

2021 & BEYOND

As we look ahead, maintaining high standards of ethics, enhancing diversity in all forms and staying vigilant on cybersecurity remain key objectives in order to achieve our goals and control the risks to our business. At Melco, we understand that cultivating multiple perspectives fosters a dynamic workplace that generates comprehensive oversight. By championing integrity in an environment that reflects the diverse nature of all our stakeholders, we will be better positioned to keep abreast of the rapid economic and technological changes affecting our global business. We are confident that our strong governance structure that emphasizes the accountability of all individuals and operations will ensure our stakeholders' trust. This is essential for our long-term positive performance and overall sustainability as a business.



Corporate Governance Structure

CORPORATE GOVERNANCE STRUCTURE

Our Board of Directors ensures Melco's governance practices steer us to go above and beyond compliance requirements and reach the highest standards in every aspect of our business. The Board, comprising seven members who together bring an extensive breadth of industry, financial and other skills to guide Melco, oversee our sustainability strategy, reporting, risk assessment and implementation controls across all our material topics.

THE BOARD CONSISTS OF:

- Two Executive Directors nominated by our parent company, Melco International Development Limited

- One Non-Executive Director
- Four Independent Non-Executive Directors who lead and participate in Board committees

Spearheading the sustainability and CSR programs in our day-to-day operations are three Steering Committees. The CSR Steering Committee and the Responsible Gaming Committee are led by our EVP, Chief of Staff to Chairman & CEO, and the Executive Sustainability Committee is chaired by our Chief Sustainability Officer. Both individuals report directly to the Chairman & CEO, and the Board.

Chairman & CEO

Board of Directors

The Board receives quarterly updates on sustainability initiatives and monitors how new developments in the regulatory landscape and wider industry affect our business.

Board Committees

Three committees, consisting entirely of independent non-executive directors, have been established by the Board to maintain oversight of key governance issues.

Compensation Committee

The Compensation Committee discharges the responsibilities of the Board relating to the compensation of our directors and executives. This includes working in consultation with management to design, evaluate and approve the compensation plans, policies and programs for executives and evaluate and recommend directors' compensation for the Board's approval.

Audit and Risk Committee

The Audit and Risk Committee oversees financial reporting, audit, risk management, ethical conduct, responsible gaming, cybersecurity and compliance.

Nominations and Corporate Governance Committee (NCGC)

NCGC oversees Melco's environmental performance, as well as director nominations and corporate governance practices.

Steering Committees

Our steering committees are an essential part of Melco's stewardship and approach to longevity for protecting stakeholder interests. Understanding stakeholder concerns through our internal governance system, and establishing goals, implementing policies, prioritizing initiatives and securing resources are all strategic functions of these committees.

CSR Steering Committee

Championed by our EVP, Chief of Staff to Chairman & CEO, this Committee leads social responsibility initiatives focusing on developing our people and engaging with local communities. Senior managers from across the organization attend monthly meetings.

Executive Sustainability Committee

Chaired by our Chief Sustainability Officer, this Committee sponsors Working Groups across all resorts and corporate functions that drive and measure progress towards our ambitious goals for carbon neutrality, zero waste and sustainable sourcing. Meeting and providing updates to the Board quarterly, this Committee reports to the Nominations and Corporate Governance Committee annually.

Responsible Gaming Steering Committee

Headed by our EVP, Chief of Staff to Chairman & CEO, this Committee meets quarterly to review strategic initiatives to ensure that our RG initiatives are held to the highest standards. This Committee sponsors Gaming Working Committees across different functions and our Global RG Champions meet more frequently to discuss operational issues.

Properties & Corporate Functions

Oversee implementation of the Group sustainability strategy at the property level to ensure Melco's overall goals align with local priorities.

Employee Champion Networks

Colleagues leading teams onsite to deliver initiatives to support Melco's sustainability strategy.

Ethics & Integrity

OUR COMMITMENT

An area where we have demonstrated unwavering commitment and leadership in terms of sustainability governance, is in maintaining the highest standards of ethical conduct and integrity. Essential to this is also being a responsible and genuine partner to those we work with – strengthening our commitment to integrity with transparent and empowering corporate governance. Our comprehensive systems and policies across all levels of the Company ensure compliance with all relevant local, national and international laws and regulations.

OUR TARGETS

- Ensuring 100% of colleagues receive training on ethical conduct
- Maintaining zero cases of ethical violations along our value chain
- Remediating 100% of any ethical violations along our value chain

IMPACT ALONG THE VALUE CHAIN



Upstream

- Managing risk and reinforcing ethical practices along the supply chain
- Maintaining the trust of stakeholders



In-house

- Maintaining the loyalty and trust of colleagues
- Reducing colleague turnover and therefore increasing productivity
- Furthering the sustainability of Melco's business



Downstream

- Retaining customer loyalty thereby boosting economic performance
- Fostering respect and goodwill of the surrounding community
- Setting an example of best practice

WHY IT MATTERS

Historic perceptions of the gaming industry make ethics and integrity a key concern for us. At Melco, we believe championing honesty and morality in every part of our business is simply the right thing to do. It helps us reduce risk throughout our value chain and maintain the trust of all our stakeholders. We consider ethical conduct to be the foundation of our leadership and our Above & Beyond strategy, a practice that is essential for maintaining the success of our business and licenses to operate. Our sustainability achievements to date are due to our strong culture of integrity.

CASE STUDY

Ethics Training for Small and Medium Enterprises (SMEs)

To maintain high standards in our supply chain, we provide capacity-building programs for all suppliers. Ethics training is an integral part of these programs, as we strive to enhance ethical conduct not only within Melco, but across our value chain. In 2020, 112 people representing 87 SMEs in Macau attended eight capacity-building sessions. This best practice training covered the rationale for adopting high standards in business conduct and ethics with particular focus on conflict of interest, confidentiality and anti-bribery.

Global Ka Ming International Enterprise Co Limited, one of the SMEs that attended the capacity-building session in 2020 expressed appreciation about the training, stating, “our company learnt useful information about responsible business, environmental protection and so much more from the training delivered by Melco’s experienced representatives. We are thankful for Melco providing a platform for knowledge sharing and hope Melco will continue with this initiative to benefit more SMEs in the future.”

MACAU

ETHICS & INTEGRITY

HOW WE ARE MANAGING IT

HOW WE ARE MANAGING IT

Code of Business Conduct and Ethics

We endeavor to go beyond requirements set by commercial practice or local laws, and our colleagues are core to this. We consistently engage our people on our Code of Business Conduct and Ethics (Code), and beyond training them on the standards expected, this training provides an opportunity to suggest operational improvements. Our Code is reviewed by the Nominating and Corporate Governance Committee and includes guidelines relating to:

- Employment practices to maintain fair, inclusive and respectful workplaces
- Policy against retaliation
- Fair competition
- Conflicts of interest
- Bribery and corruption
- Giving and receiving gifts and entertainment
- Confidential and proprietary information
- Money laundering and terrorist financing

Ethical Business Practices Program

Melco has zero tolerance for bribery, fraud and corruption. Acknowledging that ethical matters can occasionally surface, Melco's Ethical Business Practices Program (the Program) has been designed to protect our people, our business and our reputation. Providing details and training on the requirements and guidelines for compliance with relevant local laws, the Program enables our colleagues to be aware of, and pay special attention to, anti-corruption measures applicable in the various jurisdictions where we operate.

Anti-corruption Training for Colleagues

Our colleagues are central to safeguarding a culture of integrity across our business.

We consistently engage them on the standards expected through mandatory anti-corruption training that ensures they are clear about their responsibilities under the Code and the Program, as outlined below.

The Code

To strengthen understanding of the requirements and guidelines throughout their career with Melco, every year colleagues are sent the Code and alerted to changes and updates to our corporate policies. They are required to sign a Certificate of Compliance to indicate commitment to the contents. New joiners are required to complete corporate governance orientation programs within their first 30 days with us.

The Program

Our directors and senior executives are required to acknowledge their understanding of and reporting obligations under the Program on an annual basis.

Do The Right Thing (DTRT) Training

Training is undertaken on an annual basis to keep management and colleagues in key business functions abreast of bribery and corruption risks, methods to identify red flags, as well as the legal and policy requirements of the Program.

Training on ethics is important across our value chain and thus is extended beyond our internal operations to our suppliers. For details on the anti-corruption initiatives implemented in our supply chain please see the [Ethical & Sustainable Supply Chain](#) section of this Report.

Ethical Business Advisor and Liaison Officers

Upholding our strong ethical principles is our Ethical Business Advisor who is responsible for monitoring compliance, evaluating risk areas and implementing preventive measures across our operations with respect to preventing, bribery, fraud and corruption. The Ethical Business Advisor updates the Audit and Risk Committee quarterly on matters pertaining to the Program, including the completion of anti-corruption training by colleagues. The Advisor also works closely with our Ethical Business Liaison Officers who are responsible for understanding the requirements of local laws, and supporting our colleagues to interpret the Code and implement the Program. Officers handle potential issues of misconduct in confidence, provide guidance and answer any queries our colleagues may have, through direct email or the mail.

Whistleblowing

For our governance structure to work, trust in the system and confidentiality are critical. Melco has a range of channels for our colleagues to voice their concerns and report potential violations of the Code anonymously, including a whistleblowing hotline operated by an external party. The hotline can be accessed through a dedicated toll-free phone number. Internally, the duty falls on the management team, Internal Audit, our Ethical Business Advisor and the Human Resources department to handle concerns and queries. Details of the various channels for raising concerns are available on our intranet and posted within key colleague areas of our properties. Approximately ten reports are received each quarter via the whistleblowing hotline on topics typically related to colleague non-compliance with policies and procedures. All matters raised are investigated and additional controls implemented, or policies and procedures revised, where applicable. In 2020, there weren't any topics raised that required investigation or related to non-compliances with Melco's policies or codes.



EMPOWERING OUR BUSINESS

Privacy & Cybersecurity

OUR COMMITMENT

Protecting the data of our colleagues, guests, partners and suppliers is essential to maintaining trust. As part of our overall governance strategy, we commit to the most stringent standards of data and information management, while meeting all relevant legislative requirements. Top priority for Melco is to continuously strengthen and layer our security controls to reduce cyber risks. In 2020, Melco did not experience any significant data breaches or receive any substantiated complaints.

OUR TARGETS

- Maintaining zero incidents of leaks, theft or loss of data
- Ensuring 100% of colleagues are trained on information security and data protection

IMPACT ALONG THE VALUE CHAIN



Upstream

- Protecting supplier data, reducing business process disruption



In-house

- Maintaining business continuity
- Protecting the privacy of colleagues



Downstream

- Protecting customer data and privacy
- Maintaining the trust of customers and the community
- Maintaining business continuity to benefit local communities

WHY IT MATTERS

With heightened awareness around the world regarding privacy and cybersecurity, Melco is keenly aware of its duty

to protect the data privacy of our customers, colleagues and business partners. With the rise of remote working since COVID-19, secure management of our data and advanced cybersecurity practices become ever more important to minimize our risk of business disruption.

HOW WE ARE MANAGING IT

For businesses worldwide, data breaches and cyber threats are on the rise. In response to this global and unrelenting challenge, across all operations we have established a robust cybersecurity and data privacy programme. Initiatives that have been prioritized include:

- Certifying our Information Security Management System (ISMS) for our Macau operations under ISO 27001 since 2009
- Ensuring data privacy protocols meet or exceed the requirements of all the jurisdictions in which we operate, including Macau's Personal Data Protection Act (PDPA), the Philippines' Data Privacy Act and the European Union's General Data Protection Regulation (GDPR)
- Conducting regular risk assessments and audits of our processes and protocols under our Cybersecurity and Information Security Policies
- Ensuring awareness about the potential security risk posed by malware and spyware through regular phishing campaigns across all jurisdictions. To reinforce this in 2020, a total of 7,352 emails were sent out to email users in all regions including Hong Kong, Macau, Manila, Cyprus and Japan to test the effectiveness of our efforts to build cybersecurity awareness
- Working to adopt the National Institute of Standards and Technology (NIST) Framework for cybersecurity, and working on peer benchmarking, to ensure we are at the cutting edge of addressing this persistent threat
- Performing regular reviews of all policies, procedures and training concerning cybersecurity and data privacy to ensure compliance readiness with applicable laws and regulations
- Appointing a Global Chief Information Security Officer to oversee and ensure the integrity and security of our system for safeguarding data privacy and cybersecurity controls

CASE STUDY

A people first approach to privacy

Colleague Training and Awareness

The fast pace of change in the evolution of information technology poses security risks unless we keep our people abreast of the latest developments. Our colleagues, across all levels of seniority, are systematically trained on information security and guidelines on data protection. These are regularly updated to align with all applicable legislation. Campaigns on the prevention and detection of phishing and whaling attacks are conducted, at least on an annual basis, to raise awareness and additional training is provided when required.

In 2020, over 100 colleagues across Hong Kong, Macau and Manila received training on the European Union's General Data Protection Regulation, to ensure their understanding and compliance with GDPR when handling data involving our Cyprus operations.

Working with Suppliers and Partners

In addition to the risks posed to our own operations, we take the cybersecurity of our suppliers and business partners seriously. We share the latest developments in cybersecurity threats to help maintain the integrity in our operations. Through our selection processes and ongoing testing, we impose our high standards on vendors and communicate any shortcomings in their systems for rectification. All IT service providers must comply with the ISO 27001 standard.

📍 CYPRUS, HONG KONG, MACAU, MANILA

COMMUNITY DANNY PROJECT

About Melco

Melco Resorts & Entertainment Limited (Melco) is a developer, owner and operator of integrated resort facilities in Asia and Europe. Headquartered in Hong Kong, China, we employ 19,700 people. Melco is listed on NASDAQ under the ticker symbol “MLCO”.

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

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

integrated resort in Cotai, Macau. In the Philippines, Melco's Philippine subsidiary operates and manages City of Dreams Manila, an integrated resort in the Entertainment City complex in Manila. In Europe, Melco is currently developing City of Dreams Mediterranean in the Republic of Cyprus, which is expected to be the largest and premier integrated destination resort in Europe. Melco is currently operating a temporary casino, the first authorized casino in the Republic of Cyprus, and is licensed to operate four satellite casinos.

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

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

Performance Metrics

ECONOMIC & SOCIAL IMPACT

Economic and social impact is measured by the financial value we generate and the contributions we make in terms of our overall community investment. For a strategic review of our economic and social progress, refer to our [Annual Report](#) and the [Inspiring our Communities](#) section, respectively.

ECONOMIC VALUE GENERATED & DISTRIBUTED

	2020	2019	2018*	2017*
Total revenue (in thousands of US\$)	1,727,923	5,736,801	5,188,942	5,284,823
Total operating costs & expenses (in thousands of US\$)	2,668,480	4,989,123	4,575,495	4,680,283
Operating (loss) / income (in thousands of US\$)	(940,557)	747,678	613,447	604,540
Cash and cash equivalents (in thousands of US\$)	1,755,351	1,394,982	147,243	1,436,940
Dividends declared per share	0.0550	0.2135	0.1867	0.5604
Total employees	19,746	23,078	21,413	19,609
Community investment (charitable giving)	-	170,902,288	10,728,954	-

* Following Melco's acquisition of 75% of the Cyprus development and existing operations from its single largest shareholder (Melco International Development Limited) on July 31, 2019, the comparative information for 2017 and 2018 has been adjusted to include the assets, liabilities and financial results of the Cyprus group of entities from its acquisition by Melco International Development Limited in September 2017 in accordance with the relevant accounting standards.

PEOPLE

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

Our Workforce

ALL EMPLOYEES²⁷

	2020 ²⁸	2019	2018	2017
Employees by Gender				
Female	9,592	11,082	-	-
% of Females	49%	48%	-	-
Male	10,154	11,996	-	-
% of Males	51%	52%	-	-
Total	19,746	23,078	21,413	19,609

27. Globally, we have around 700 non-employee workers to augment existing functions, including construction, F&B, IT, security and administrative functions.

Our Workforce by Gender and Geographic Location^{28, 29}

	2020 ³⁰	2019	2018	2017
Corporate and Centralized Services (Including Hong Kong, Macau and Japan)				
Female	302	299	294	285
Male	398	376	382	351
Total	700	675	676	636
% of Employees in Corporate and Centralized Services (Including Hong Kong, Macau and Japan)	3%	4%	3%	3%
Macau Properties (Including City of Dreams, Studio City, Altira and Mocha Clubs)				
Female	6,969	7,684	7,352	6,873
Male	6,815	7,886	7,747	7,206
Total	13,784	15,570	15,099	14,079
% of Employees in Macau Properties (Including City of Dreams, Studio City, Altira and Mocha Clubs)	70%	67%	71%	72%
Manila Property				
Female	2,032	2,706	2,552	-
Male	2,519	3,162	3,086	-
Total	4,551	5,868	5,638	-
% of Employees in Manila Property	23%	25%	26%	25%
Cyprus Operations				
Female	289	393	-	-
Male	422	572	-	-
Total	711	965	-	-
% of Employees in Cyprus Operations	4%	4%	-	-

28. Figures reflect permanent employees. We do not have temporary employees.

29. Part-time employees represent less than 1% of the total workforce.

30. Globally, we have around 700 non-employee workers to augment existing functions, including construction, F&B, IT, security and administrative functions.

Senior Management Representation from Local Communities^{31,32,33} (In %)

	2020	2019	2018	2017
Local				
Hong Kong / Macau	76%	69%	64%	69%
Manila	43%	44%	50%	50%
Cyprus	40%	40%	40%	33%
Total	71%	65%	62%	66%
Non-local				
Hong Kong / Macau	24%	31%	36%	31%
Manila	57%	56%	50%	50%
Cyprus	60%	60%	60%	67%
Total	29%	35%	38%	34%

31. Senior management defined as vice presidents and above.

32. Our usage of "local" is in accordance with local government definitions.

33. Significant locations represent where we have integrated resort operations and local, corporate headquarters.

New Employee Hires and Turnover by Gender, Age and Location

	2020		2019	
	Number	Rate	Number	Rate
New Hires by Gender				
Female	295	3.10%	1899	17.20%
Male	310	3.00%	1830	15.40%
New Hires by Age				
Under 30 years of age	253	6.10%	1996	31.50%
Between the age of 30 and 50	280	2.30%	1576	11.80%
Over 50 years of age	72	2.10%	147	4.60%
New Hires by Location				
Hong Kong	35	13.40%	94	38.10%
Macau	386	2.70%	2425	15.20%
Manila	124	2.70%	963	16.40%
Other locations	60	7.70%	237	29.90%
Employee Turnover by Gender				
Female	1,790	18.70%	1357	12.30%
Male	2,129	21.00%	1550	13.00%
Employee Turnover by Age				
Under 30 years of age	1,460	35.10%	1261	19.90%
Between the age of 30 and 50	2,218	18.20%	1423	10.60%
Over 50 years of age	241	7.20%	223	7.00%
Employee Turnover by Location				
Hong Kong	78	29.90%	87	35.20%
Macau	2,300	16.20%	1951	12.20%
Manila	1,445	31.80%	725	12.40%
Other locations	96	12.80%	144	18.20%

Average Training Hours Completed per Employee by Employee Category and Gender

	2020	2019
Management by Gender		
Female	15.87	24.74
Male	24.85	25.03
Non-management by Gender		
Female	104.32	27.42
Male	95.34	24.28

Total Group-wide Recordable Injury and Lost-time Injury Frequency Rates

	Change 2020/2019		2020	2019	2018	2017
	Rate	%				
Total Recordable Injury Rate						
40-hour work week/total cases ³⁴	-1.73	-52.18%	1.59	3.32	4.52	4.09
48-hour work week/total cases ³⁵	-1.44	-52%	1.33	2.77	3.77	3.41
Average	-1.59	-52.10%	1.46	3.05	4.14	3.75
Lost-time Injury Frequency Rate						
40-hour work week/total cases ³⁶	-8.65	-52.06%	7.97	16.62	22.59	20.45
48-hour work week/total cases ³⁷	-7.21	-52.07%	6.64	13.85	18.83	17.04
Average	-7.93	-52.06%	7.31	15.24	20.71	18.74

34. Total case x 200,000 / 40 hours.

35. Total case x 200,000 / 48 hours.

36. Total case x 1,000,000 / 40 hours.

37. Total case x 1,000,000 / 48 hours.

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

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

Governance Bodies, Corporate Executive Committee and Employees Profile

	2020	2019
Board Members by Gender		
Female	27%	27%
Male	73%	73%
Board Members by Age		
Under 30 years of age	0%	0%
Between the age of 30 and 50	36%	39%
Over 50 years of age	64%	61%
Corporate Executive Committee by Gender		
Female	20%	31%
Male	80%	69%
Corporate Executive Committee by Age		
Under 30 years of age	0%	0%
Between the age of 30 and 50	47%	44%
Over 50 years of age	53%	56%
Management by Gender		
Female	41%	40%
Male	59%	60%
Management by Age		
Under 30 years of age	1%	2%
Between the age of 30 and 50	82%	81%
Over 50 years of age	17%	17%
Non-management by Gender		
Female	49%	49%
Male	51%	51%
Non-management by Age		
Under 30 years of age	23%	29%
Between the age of 30 and 50	60%	57%
Over 50 years of age	17%	14%

ENVIRONMENT

Our environmental impact and performance is managed and reported against a number of indicators. These include our GHG emissions, energy consumption, waste management, including recycling and composting, and water consumption and reuse. All data cover Melco's sustainability performance for the calendar year ending December 31st, 2020, unless otherwise stated, with historical data provided for comparison purposes. For a strategic review of our environmental progress, as well as detail regarding the scope of data and any restatements, review our [Restoring our World](#) section.

Greenhouse Gas (GHG) Emissions

ABSOLUTE SCOPE 1 AND 2 GHG EMISSIONS BY RESORTS (IN METRIC TONNES OF CO₂e)*

	2020	2019	2018	2017	2016
City of Dreams Macau	4,089	8,903	6,302	134,641	142,659
Studio City	1,902	2,838	2,585	106,565	127,224
Altria	904	1,044	213	42,033	48,241
City of Dreams Manila	2,063	4,120	2,134	49,690	47,918
Okushiga Kogen Ski Resort	1,232				

ABSOLUTE GHG EMISSIONS BY SCOPE AND INTENSITY (IN METRIC TONNES OF CO₂e)*

	2020	2019	2018	2017	2016
Scope 1 emissions	16,011	29,192	19,768	15,105	13,551
Emissions from stationary fuel combustion	4,962	7,587	6,806	6,171	6,274
Emissions from mobile fuel combustion	5,955	12,880	8,964	5,622	5,372
Fugitive emissions from refrigerants	5,095	8,725	3,998	3,312	1,905
Biogenic emissions	150	331	163	351	313
Scope 2 emissions (location-based)	206,420	263,055	266,478	259,527	267,998
Scope 2 emissions (market-based)	-	-	-	331,834	366,909
Total Scope 1 and 2 emissions (market based)	16,011	29,192	19,768	346,940	380,461
Total Scope 1 and 2 emissions (market based) intensity by floor area (in metric tonnes of CO₂e / m²)	0.012	0.021	0.014	0.286	0.336

* Intensity data for the years 2016 to 2019 have been restated to reflect an adjustment in actual floor area.

Energy

ELECTRICITY CONSUMPTION BY RESORTS (IN MWh)*

	2020	2019	2018	2017	2016
City of Dreams Macau	136,630	169,624	172,887	156,778	153,826
Studio City	79,991	106,472	118,953	124,075	137,247
Altria	40,027	46,620	47,650	49,768	53,053
City of Dreams Manila	49,718	69,893	67,020	68,077	68,085
Okushiga Kogen Resort	1,485	-	-	-	-

ENERGY CONSUMPTION AND INTENSITY BY SOURCES (IN MWh)*

	2020	2019	2018	2017	2016
Fuel consumption from non-renewable sources	50,738	97,387	74,917	55,765	55,170
Fuel consumption from renewable sources	-	-	-	-	-
Electricity consumption from non-renewable sources	326,116	414,314	420,682	409,495	423,012
Electricity consumption from renewable sources ³⁸	1,555 [†]	- [†]	-	-	-
Total energy consumption	378,409	511,701	495,600	465,259	478,183
Energy intensity (in MWh/m²)	0.27	0.36	0.35	0.38	0.42

38. Previously attributed electricity consumption from renewable energy sources is now reported as electricity purchased from renewable energy sources that is equivalent to the consumption of electricity by Melco in local markets. Refer to [page 043](#) for details.

* Intensity data for the years 2016 to 2019 have been restated to reflect an adjustment in actual floor area.

† For the solar PV systems installed at City of Dreams Manila in 2019. In 2020, 1.6 MWh of electricity was generated from the solar PV system for consumption onsite.

* Electricity generated and consumed onsite from solar PV panels installed at City of Dreams Manila in December 2019.

Waste

WASTE GENERATION BY DISPOSAL METHOD (IN METRIC TONNES)*

	2020	2019	2018	2017	2016
Composting	36	88	71	32	29
Incineration	6,788	15,415	12,862	12,999	13,316
Landfill	1,131	2,232	1,890	2,540	2,556
Recycling	319	624	576	555	627
Total waste generated	8,274	18,360	15,399	16,125	16,528
Waste generation intensity (in metric tonnes/m²)	0.006	0.013	0.011	0.013	0.015
Waste diverted (in metric tonnes)	355	712	647	587	656

WASTE DIVERSION BY WASTE TYPE (IN %)*

	2020	2019	2018	2017	2016
Recycling					
Paper	42.18	70.36	66.55	-	-
Glass	4.95	6.55	3.44	-	-
Metal	9.47	5.91	4.05	-	-
Used Cooking Oil	3.94	2.16	3.20	-	-
Glass Bottles	0.00	1.32	3.44	-	-
Aluminium Cans	0.67	0.74	2.70	-	-
Batteries	0.38	0.30	0.15	-	-
Coffee Capsules	0.40	0.19	-	-	-
Plastic	1.61	0.07	0.08	-	-
Soap	0.74	-	-	-	-
Others (e-waste/ink toners/light fixtures)	21.24	0.02	8.78	-	-
Composting					
Food Waste	14.43	12.40	10.93	-	-

Water

WATER CONSUMPTION BY RESORTS (IN M³)*

	2020	2019	2018	2017	2016
City of Dreams Macau	835,129	1,346,783	1,264,784	1,078,463	1,072,140
Studio City	569,519	995,508	937,636	981,723	1,026,695
Altira	307,150	406,896	413,273	391,692	381,596
City of Dreams Manila	396,644	661,686	599,256	597,792	685,454
Okushiga Kogen Resort	27,942	1380	-	-	-

WATER CONSUMPTION BY WATER SOURCE (IN M³)*

	2020	2019	2018	2017	2016
Municipal water	2,110,619	3,423,319	3,218,930	3,065,854	3,181,198
Recycled water	63,120	50,718	50,718	50,718	50,718
Total water consumption	2,173,739	3,474,037	3,269,648	3,116,572	3,231,916
Water intensity by floor area (in cubic metres/m²)	1.56	2.47	2.34	2.57	2.85

* Intensity data for the years 2016 to 2019 have been restated to reflect an adjustment in actual floor area.

APPENDICES

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
1. Organisational Profile			
102-1	Name of the organization	About this Report About Melco	
102-2	Activities, brands, products, and services	About Melco	
102-3	Location of headquarters	About Melco	
102-4	Location of operations	About this Report About Melco	
102-5	Ownership and legal form	About Melco	
102-6	Markets served	About Melco ii. MRE is a global, premium-focused integrated resort operator primarily targeting the Asian premium mass as well as the mass gaming segments, by leveraging its differentiated, award-winning non-gaming entertainment attractions.	
102-7	Scale of the organization	About Melco MRE Annual Report 2020 – Form 20-F – P.79-91	
102-8	Information on employees and other workers	Performance Metrics	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
GRI 102: General Disclosures 2016			
1. Organisational Profile			
102-9	Supply chain	Our Strategy Sustaining our Supply Chain – Strategy and Management Approach Operating within global gaming and hospitality industries, Melco's supply chain is unsurprisingly vast; embracing over 4,000 vendors who support the delivery of services and products necessary to deliver a premium guest experience within our resorts. Our goods and services are too numerous to list but include fresh food and beverages, furniture and in-room technology systems, responsible gaming and security systems, furniture, fixtures and equipment, communications, gaming, sport and spa equipment, as well as operational, logistics and professional services, to name but a few. We continuously endeavor to engage and support our local supply base; collaborating to find new ways to differentiate our guest experience and in turn create inclusive business opportunities. In 2020, Melco procured goods and services from suppliers in Macau (32%), Hong Kong (21%), Philippines (19%), Cyprus (7%), Japan (5%), USA (3%), Singapore (2%), UK (2%), China (2%), and Other locations (7%).	
102-10	Significant changes to the organization and its supply chain	About this Report	
102-11	Precautionary Principle or approach	Sustainability Risks and Opportunities Restoring our World The precautionary principle informs Melco's risk assessment, property design, construction and operations and planning processes.	
102-12	External initiatives	Global Tourism Plastics Initiative , led by the UN Environment Programme and the World Tourism Organisation in collaboration with Ellen MacArthur Foundation	
102-13	Membership of associations	European Casino Association	
2. Strategy			
102-14	Statement from senior decision-maker of the organization	Leadership Insights on Sustainability	
102-15	Key impacts, risks, and opportunities	Our Strategy Sustainability Risks and Opportunities Restoring our World Inspiring our Communities Sustaining our Supply Chain Empowering our Business	
3. Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Empowering our Business – Strategy and Management Approach Ethics & Integrity	
102-17	Mechanisms for advice and concerns about ethics	Ethics & Integrity	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
GRI 102: General Disclosures 2016			
4. Governance			
102-18	Governance structure	Corporate Governance Structure MRE Annual Report 2020 – Form 20-F – P.147-151	
102-19	Delegating authority	Corporate Governance Structure MRE Annual Report 2020 – Form 20-F – P.147-151	
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance Structure MRE Annual Report 2020 – Form 20-F – P.147-151	
102-21	Consulting stakeholders on economic, environmental, and social topics	Understanding What Matters Most MRE Annual Report 2020 – Form 20-F – P.147-151	
102-22	Composition of the highest governance body and its committees	Corporate Governance Structure MRE Annual Report 2020 – Form 20-F – P.141-146; 147-151	
102-23	Chair of the highest governance body	MRE Annual Report 2020 – Form 20-F – P.141 In view of the current composition of the Board, the in-depth knowledge of Mr. Ho, Lawrence Yau Lung of the operations of the Group and of the gaming and entertainment sector, his extensive business network and connections in that sector, and the scope of operations of the Group, the Company believes it is in its best interests for Mr. Ho, Lawrence Yau Lung to assume the roles of Chairman and Chief Executive Officer until such time as the Company considers that such roles should be assumed by different persons.	
102-24	Nominating and selecting the highest governance body	MRE Annual Report 2020 – Form 20-F – P.150-151	
102-25	Conflicts of interest	MRE Annual Report 2020 – Form 20-F – P.165-166	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Structure	
102-27	Collective knowledge of highest governance body	MRE Annual Report 2020 – Form 20-F – P.141-146	
102-28	Evaluating the highest governance body's performance	MRE Annual Report 2020 – Form 20-F – P.147-151	
102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance Structure Sustainability Risks and Opportunities MRE Annual Report 2020 – Form 20-F – P.147-151	
102-30	Effectiveness of risk management processes	Corporate Governance Structure Sustainability Risks and Opportunities MRE Annual Report 2020 – Form 20-F – P.147-151	
102-31	Review of economic, environmental, and social topics	Corporate Governance Structure	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
GRI 102: General Disclosures 2016			
4. Governance			
102-32	Highest governance body's role in sustainability reporting	Corporate Governance Structure The Nominations & Corporate Governance Committee of the Board approved Melco Resorts Sustainability Report 2020 on 20 May, 2021.	
102-33	Communicating critical concerns	Corporate Governance Structure Ethical Business Advisor and Liaison Officers, Whistleblowing MRE Annual Report 2020 – Form 20-F – P.147-151	
102-34	Nature and total number of critical concerns	Melco did not have any critical concerns raised in 2020.	
102-35	Remuneration policies	MRE Annual Report 2020 – Form 20-F – P.146-147	
102-36	Process for determining remuneration	MRE Annual Report 2020 – Form 20-F – P.146-147; 149-150	
5. Stakeholder Engagement			
102-40	List of stakeholder groups	Assessing Materiality As part of identifying its stakeholders, Melco applied the GRI Reporting Principle of stakeholder inclusiveness.	
102-41	Collective bargaining agreements	Other than the rank-and-file employees of the table games division of City of Dreams Manila, representing 7% of the Group's workforce, none of our employees are members of any labor union and we are not party to any collective bargaining or similar agreement with our employees.	
102-42	Identifying and selecting stakeholders	Assessing Materiality	
102-43	Approach to stakeholder engagement	Assessing Materiality	
102-44	Key topics and concerns raised	Assessing Materiality	
6. Reporting Practice			
102-45	Entities included in the consolidated financial statements	About this Report About Melco	
102-46	Defining report content and topic Boundaries	About this Report As part of defining its report content, Melco applied the GRI Reporting Principles of stakeholder inclusiveness, sustainability context and materiality, and completeness accuracy, balance, clarity, comparability, reliability and timelines to enhance report quality.	
102-47	List of material topics	Understanding What Matters Most Assessing Materiality	
102-48	Restatements of information	Restoring our World Intensity data for the years 2016 to 2019 have been restated to reflect an adjustment in actual floor area.	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
GRI 102: General Disclosures 2016			
6. Reporting Practice			
102-49	Changes in reporting	About this Report Understanding What Matters Most	
102-50	Reporting period	About this Report	
102-51	Date of most recent report	About this Report	
102-52	Reporting cycle	About this Report	
102-53	Contact point for questions regarding the report	About this Report	
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	
102-55	GRI content index	GRI Content Index	
102-56	External assurance	ISO 14064-1:2006 GHG Verification A third-party assurance provider verified the Company's GHG emission inventory for the years 2019 and 2020 against the ISO 14064-1:2006 Greenhouse Gas Standard.	
Report Section: Restoring our World			
Material Topic: Energy & Climate Resilience			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Restoring our World – Strategy and Management Approach Energy & Climate Resilience	
103-2	The management approach and its components	Sustainability Risks and Opportunities Restoring our World – Strategy and Management Approach Energy & Climate Resilience	
103-3	Evaluation of the management approach	Restoring our World – Strategy and Management Approach Energy & Climate Resilience	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	Energy & Climate Resilience Performance Metrics	
302-3	Energy intensity	Energy & Climate Resilience Performance Metrics	
302-4	Reduction of energy consumption	Energy & Climate Resilience Performance Metrics	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Restoring our World			
Material Topic: Energy & Climate Resilience			
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Energy & Climate Resilience Performance Metrics Scope 1 emissions arise from stationary fuel combustion (LPG, natural gas, diesel, fuel gel, kerosene and cassette gas as well as biogenic sources from wood and charcoal), mobile fuel combustion (from diesel, petrol and other fuels consumed for light and heavy vehicles, buses and other forms of transport) and refrigerants (R134a, R404a, R410a, R22, R123, R23, R141b, R417a and R1234ZE). Melco's GHG inventory is calculated using an operational control approach. The inventory aligns with the Greenhouse Gas Protocol Corporate Accounting Standard ("GHG Protocol") published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), and refers to the Global Warming Potentials (GPs) of the Sixth Assessment Report (6AR) of the Intergovernmental Panel On Climate Change (IPCC).	
305-2	Energy indirect (Scope 2) GHG emissions	Energy & Climate Resilience Performance Metrics Scope 2 emissions arise indirectly from purchased electricity consumption. Scope 2 emissions are reported with both the location-based and market-based methods, in alignment with reporting requirements from the GRI Standards and the GHG Protocol. Our Scope 2 market-based emissions are neutral since 2018 from the purchase of Energy Attributes Certificates for 100% of our global electricity consumption. Melco's GHG inventory is calculated using an operational control approach. The inventory aligns with the Greenhouse Gas Protocol Corporate Accounting Standard ("GHG Protocol") published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), and refers to the Global Warming Potentials (GPs) of the Sixth Assessment Report (6AR) of the Intergovernmental Panel On Climate Change (IPCC).	
305-4	GHG emissions intensity	Energy & Climate Resilience Performance Metrics	
305-5	Reduction of GHG emissions	Energy & Climate Resilience Performance Metrics	
Material Topics: Energy & Climate Resilience / Material Use & Waste			
GRI 304: Biodiversity 2016			
304-2	Significant impacts of activities, products, and services on biodiversity	Energy & Climate Resilience Material Use & Waste	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Restoring our World			
Material Topic: Material Use & Waste			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Restoring our World – Strategy and Management Approach Material Use & Waste	
103-2	The management approach and its components	Sustainability Risks and Opportunities Restoring our World – Strategy and Management Approach Material Use & Waste	
103-3	Evaluation of the management approach	Restoring our World – Strategy and Management Approach Material Use & Waste	
GRI 301: Materials 2016			
301-2	Recycled input materials used	Material Use & Waste	Information unavailable It is not feasible to quantify the percentage of recycled input materials used.
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Material Use & Waste	Information unavailable Specific water-related quantitative targets have yet to be set.
303-2	Management of water discharge-related impacts	Material Use & Waste All wastewater discharges to municipal treatment systems are in compliance with applicable legal requirements. Data are not available on quantities discharged.	
303-3	Water withdrawal	Material Use & Waste	
303-4	Water discharge	Material Use & Waste	Not applicable All wastewater discharges to municipal treatment systems are in compliance with applicable legal requirements. Data are not available on quantities discharged.
303-5	Water consumption	Material Use & Waste Performance Metrics	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Material Use & Waste	
306-2	Management of significant waste-related impacts	Material Use & Waste	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Restoring our World			
Material Topic: Material Use & Waste			
GRI 306: Waste 2020			
306-3	Waste generated	Material Use & Waste Performance Metrics	
306-4	Waste diverted from disposal	Material Use & Waste Performance Metrics	
306-5	Waste directed to disposal	Material Use & Waste Performance Metrics	
Report Section: Inspiring our Communities			
Material Topic: Engaging People			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Inspiring our Communities – Strategy and Management Approach Engaging our People	
103-2	The management approach and its components	Sustainability Risks and Opportunities Inspiring our Communities – Strategy and Management Approach Engaging our People	
103-3	Evaluation of the management approach	Inspiring our Communities – Strategy and Management Approach Engaging our People	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Engaging our People Performance Metrics	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Engaging our People Performance Metrics	
404-2	Programs for upgrading employee skills and transition assistance programs	Engaging our People Performance Metrics	Information unavailable Programs to facilitate continued employability of employees who leave the company, either through retirement or termination, are not currently provided.
404-3	Percentage of employees receiving regular performance and career development reviews	Engaging our People Performance Metrics All permanent employees, excluding newly-hired employees that did not complete their probationary period, received annual performance reviews.	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Inspiring our Communities			
Material Topic: Engaging People			
GRI 202: Market Presence 2016			
202-2	Proportion of senior management hired from the local community	Ethics & Integrity	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Ethics & Integrity	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Engaging our People Zero allegations of discrimination have been submitted to the government or to human resources in this reporting period.	
Material Topic: Safety, Health & Wellbeing			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Inspiring our Communities – Strategy and Management Approach Safety, Health & Wellbeing	
103-2	The management approach and its components	Sustainability Risks and Opportunities Inspiring our Communities – Strategy and Management Approach Safety, Health & Wellbeing	
103-3	Evaluation of the management approach	Inspiring our Communities – Strategy and Management Approach Safety, Health & Wellbeing	
GRI 403: Occupational Health & Safety 2018			
403-1	Occupational health and safety management system	Safety, Health & Wellbeing Melco's safety and health management system covers all of Melco's operations. In addition, Melco's operations in Macau and Hong Kong are certified to the ISO 45001 management system standard for occupational health and safety.	
403-2	Hazard identification, risk assessment, and incident investigation	Safety, Health & Wellbeing As part of implementing Melco's OSH management system, identified hazards and assessed risks are mitigated and managed, the competency of colleagues and workers responsible for related work scopes is assured and overall implementation is monitored and reviewed to identify areas for improvement. Colleagues and workers are trained to remove themselves from potentially hazardous situations without reprisal and thorough incident investigations are undertaken to identify hazards and assess risks with the implementation of any necessary corrective action, changes to the hierarchy of controls or other improvements to its management system.	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Inspiring our Communities			
Material Topic: Safety, Health & Wellbeing			
GRI 403: Occupational Health & Safety 2018			
403-3	Occupational health services	Safety, Health & Wellbeing As part of implementing the Group's OSH management system, hazards and risks are identified with procedures, training and monitoring in place to minimize impacts to colleagues and workers.	
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety, Health & Wellbeing Colleagues and contractors participate in regular OSH briefings and training, including being provided with opportunities to evaluate and continuously improve our OSH systems and processes. Communication occurs through various platforms, including but not limited to, induction and refresher courses, monthly meetings of our OSH Committees, team talks, internal communication on our e-Learning platform, surveys, feedback forms, and audits.	
403-5	Worker training on occupational health and safety	Safety, Health & Wellbeing	
403-6	Promotion of worker health	Safety, Health & Wellbeing Ethical & Sustainable Supply Chain As part of implementing its OSH system, Melco provides information and conducts training with colleagues and onsite workers to promote health and wellbeing. Onsite clinics also provide occupational health services to support employees.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety, Health & Wellbeing	
403-8	Workers covered by an occupational health and safety management system	Safety, Health & Wellbeing Melco's operations across Macau and Hong Kong are certified to the ISO 45001 management system standard for occupational health and safety. OSH systems are implemented to comply with all relevant legal requirements, and cover the workplaces of all colleagues across the Group and onsite workers.	
403-9	Work-related injuries	Safety, Health & Wellbeing There were no cases of high-consequence work-related injuries or of colleague or worker fatalities on Melco properties in 2020. The main types of injuries included slips, trips and falls, minor wounds and/or muscle strain from hitting objects or manual handling. Melco's OSH system identifies work-related hazards that pose a risk of high-consequence injury and implements controls to mitigate risk.	Information unavailable Data on workers outside the organization have yet to be collected.

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Inspiring our Communities			
Material Topic: Safety, Health & Wellbeing			
GRI 416: Customer Health & Safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Ethics & Integrity No significant incidents of non-compliance with regulations concerning health and safety impacts occurred during the reporting period.	
Material Topic: Responsible Gaming			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Inspiring our Communities – Strategy and Management Approach Responsible Gaming	
103-2	The management approach and its components	Sustainability Risks and Opportunities Inspiring our Communities – Strategy and Management Approach Responsible Gaming	
103-3	Evaluation of the management approach	Inspiring our Communities – Strategy and Management Approach Responsible Gaming	
GRI 417: Marketing & Labeling 2016			
417-1	Requirements for product and service information and labeling	Responsible Gaming Melco has not had any incidents of non-compliance with its procedures related to responsible gaming and health and safety communication materials.	
417-3	Disclosure name should be Incidents of non-compliance concerning marketing communications	Responsible Gaming Community Engagement & Investment Melco has had not any incidents of non-compliance with requirements or codes concerning marketing communications.	
Material Topic: Community Engagement & Investment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Inspiring our Communities – Strategy and Management Approach Community Engagement & Investment	
103-2	The management approach and its components	Sustainability Risks and Opportunities Inspiring our Communities – Strategy and Management Approach Community Engagement & Investment	
103-3	Evaluation of the management approach	Inspiring our Communities – Strategy and Management Approach Community Engagement & Investment	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement & Investment	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Inspiring our Communities			
Material Topics: Engaging People / Ethical & Sustainable Supply Chain			
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Ethical & Sustainable Supply Chain	
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Ethical & Sustainable Supply Chain	
GRI 412: Human Rights Assessment 2016			
412-2	Employee training on human rights policies or procedures	Ethical & Sustainable Supply Chain	
Report Section: Sustaining our Supply Chain			
Material Topic: Ethical & Sustainable Supply Chain			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Sustaining our Supply Chain – Strategy and Management Approach Ethical & Sustainable Supply Chain	
103-2	The management approach and its components	Sustainability Risks and Opportunities Sustaining our Supply Chain – Strategy and Management Approach Ethical & Sustainable Supply Chain	
103-3	Evaluation of the management approach	Sustaining our Supply Chain – Strategy and Management Approach Ethical & Sustainable Supply Chain	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Ethical & Sustainable Supply Chain Disclosure item 102-9 of this Content Index.	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Ethical & Sustainable Supply Chain Suppliers' environmental performance is assessed and compliance with the Supplier Code of Conduct required; Melco is in the process of expanding its assessment and engagement of suppliers.	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Ethical & Sustainable Supply Chain	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Empowering our Business			
Material Topic: Ethics & Integrity			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Empowering our Business – Strategy and Management Approach Ethics & Integrity	
103-2	The management approach and its components	Sustainability Risks and Opportunities Empowering our Business – Strategy and Management Approach Ethics & Integrity	
103-3	Evaluation of the management approach	Empowering our Business – Strategy and Management Approach Ethics & Integrity	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Ethics & Integrity All of Melco's operations are regularly assessed for corruption risk.	
205-2	Communication and training about anti-corruption policies and procedures	Ethics & Integrity All members of Melco's governing bodies, including the Board, its committees and the Company's Executive Committee as well as property-level Boards and their committees and Executive Committees have received training on Melco's anti-corruption policies. All colleagues receive training on Melco's anti-corruption policies and procedures. Melco's requirements for suppliers and business partners are acknowledged through acceptable of Melco's Code of Conduct for Suppliers and related training is provided.	
205-3	Confirmed incidents of corruption and actions taken	Ethics & Integrity No confirmed incidents of corruption in the reporting year.	
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethics & Integrity No legal actions for anti-competitive behavior, anti-trust or monopoly practices were identified in the reporting year.	
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	Ethics & Integrity Inspiring our Communities Melco was in compliance with all applicable social economic related laws and regulations during the reporting period.	
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Ethics & Integrity Restoring our World Ethical & Sustainable Supply Chain In 2020, Melco was in compliance with all applicable environmental laws and regulations.	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	OMISSION
Report Section: Empowering our Business			
Material Topic: Privacy & Cybersecurity			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	Our Strategy Inspiring our Communities – Strategy and Management Approach Privacy & Cybersecurity	
103-2	The management approach and its components	Sustainability Risks and Opportunities Inspiring our Communities – Strategy and Management Approach Privacy & Cybersecurity	
103-3	Evaluation of the management approach	Inspiring our Communities – Strategy and Management Approach Privacy & Cybersecurity	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy & Cybersecurity Melco has not had any substantiated complaints concerning breaches of customer privacy or losses of customer data during the reporting period.	
Other Disclosure Items			
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	MRE Annual Report 2020 – Form 20-F – P:125; 158-159	
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Risks and Opportunities Energy & Climate Resilience	Information not available Financial implications from climate change scenarios based on risk classifications have yet to be assessed.
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	Privacy & Cybersecurity As part of the intensive training provided to all security teams, approaches to enforcing procedures that respect human rights are followed. 100% of security personnel receive this training, which is provided by Melco, local authorities and third-party security experts.	

Contact Details

Your Feedback

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



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