

RISE  
to go

MELCO

SUSTAINABILITY  
REPORT 2023

ABOVE &  
BEYOND

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# About this Report

### Introduction

Our sixth annual Sustainability Report presents an overview of Melco Resorts & Entertainment Limited's (MRE, Melco or the Company) sustainability performance for the calendar year ending December 31st, 2023. This and our previous Sustainability Reports are available online.

### Reporting Scope and Boundary

The scope of this report provides detailed information and data about our performance and advancements in executing our sustainability strategy across our properties in Macau, Manila and Cyprus, encompassing all entities included in our financial statements. Where possible, it also offers information and updates on the evolution of our ongoing plans (refer to 'Forward-looking Statements section' on the right for details). Unless otherwise stated, financial information is presented in United States Dollars (US\$).

### Reporting Framework

Melco Resorts & Entertainment Limited has reported in accordance with the GRI Standards for the period from January 1st to December 31st, 2023. The Global Reporting Initiative (GRI) is an independent, international organization that developed the first and most widely adopted global standards for sustainability reporting. In 2023, the International Sustainability Standards Board released new International Financial Reporting Standards (IFRS), known as IFRS S1 - *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 - *Climate-related Disclosures*<sup>1</sup>. To begin alignment with these new standards, we have evolved our assessment process to address both the GRI and IFRS approaches to determine our material topics by adopting a double materiality lens. We continue to consider the impact of our operations on sustainability issues related to the environment, economy and people, including human rights, along the value chain, and have now separated out the assessment of how Melco's financial performance could be impacted by how we address sustainability issues. Refer to the [Assessing Materiality section of this report](#) for details.

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

### UN SDGs



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

### Forward-looking Statements

This report contains certain forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995), including statements regarding our financial condition, results of operations, businesses, plans, expectations, continuation or future execution of initiatives, programs, activities, policies or disclosures, strategies, goals, targets, intentions, commitments and other statements that are not historical in nature.

Forward-looking statements are statements of future expectations based on management's current expectations and assumptions. They involve known and unknown risks, uncertainties and other factors beyond our control that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements. These factors include, but are not limited to, Melco Resorts and Entertainment's ability to successfully implement ESG initiatives under expected time frames and the Company's ability to achieve its announced ESG goals, targets and commitments.

Moreover, because we operate in a heavily regulated and evolving industry and operate across various geographies, including Macau, the Philippines, and Cyprus, new risk factors may emerge from time to time. It is not possible for our management to predict all risk factors, nor can we assess the impact of these factors on our business or the extent to which any factor, or combination of factors, may cause actual results, performance or events to differ materially from those expressed or implied in any forward-looking statement. Additional factors are described in the Company's most recent [Annual Report on Form 20-F](#) under Item 3, "Key Information – D. Risk Factors", Item 4 "Information on the Company" and Item 5 "Operating and Financial Review and Prospects" and subsequent filings with the U.S. Securities and Exchange Commission.

In some cases, forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. All forward-looking statements contained in this Sustainability Report are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. The Company assumes no obligation to update such information.

1. IFRS S2 subsumed the Task Force on Climate-related Financial Disclosures (TCFD) in 2023; Melco's climate-related disclosures continue to respond to the TCFD recommendations for the 2023 reporting year.



# OUR STRATEGY

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

## QUICK ACCESS TO CONTENT

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# Chairman & CEO's Statement



LAWRENCE HO  
CHAIRMAN & CEO

## Dear Shareholders,

This report marks five years since we produced our first sustainability report. Since then, the world has changed tremendously, and we have evolved with it. At Melco Resorts, our journey has been marked by pioneering innovations that not only redefine the customer experience but also contribute to a lower-carbon, circular economy. Our achievements, however substantial, underscore a larger truth—the path forward demands even greater effort and dedication.

Our commitment remains steadfast to our foundational principles—behaving responsibly, serving our communities, transparently sharing our journey, and igniting positive change through the unparalleled power of entertainment. The unveiling of City of Dreams Mediterranean and Studio City Phase 2 were not mere expansions; they were bold statements of our ingrained sustainability ethos, reflecting our commitment at every operational level and touchpoint.

Joining the Sustainable Hospitality Alliance was also a significant moment for us. It's not every day you get to stand shoulder to shoulder with global leaders, especially as the first group from Asia to do so, dedicated to accelerating the "Path to Net Positive Hospitality". In embracing this substantive and critically important challenge, we are pleased to share our progress in reducing greenhouse gas (GHG) emissions along our value chain—this year we achieved intensity reductions of 6% for Scope 1 and 2, ahead of our 2030 target, and of 22% for Scope 3.

By committing to regenerative hospitality solutions, we are deepening our holistic approach to focus on creating a net positive impact on the environment, society and the economy, rather than merely reducing negative effects. This alignment underscores our belief that achieving our purpose to go Above & Beyond requires a collaborative spirit, engaging not just our customers and colleagues but also our peers, partners and other stakeholders in meaningful ways.

This spirit of collaboration extends to cultivating colleagues with the expertise and experience necessary to lead and support our organization into the future. We have provided over 7,000 skill training opportunities for our colleagues to develop their careers and we reinforced our stringent occupational safety and health (OSH) standards with orientation and refresher training for over 17,000 participants. Recognizing that a resilient organization must reflect its unique locations, 66% of our senior management come from local communities, a figure that increases to 85% in Macau. We have also supported and empowered our people at every step, expanding our *REACH!* Program to enhance colleagues' mental and physical health, including initiatives for healthy and nutritious eating. Celebrating the vibrant culture and heritage of our communities is a differentiator as we expanded our Splendors of China initiative in Macau and our Cultural Ambassador Program in Manila and Cyprus.

Local empowerment applies equally to our suppliers. Localization of sourcing has helped turn the turbulent waters of global inflation and geopolitical unrest into opportunities for innovation, resilience and strengthening of relationships. This is not just a business strategy; it's a commitment to our communities, ensuring that every link in our supply chain reflects our deep-seated values of sustainability and ethical responsibility. In 2023, this is evidenced by sourcing 87% of our essentials directly from Macau itself, with more than half from the hands of local, small and medium enterprises. This dedication also stretches across seas to Manila and Cyprus, where much of our procurement bolstered local businesses. Our procurement strategy also deepens ties with local suppliers to influence the prioritization of items with sustainability attributes, including cage-free eggs, seafood and duck from sustainable sources, lower carbon beef and plant-based alternatives. Additionally, we consistently offer supplier training on waste reduction, OSH and ethical business practices, including human rights, across all our properties.

Our initiatives have also led to significant enhancements in environmental stewardship, highlighted by several impressive achievements—from recycling and repurposing over 500 tonnes of playing cards, to avoiding over five million plastic bottles with our NORDAQ water filtration system. Since 2019,

we've seen a 209% increase in composting activities and, notably, City of Dreams Manila has produced 60% more Vermitea than in the previous year. Our "Clean Plate Challenges" that motivate our colleagues to reduce waste, have high overall participation rates across all our properties. Moreover, by diverting 11% of valuable materials from our waste stream through composting and recycling, we've substantially increased our total quantity of materials diverted by 76% across the Group, over the previous year.

In an era dominated by cyber threats, our commitment to top-tier governance and security is crucial. We've strengthened our defenses to proactively ensure the integrity of our operations

and data security, including in-depth cybersecurity training for our Board. This commitment to vigilance extends to responsible gaming, where we pride ourselves on three more of our locations achieving a perfect score on the RG Implementation Index, now totaling six locations across Macau. Additionally, we are the first and only integrated resort operator in the world to be accredited to the globally recognized RG Check across all our properties. Maintaining this accreditation since 2021 highlights our dedication to ethical gaming practices.

Looking ahead to 2024, it's clear we're not just planning for the next year; we're setting the stage for the future of hospitality. It's about more than just business goals; it's about making a positive impact, leading by example, and showing that it's possible to be successful while being

responsible stewards of our planet and communities. So, here's to the next chapter. It's going to be challenging, sure, but I've never been more excited about what we can achieve together. Let's keep the conversation going, keep innovating, and keep pushing the boundaries of what's possible.

At Melco Resorts,  
our journey has  
been marked by  
pioneering  
innovations that  
not only redefine  
the customer  
experience but  
also contribute to  
a lower-carbon,  
circular economy.

**Ho, Lawrence Yau Lung**  
Chairman & Chief Executive Officer

# RISE

Our RISE sustainability strategy guides us to go “Above & Beyond” in achieving our commitment to restore, inspire, sustain and empower our planet, people and communities. We are driven to be an adaptable and forward-thinking business, contributing to a climate-fit and equitable future.



## RISE TO GO ABOVE & BEYOND: OUR 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 products that have sustainability attributes
- Building capacity and awareness of the social, ecological and biodiversity impacts in sourcing
- Striving to eliminate human trafficking and modern slavery in our industry and supply chains

### Empowering our Business

- Operating our business to the highest responsibility, ethical and transparency standards
- Minimizing any risk of occurrence or disruption from data privacy or cybersecurity events

# Performance Highlights

Restoring our World		
Goals (disclosed in 2020)	Progress in 2023	Status
<b>ENERGY &amp; CLIMATE RESILIENCE</b>	<b>Achieving carbon-neutral resorts by 2030</b>	<ul style="list-style-type: none"> <li>5% energy intensity reduction achieved over 2022 and a 26% reduction compared to 2019, ahead of our target of a 3% reduction by 2030 <b>✓ AHEAD</b></li> <li>Energy-efficiency measures (EEMs) since 2018 have resulted in annualized savings of over 57.4 million kWh <b>... IN PROGRESS</b></li> <li>Intensity reduction of 6% for Scope 1 and 2 greenhouse gas (GHG) emissions over 2022, ahead of our 2030 target, as well as 1.3% absolute and 22% intensity reductions in Scope 3 emissions <b>★ ACHIEVED</b></li> <li>More than 25,000 photovoltaic (PV) panels at all properties in Macau, Manila and Cyprus onsite, generating on average 9,900 MWh annually. Electricity consumption from renewable sources increased by 2% over 2022 <b>★ ACHIEVED</b></li> <li>Electric coaches and vehicles in our combined fleet has increased by 14% with charging stations up 28% compared to 2022 <b>★ ACHIEVED</b></li> <li>Expanded our risk and opportunity assessment to quantify the financial 'value-at-stake' under varying climate scenarios <b>★ ACHIEVED</b></li> </ul>
	<b>Achieving zero waste across our resorts by 2030</b>	<ul style="list-style-type: none"> <li>Avoided 5.2 million single-use plastic (SUP) bottles with the NORDAQ water filtration system serving 55% of our guestrooms globally <b>✓ ON TRACK</b></li> </ul>
	<b>Contributing to circular economy leadership in Asia</b>	<ul style="list-style-type: none"> <li>Continued use of sustainable, biodegradable packaging and materials in our food and beverage (F&amp;B) operations, including the use of biodegradable gloves and reusable lids <b>... IN PROGRESS</b></li> </ul>
	<b>Sourcing sustainable goods and services</b>	<ul style="list-style-type: none"> <li>Recycling or repurposing over 500 tonnes of playing cards across our global locations <b>... IN PROGRESS</b></li> <li>Diversion of 11% of valuable materials from our waste stream through composting and recycling, a 76% increase over 2022 <b>★ ACHIEVED</b></li> </ul>
	<b>Reducing our water footprint</b>	<ul style="list-style-type: none"> <li>209% increase in composting compared to 2019, with City of Dreams Manila harvesting 60% more Vermitea during the previous year <b>★ ACHIEVED</b></li> <li>Achieved annualized savings of over 466,304 m<sup>3</sup> through water-efficiency measures <b>★ ACHIEVED</b></li> </ul>

Inspiring our Communities		
Goals (disclosed in 2020)	Progress in 2023	Status
<b>ENGAGING OUR PEOPLE</b>	<b>Being the company people choose to work for and stay with</b>	<ul style="list-style-type: none"> <li>Women comprise 27% of our boards and 35% of senior management <b>✓ ON TRACK</b></li> <li>66% of positions at the "Vice President" level and above have been filled from within our local community, increasing to 85% in Macau <b>✓ ON TRACK</b></li> <li>93% of colleagues attended training, averaging 65 hours each in 2023 <b>★ ACHIEVED</b></li> <li>Over 7,000 Foundation Acceleration Program (FAP) experiences provided, with 32% related to non-gaming activities; 100% Culinary FAP participants were retained within the Company with a 50% promotion rate upon completion <b>★ ACHIEVED</b></li> <li>36-person <i>REACH!</i> Elite Team represented Melco in 55 local and national sports events; 200 <i>REACH!</i> training sessions involving over 1,190 participants <b>★ ACHIEVED</b></li> </ul>
	<b>Being best-in-class in safety for our guests, colleagues and community</b>	<ul style="list-style-type: none"> <li>89% of our colleagues completed the Hotel and Catering Safety Card Training Program in 2023 <b>★ ACHIEVED</b></li> <li>300 internal OSH sessions were held with over 17,000 participants, including more than 5,400 new hires and 11,700 colleagues <b>★ ACHIEVED</b></li> </ul>
	<b>Promoting responsible gaming and an attitude of staying in control</b>	<ul style="list-style-type: none"> <li>Since 2021, first and only integrated resort operator globally to be recognized by RG Check across all our properties, with all accreditations maintained in 2023 <b>★ ACHIEVED</b></li> <li>Perfect score of 100% attained with Macau's Gaming Inspection and Coordination Bureau's (DICJ) Responsible Gambling Indicators in 2023 at three more of our locations, bringing our total to six in Macau attaining this score <b>★ ACHIEVED</b></li> </ul>
	<b>Supporting our communities and strengthening their economic prosperity</b>	<ul style="list-style-type: none"> <li>Over 3,800 participants volunteered their time and efforts across over 530 volunteering initiatives <b>★ ACHIEVED</b></li> <li>Close to US\$17 million donated to worthy causes in our communities <b>★ ACHIEVED</b></li> <li>Generated over US\$1.1 million for small and medium enterprise (SME) businesses in Macau through 13 Heart of House (HoH) roadshows with 257 participating SMEs, a 55% increase over 2022 <b>★ ACHIEVED</b></li> </ul>

**SUSTAINABILITY AT MELCO  
PERFORMANCE HIGHLIGHTS**

## Sustaining our Supply Chain

Goals (disclosed in 2020)	Progress in 2023	Status	
<b>ETHICAL &amp; SUSTAINABLE SUPPLY CHAIN</b>	<b>Procuring locally and creating demand for products that have sustainability attributes</b>	<ul style="list-style-type: none"> <li>87% of our purchasing was from local companies in Macau, 57% of which was from local SMEs. In Manila and Cyprus, 69% and 54% of our procurement supports local businesses, respectively</li> <li>100% of tea served at City of Dreams Manila is from certified organic sources and 100% of coffee purchased in Manila is home-roasted and procured from local suppliers through the Philippines Coffee Board (PCB)-Le Café Filipina</li> <li>100% cage-free eggs sourced for our F&amp;B operations in Manila with 80% in Macau</li> <li>100% of our bed and bath linen is OEKO-TEX®- certified, ahead of our 2030 target</li> <li>90% of chemicals sourced in 2023 are in the Green and Amber categories, ahead of our 2025 target</li> <li>22% of all seafood purchased by weight from sustainable sources, an increase of 3% over 2022, for our properties in Macau and Manila</li> <li>Over 54% of our venues in Macau, Manila and Cyprus now serve alternatives to meat and 90% of our outlets offer vegetarian options on their menus. Furthermore, 84% of our outlets serve sustainable seafood<sup>2</sup>, and lower carbon beef is served at 15 of our outlets in Manila and Macau</li> </ul>	<ul style="list-style-type: none"> <li>★ ACHIEVED</li> <li>★ ACHIEVED</li> <li>... IN PROGRESS</li> <li>★ ACHIEVED</li> <li>★ ACHIEVED</li> <li>... IN PROGRESS</li> <li>... IN PROGRESS</li> </ul>
	<b>Building capacity and awareness of the social, ecological and biodiversity impacts in sourcing</b>	<ul style="list-style-type: none"> <li>27 capacity-building workshops held on topics ranging from sustainability to OSH best practices with 368 attendees, including 200 SMEs, a 31% increase over 2022</li> <li>Workshops held in collaboration with our partner, the Lever Foundation, for 17 local SME vendors in Macau on animal welfare, and plastic and waste reduction in packaging and distribution</li> </ul>	<ul style="list-style-type: none"> <li>... IN PROGRESS</li> <li>... IN PROGRESS</li> </ul>
	<b>Striving to eliminate human trafficking and modern slavery in our industry and supply chains</b>	<ul style="list-style-type: none"> <li>The Mekong Club (TMC) provided training on human rights, modern slavery and sexual exploitation to 100% of our security personnel in Manila and 95% in Macau and Cyprus</li> <li>Training courses on human rights and modern slavery developed with TMC are available to suppliers through our Absorb Learning Academy</li> </ul>	<ul style="list-style-type: none"> <li>★ ACHIEVED</li> <li>... IN PROGRESS</li> </ul>

2. We define sustainable seafood as fish or seafood items from sources that have been certified by international bodies or other standards. Refer to our [Supply Chain](#) section on page 086 for details.

**SUSTAINABILITY AT MELCO  
PERFORMANCE HIGHLIGHTS**

## Empowering our Business

Goals (disclosed in 2020)	Progress in 2023	Status	
<b>ETHICS &amp; INTEGRITY</b>	<b>Operating our business to the highest responsibility, ethical and transparency standards</b>	<ul style="list-style-type: none"> <li>100% completion rate of our Corporate Governance induction training on Melco's Code of Conduct in 2023</li> <li>No material incidents of corruption, anti-competitive behavior or monopolistic practices reported</li> <li>Continued ethics training and capacity building programs for our suppliers that include business conduct, conflict of interest management, confidentiality and anti-bribery offered in 2023</li> </ul>	<ul style="list-style-type: none"> <li>★ ACHIEVED</li> <li>★ ACHIEVED</li> <li>... IN PROGRESS</li> </ul>
	<b>Minimizing any risk of occurrence or disruption from data privacy or cybersecurity events</b>	<ul style="list-style-type: none"> <li>Implemented new, mandatory, in-depth cybersecurity training for relevant colleagues, with specialized sessions for the Board and senior management</li> <li>Formed a Cybersecurity Disclosure Subcommittee under the Disclosure Committee to meet U.S. SEC requirements and established relevant guidelines</li> <li>No complaints or instances of data or customer privacy breaches were reported in 2023</li> </ul>	<ul style="list-style-type: none"> <li>★ ACHIEVED</li> <li>... IN PROGRESS</li> <li>★ ACHIEVED</li> </ul>

SUSTAINABILITY AT MELCO

# Understanding What Matters Most

We are committed to responsibly managing our operations in line with the evolving expectations of our key stakeholders. Understanding their priorities and challenges, and opportunities for collaboration, is an ongoing process that enables us to focus on what matters and where we can create shared value across our value chain and for our business. Our stakeholder groups<sup>3</sup>, their influence over Melco, methods of engagement, priorities, and key concerns raised during our materiality assessment process were reviewed in 2023 and are outlined in the table below.

	Board Members	Guests	Governments
<b>Ongoing Engagement</b>	<ul style="list-style-type: none"> <li>Surveys</li> <li>One-on-one interviews</li> <li>Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>Surveys</li> <li>One-on-one interviews</li> <li>Online</li> <li>Social media</li> <li>Mystery guests</li> <li>Focus groups</li> </ul>	<ul style="list-style-type: none"> <li>Surveys</li> <li>One-on-one interviews</li> <li>Industry forums</li> </ul>
<b>Priorities/ Key Concerns</b>	<ul style="list-style-type: none"> <li>Ensuring sound policies and procedures</li> <li>Attracting/retaining the right talent</li> <li>Enhancing energy, water and waste management</li> <li>Robust data collection and reporting</li> <li>Board ESG topic training</li> <li>Climate change and biodiversity tech investment</li> <li>Maintaining health and safety standards</li> <li>Enriching guest experiences</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining safety and health standards</li> <li>Responsible gaming</li> <li>Environmental protection</li> <li>Customer data protection</li> <li>Increasing leisure facilities for families</li> <li>Ensuring service excellence</li> <li>Healthier and organic food options</li> </ul>	<ul style="list-style-type: none"> <li>Stable and sustainable economic contributions</li> <li>Job creation and socioeconomic development</li> <li>Managing business diversification</li> <li>Transparent engagement with government</li> <li>Protecting customer interests</li> <li>Supporting local communities</li> <li>Managing environmental impacts</li> <li>Addressing culture and heritage preservation</li> </ul>
<b>Highlights of our Response in 2023</b>	<ul style="list-style-type: none"> <li>Delivered in-depth cybersecurity training</li> <li>Adapted to emerging global legislation, including updates to Anti-Money Laundering (AML)/Counter-Terrorist Financing (CTF) regulations and guidance in 2023</li> </ul>	<ul style="list-style-type: none"> <li>Maintained RG check accreditation across all our operations, with three more locations attaining a perfect score of 100% to the RG Implementation Index criteria in Macau</li> <li>Enhanced Macau's entertainment landscape with Asia's first residency show, a new year-round indoor water park, and opened Europe's first integrated resort in Cyprus</li> </ul>	<ul style="list-style-type: none"> <li>Contributed to diversification of Macau's economy by investing at least US\$1.47 billion, mainly in non-gaming sectors, to establish the city as an international tourism and leisure destination</li> <li>Trained Cultural Ambassadors through localised training programs across all jurisdictions to promote local culture and heritage</li> </ul>

SUSTAINABILITY AT MELCO  
UNDERSTANDING WHAT MATTERS MOST

	Investors	Colleagues	Suppliers	NGOs <sup>4</sup>
	<ul style="list-style-type: none"> <li>Surveys</li> <li>One-on-one interviews</li> <li>Briefings and meetings</li> <li>Annual General Meeting</li> <li>Property tours</li> <li>Investor presentations</li> <li>Roadshows</li> <li>Conferences</li> </ul>	<ul style="list-style-type: none"> <li>Colleague surveys and virtual interviews</li> <li>Workshops and training</li> <li>Various online platforms</li> <li>Hotline</li> <li>Events: townhall, family days, volunteering and wellness activities</li> </ul>	<ul style="list-style-type: none"> <li>Surveys and training</li> <li>One-on-one interviews</li> <li>Supplier events and forums</li> <li>Meetings</li> <li>Assessment against our Supplier Code of Conduct (Supplier Code)</li> </ul>	<ul style="list-style-type: none"> <li>Surveys</li> <li>One-on-one interviews</li> <li>NGO participation in industry meetings</li> <li>Collaboration on community projects</li> <li>Staff volunteering</li> </ul>
	<ul style="list-style-type: none"> <li>Sustaining financial health</li> <li>Enhancing sustainability performance and increasing transparency in disclosures</li> <li>Attracting/retaining the right talent</li> <li>Expanding disclosures on human rights and diversity, equity and inclusion (DEI)</li> <li>Anti-modern slavery regulations</li> <li>Expanding community investment and engagement</li> <li>Providing clarity on Board dynamics and oversight over ESG performance</li> <li>Heightened outreach from senior leaders on ESG performance</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring data privacy and cybersecurity</li> <li>Clear career roadmaps</li> <li>Sustaining leadership on sustainability</li> <li>Fostering DEI in the workplace</li> <li>Excellence in guest service culture</li> <li>Prioritizing protection and support for colleagues</li> <li>Expanding sustainability training and engagement</li> <li>Championing SME outreach and community support</li> </ul>	<ul style="list-style-type: none"> <li>Educational opportunities on sustainability</li> <li>Ethical sourcing and biodiversity impacts</li> <li>Incorporating sustainability attributes to minimize waste and reduce impact</li> <li>Strict safety and health measures</li> <li>Contributing to local economic development and communities</li> <li>Protecting data and data management integrity</li> </ul>	<ul style="list-style-type: none"> <li>Frequency and effectiveness of community outreach</li> <li>Enhanced communication with community</li> <li>Raising sustainability awareness</li> <li>Increasing transparency on sustainability performance</li> </ul>
	<ul style="list-style-type: none"> <li>Provided detailed supplier and colleague training on sustainability practices, including modern slavery</li> <li>Delivered annual anti-bribery and corruption refresher training to all Board members and colleagues</li> <li>Built local talent pipelines to drive succession planning</li> <li>Responded to ESG raters</li> </ul>	<ul style="list-style-type: none"> <li>Built local talent pipelines to drive socioeconomic development</li> <li>Curated tailored training opportunities for our colleagues</li> <li>Provided substantive programs to support mental and physical wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>Developed a new vendor portal set to launch in early 2024, that will offer vendors quick access to purchase orders, streamlined planning and faster invoice processing</li> <li>Updated our Supplier Code to address the expectations of Melco's Environmental Sustainability Policy and included the Supplier Code's requirements for safeguarding human rights in our request for proposal process</li> </ul>	<ul style="list-style-type: none"> <li>Over 3,800 participants volunteered their time and efforts across over 530 volunteering initiatives</li> <li>Through partnerships, contributed to societal wellbeing by supporting elderly homes, educational initiatives and health-related activities, as well as environmental clean-ups</li> </ul>

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

4. Non-governmental organizations (NGOs).

# Assessing Materiality

It is critical that our sustainability strategy and reporting address not only the issues that matter most to our stakeholders but also assess the impacts, both positive and negative, of our business on our entire value chain. Our strategy must also adapt to the changing regulatory and disclosure landscape, ensuring our approach is reflective of the global, local and sectoral context. This includes closely monitoring trends affecting our business operations and the diverse locations where we operate. Through annual updates to our materiality assessment process<sup>5</sup>, which combines stakeholder engagement with data-driven analysis, we ensure our strategy stays relevant, aligned with evolving community needs and expectations, and captures the full spectrum of our environmental and social impacts.

This year, our process embraced a double materiality assessment. Impact materiality was again guided by the GRI Standards and, for the first time, now includes a distinct consideration of financial impact by integrating the financial materiality approach of the IFRS S1 and Sustainability Accounting Standards Board (SASB) standards. Firstly, we updated our list of sustainability issues drawing from the Company's risk universe disclosed in the previous sustainability report and Annual Report on Form 20-F, and risks relevant to our value chain and relevant SASB sustainability disclosure topics<sup>6</sup>. As a result, we separated out issues such as climate-related physical and transition risks, energy management and food safety, and introduced economic diversification. As we also separated out the financial impact lens this year, we no longer assessed economy and financial performance as a separate issue. The stakeholder engagement process involved a holistic ranking of sustainability issues, considering their positive and negative impacts—both actual and potential—based on the criteria that follows.

**a) Impact on the Economy, Society and the Environment, including Human Rights**  
 Multiple stakeholders considered the Company's outward impacts using the GRI Standards' definition of materiality: *"topics that represent the organization's most significant impacts on the economy, environment and people, including impacts on their human rights."*

**b) Impact on Enterprise Value**  
 Investors and Melco's senior leaders considered the inward impacts of sustainability issues on the Company and using the IFRS definition of materiality: *"In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity."*

5. In 2023, one-on-one interviews with 16 internal and external stakeholders were conducted by our independent consultant, Sedgwick Richardson (SR); previous years also included online surveying of close to 3,000 stakeholders along with guest satisfaction surveys.

6. SASB standards for the Casinos & Gaming and Hotels & Lodging sectors.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY PROCESS

The table below summarizes our process in 2023 to integrate the new IFRS S1 criteria, alongside the GRI Standards' criteria, into our double materiality assessment.

# 1

## Identification of Sustainability Issues

Identification is based on industry research, peer benchmarking, stakeholder engagement, media coverage, international sustainability initiatives and sustainability reporting frameworks.

# 2

## Stakeholder Engagement

Through an online survey and one-on-one interviews, internal and external stakeholders were specifically asked to rank the significance of each sustainability issue's potential impact, by considering both the magnitude of the impact and the likelihood of its occurrence in the short term, specifically over the next three to five years. Stakeholder groups engaged during this year's cycle of stakeholder engagement<sup>7</sup> included Board members, senior management, suppliers/contractors, investors, government representatives and NGOs.

# 3

## Evaluation of Impacts

The results of the stakeholder engagement exercise were evaluated by senior management in a workshop to confirm the assessment results and determine material topics.

This evaluation was based on:

- Criteria of the GRI Standards, IFRS S1 and SASB for assessing materiality
- Sustainability trends, risks and opportunities related to Melco's business
- Concerns expressed directly by stakeholders
- Melco's sustainability impact along the value chain and financial impact over time, based on the criteria of the GRI Standards, IFRS S1 and SASB, produced by our consultant
- What Melco deems as important to the business and our longer-term success in light of key risks and opportunities
- Melco's influence on upstream entities, such as suppliers, and downstream entities and stakeholders, such as customers/guests
- Broader societal expectations

# 4

## Outcomes

The outcomes of the double materiality assessment refined the stakeholder engagement process, prioritizing significant impact issues on the economy, environment, and people, including human rights, and potential impacts on financial performance. These were reviewed by the Chairman & CEO, and the Board; the report content and structure were updated accordingly.

# 5

## Next Steps

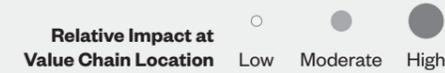
The focus will be on continuously reviewing and refining the stakeholder engagement process to capture evolving expectations and priorities, including alignment with IFRS S1 and S2. Melco will persistently review and evaluate our impacts, risks and opportunities to evolve its sustainability strategy.

7. Every two years, we conduct a broader, more extensive stakeholder engagement process that includes the stakeholder groups engaged this year, as well as customers/guests, colleagues, media and academic institutions.

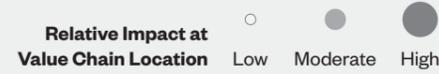
# Our Impact along the Value Chain

The table below presents the results of the 2023 double materiality assessment, grouping the sustainability issues by the pillars of our RISE sustainability strategy and their nine material topics. For each issue, the location of its impact along the value chain is identified as well as the significance of the sustainability and financial impacts potentially arising in the short and long terms.

PILLAR & MATERIAL TOPICS	SUSTAINABILITY ISSUES AND THEIR SIGNIFICANT POSITIVE (+) AND NEGATIVE (-) IMPACT	LOCATION OF IMPACT ALONG THE VALUE CHAIN			OVERALL SIGNIFICANCE OF IMPACT	
		Upstream	Operations	Downstream	Short term (3-5 years)	
					significance by impact	Long term (5-10 years)
<b>Restoring our World</b> → Energy & Climate Resilience → Material Use & Waste	<b>Climate-related physical risk</b> + Investment in property and supply chain resilience, including onsite energy storage systems and ensuring all integrated resorts are designed to withstand the impact of extreme temperature and weather events, will reduce costs, damage and waste and safeguard property and people. - Property damage, loss of revenues from service and supply chain disruption and increased costs to manage more frequent and severe temperature and weather events, and higher insurance costs or inability to obtain sufficient coverage.	High	High	Moderate	Critically Significant	Critically Significant
	<b>Climate-related transition risk</b> + Sustainable building design, energy-efficiency initiatives and moving from fossil-fuel-based energy sources to cleaner energy sources reduce exposure to carbon pricing regulatory mechanisms. - Net-zero transition policies and carbon prices could result in energy-related inflationary pressures. Fuel usage could be exposed to potential carbon pricing regulatory mechanisms. Impact on operational costs and capital expenditure.	Moderate	High	Moderate	Critically Significant	Critically Significant
	<b>Energy management</b> + Cleaner/clean fuels support the energy transition and reduce climate-related risks and costs of mitigation and adaptation. Safeguard health of the environment and society. - Impact to air quality and climate change. Destruction of life support systems and damage to ecosystems, economies and people. Cost of mitigation and adaptation.	High	High	Moderate	Critically Significant	Critically Significant
	<b>Nature and biodiversity</b> + Protection of ecosystems to sustain life support systems, natural resources and quality of life. - Degradation of life support systems, resources and quality of life. Increased cost of natural resources, including food, will impact operational costs.	High	Moderate	Low	Significant	Highly Significant

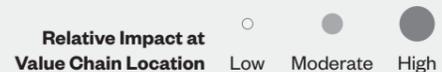


**SUSTAINABILITY AT MELCO  
ASSESSING MATERIALITY**



PILLAR & MATERIAL TOPICS	SUSTAINABILITY ISSUES AND THEIR SIGNIFICANT POSITIVE (+) AND NEGATIVE (-) IMPACT	LOCATION OF IMPACT ALONG THE VALUE CHAIN			OVERALL SIGNIFICANCE OF IMPACT	
		Upstream	Operations	Downstream	Short term (3-5 years) significance by impact — overall significance	Long term (5-10 years)
	<b>Water management</b> + Safeguard the environment by conserving water and reduce costs through efficient use of resources. - Impacts from resource depletion and water scarcity, environmental damage and increased operational costs.	●	●	●	Significant	Highly Significant
	<b>Material use and waste management</b> + Safeguard the environment by conserving resources and through circularity, and by reducing costs through efficient use of resources. - Resource depletion, environmental damage and increased operational costs.	●	●	●	Highly Significant	Critically Significant
<b>Inspiring our Communities</b> → Engaging our People → Safety, Health & Wellbeing → Responsible Gaming → Community Investment & Engagement	<b>Employee attraction and retention</b> + Employment and retention of talented, skilled, happy and healthy people, providing job security and professional and personal fulfilment for employees. Contributes to improved financial performance. - Disgruntled and impaired performance impacts professional and personal development, and performance of employees, which, along with unhealthy turnover, impacts operational costs.	●	●	●	Critically Significant	Critically Significant
	<b>Human rights, DEI, labor practices</b> + Respecting rights and ensuring fair and just treatment of people enhances professional and personal experiences. Diversity of talent, experience and viewpoints supports people and the business to thrive, enhance guest experiences and financial performance. - Unjust treatment of people is immoral, inhumane, and denigrates people, creating a sense of exclusion that impairs their professional and personal development. Lack of diverse talent and thought impairs personal performance and financial performance of the Company.	●	●	●	Highly Significant	Critically Significant
	<b>Safety and health</b> + Safeguard employees and guests. Enhanced work and guest experience and maintenance of trust, reinforcing brand reputation. - Injuries and fatalities impact people's lives and impair work and guest experiences and trust. Increased operational costs to remediate incidents that do occur.	●	●	●	Highly Significant	Highly Significant
	<b>Food safety</b> + Adherence to stringent hygiene and food safety standards safeguards health and the guest and employee experience, as well as brand and supplier reputation. - Unsafe food negatively impacts the health of guests and employees, with incidents affecting brand and supplier reputation, and leading to loss of revenue. Increased operational costs arise from potential fines, regulatory noncompliance and measures taken to respond to incidents.	●	●	●	Highly Significant	Highly Significant

**SUSTAINABILITY AT MELCO  
ASSESSING MATERIALITY**



PILLAR & MATERIAL TOPICS	SUSTAINABILITY ISSUES AND THEIR SIGNIFICANT POSITIVE (+) AND NEGATIVE (-) IMPACT	LOCATION OF IMPACT ALONG THE VALUE CHAIN			OVERALL SIGNIFICANCE OF IMPACT	
		Upstream	Operations	Downstream	Short term (3-5 years) significance by impact — overall significance	Long term (5-10 years)
	<p><b>Responsible gaming</b></p> <p>+ Safeguard patrons to enable them to game responsibly, supporting social harmony and the Company's license to operate.</p> <p>- Patrons impacted by the negative consequences of problem gaming, impacting social harmony, investor confidence and the Company's license to operate.</p>	Low	High	High	Critically Significant	Critically Significant
	<p><b>Community investment and engagement</b></p> <p>+ Enhance the wellbeing of communities and reduce inequality. Enhancing the Company's brand reputation in the communities in which we operate.</p> <p>- Impaired wellbeing of communities and increased inequality. Negative impact on the Company's brand reputation in the communities in which we operate.</p>	Low	High	High	Highly Significant	Highly Significant
	<p><b>Culture and heritage</b></p> <p>+ Celebrating and supporting the development of culture and heritage enhances the wellbeing of people and communities, as well as the Company's brand reputation.</p> <p>- Lost opportunity to benefit from recognition of culture and heritage to build relationships and foster goodwill among employees, guests and communities.</p>	Low	Moderate	High	Significant	Significant
<p><b>Sustaining our Supply Chain</b></p> <p>→ Ethical &amp; Sustainable Supply Chain</p>	<p><b>Ethical and sustainable supply chain</b></p> <p>+ Responsible business practices avoid risk and environmental and social impacts along the supply chain. Support sustainable business development.</p> <p>- Lack of responsible supply chain management impairs performance, impacts people, businesses and the environment and leads to loss of business.</p>	Moderate	Moderate	Moderate	Critically Significant	Critically Significant
	<p><b>SME management</b></p> <p>+ Building capacity for SMEs to provide goods and services that meet Melco's ESG goals supports SME development and local economies.</p> <p>- Failure to build capacity of SMEs reduces Melco's ability to enhance supplier relationships to achieve ESG goals and support local businesses and economies.</p>	Moderate	Moderate	Moderate	Significant	Significant
<p><b>Empowering our Business</b></p> <p>→ Ethics &amp; Integrity</p> <p>→ Privacy &amp; Cybersecurity</p>	<p><b>Ethics and integrity</b></p> <p>+ Responsible business practices create positive economic development. Trust of and business continuity with business partners. Avoid fines and negative business impact.</p> <p>- Impaired business performance/development, impaired reputation, loss of trust and credibility and cost of fines.</p>	Moderate	Moderate	Moderate	Critically Significant	Critically Significant
	<p><b>Privacy and cybersecurity</b></p> <p>+ Safeguard data and information and avoid breaches and remediation costs.</p> <p>- Impact to people of loss/sharing of data and information. Cost of breaches, fines, legal action and legal/expert services and loss of business.</p>	Moderate	Moderate	Moderate	Critically Significant	Critically Significant

# Sustainability Risk Management

The world faced significant geopolitical challenges and increasingly severe weather events arising from the accelerating impacts of climate change in 2023. Against this backdrop, we began to welcome our guests back as COVID-19-related border restrictions and the pandemic itself eased. Navigating these challenges, we maintained our robust approach to managing interconnected and widespread risks across our business and in the societies where we operate. This, coupled with an uptick in business, enabled us to focus on implementing priority programs. These programs are designed not only to make our business and supply chain resilient and future fit, but also to create shared value for our stakeholders, the community and the planet. Through mitigating key risks, we also observed positive impacts arising from all our efforts during the pandemic, which included deepening collaboration with governments, institutions and partners, upskilling our people, enhancing efficiencies and advancing our sustainability initiatives.

Our overarching Enterprise Risk Management (ERM) framework, which is informed by the industry-standard ISO 31000:2018, provides the process and principles for a united response to business and systemic risks, enabling us to manage risks that could impact our strategic and operational objectives. All our colleagues are engaged to identify and mitigate existing, new and emerging risks, with our Chief Risk Officer (CRO) being operationally responsible for the ERM process. Adherence to this process is overseen by the Board through the Audit and Risk Committee.

Existing and emerging risks, and their potential impacts and mitigation measures, are regularly reviewed, assessed and discussed with the Executive Management team.

Each quarter, the result of those discussions is presented to the Audit and Risk Committee, alongside the risk register, which is informed by the 4Ts: Treat, Tolerate, Transfer or Terminate.

At each property, monthly risk management meetings are held to determine new mitigating measures as needed. Any new or revised policies and procedures are circulated through email, the intranet and management meetings where appropriate.

## The 4Ts of Risk Management

Treat  
Tolerate  
Transfer  
Terminate

# Evolving Risks and Opportunities

Evolving risks are those that we determine to be changing most rapidly. These risks and their inherent opportunities, as well as our robust mitigation efforts, are detailed below.

## Financial Sustainability

COVID-19 significantly impacted our financial performance and liquidity during the pandemic. With the resumption of quarantine-free travel within Greater China in early 2023, we benefited from the gradual recovery of our Macau operations as the year progressed. While we are optimistic, we are wary of the impact of any future outbreaks on our business generally and of those related to the visa issuance policies and potential future restrictions in the jurisdictions where we operate. With inflationary pressures globally, we are also mindful of current and longer-term impacts arising from potential declines in income/wealth levels, affecting discretionary spending and travel.

To ensure our financial sustainability, we have relied, and will continue to rely, on our operating cash flow with different forms of equity and debt financing that vary depending on our funding needs, our development and construction schedule, and prevailing market conditions. As needed, we carry out activities, such as refinancing existing debt and monetizing assets, to strengthen our financial position and to effectively fund our business operations and expansion plans.

### MITIGATING MEASURES

- Employing cost-containment and financing measures to manage our financial sustainability
- Evolving and diversifying our business model through the development of future-fit integrated resorts. Refer to [Economic Diversification](#) section below

### OPPORTUNITY

We continue to maintain the strong cost discipline that we adopted throughout the pandemic and will continue to apply such discipline going forward.

## SUSTAINABILITY AT MELCO EVOLVING RISKS AND OPPORTUNITIES

### Economic Diversification

Melco understands that the long-term financial sustainability of the gaming industry is underpinned by economic diversification, and we have several strategies in place to achieve this objective. In Macau, our key operating jurisdiction, Melco strongly supports the Macau SAR Government's development objectives to establish Macau as a World Center of Tourism and Leisure for international visitors and promote our own economic diversification. Melco has committed to invest at least US\$1.47 billion in Macau over the next decade, including US\$1.2 billion of the total investment in the non-gaming segment.

#### MITIGATING MEASURES

- Melco has established new MICE representative offices in Hong Kong and Manila to help promote Macau as an international travel and leisure hub
- Melco launched Asia's first ever residency show with superstars Aaron Kwok, Leon Lai and Joey Yung performing a collective 90 shows at the Studio City Event Center in Macau between 2023 and 2025, and hosted a number of entertainment events including concerts and sport competitions in 2023
- Melco is in the progress of revamping the House of Dancing Water and expects to relaunch in late 2024
- Studio City opened a year-round indoor water park in 2023 and will launch a new Cineplex featuring six theaters, one IMAX theatre and five Director's Club theaters, and a skateboard park in 2024, aiming to promote Macau as a sport-friendly city
- In 2024, Melco is scheduled to open the iRad Polyclinic at Studio City, a first-class imaging and diagnostic medical check-up center, helping to promote Macau as a comprehensive wellness body check-up destination with full-fledged medical offerings
- International diversification has also been our focus in recent years, expanding our footprint outside of Asia and into Europe. In 2023, we opened City of Dreams Mediterranean in Cyprus, Europe's first integrated resort and the largest premier integrated destination resort in the region. It features a fourteen-story luxury hotel with 500 guest rooms and suites, over 8,000 square meters of MICE<sup>8</sup> space, an outdoor amphitheater, a family adventure park, and a variety of premium dining outlets and luxury retail

#### OPPORTUNITY

Support and partner with the governments in the jurisdictions in which we operate to champion economic diversification in the gaming industry. Melco has committed to supporting the Macau government-led revitalization initiatives for the city's historical neighborhoods, including the revamp of two waterfront heritage sites on the Macau peninsula, and will organize leisure events at the Mount Fortress, a legacy of the Portuguese era, with the objective to increase tourism visitation to Macau's older neighborhoods in 2024.

### Data Privacy

Stringent legislation related to data privacy continues to tighten globally, increasing the cost of compliance. Privacy breaches may adversely impact our ability to interact with our customers. There is limited precedence on newly enacted laws affecting the Company, such as the European Union (EU)'s General Data Protection Regulation, which became effective in May 2018. The PRC Personal Information Protection Law also took effect in November 2021, covering the processing of personal information within mainland China and certain personal information processing activities outside mainland China. Although we do not process any personal information in mainland China, there remain uncertainties regarding the interpretation and implementation of the law. It could be deemed to apply to companies operating in Macau, like us.

#### MITIGATING MEASURES

- Appointed Data Protection Officers in each jurisdiction that we operate in
- Appointed Group Coordinating Data Protection Officer to coordinate data privacy related work in all locations where Melco operates
- Protecting the data subject rights of our customers, employees and other stakeholders by keeping the consent forms, privacy notices, data protection policies and operational procedures up to date with the legislative requirements
- Maintaining an Information Security Incident Management Policy, covering detailed procedures to manage a security incident and to minimize any resulting impact

#### OPPORTUNITY

The enactment of laws in certain jurisdictions has seen Melco heighten our approach to data privacy across all jurisdictions.

## SUSTAINABILITY AT MELCO EVOLVING RISKS AND OPPORTUNITIES

### Cybersecurity

Cyber risk intensified globally in 2023, with cyber criminals employing increasingly sophisticated methods of attack. There were a number of well-publicized attacks on large corporations, including several in our sector. Coupled with rapid changes in related technology, regulations and standards, there is a risk of being subject to a cyberattack and/or being ineffective in managing a ransomware or data breach incident.

This could significantly damage our reputation and relationships with stakeholders, causing financial loss and regulatory fines.

#### MITIGATING MEASURES

- Protecting Melco's information technology (IT) infrastructure and systems with a comprehensive Information Security Management System certified to ISO 27001 for our Macau operations
- Threat intelligence capability to pro-actively identify potential threat and harden controls
- Training delivered to the Board and Senior Management on cybersecurity in December 2023 by a third-party expert
- Established agreements and retainers with specialized firms, including IT technical and forensic experts, a cyber incident response manager, legal counsel, and a public relations agency. These partnerships ensure we have immediate access to professional support for a prompt and effective response to and management of cybersecurity incidents
- Presenting analyses of lessons learned from significant cyber incidents impacting other companies in our industry in 2023, and incorporating these insights into our crisis management plans, policies and preparedness procedures
- Mandatory online and face-to-face training on cybersecurity for all relevant colleagues

#### OPPORTUNITY

By diligently researching and testing leading cybersecurity solutions, we continue to enhance our existing controls and adopt new technologies that offer significant advantages. Our partnership with data and cybersecurity industry leaders also boosts our in-house capacity efficiently and cost-effectively, allowing us to utilize advanced detection and response solutions. Additionally, regular cybersecurity crisis simulation exercises, including a third-party expert-led 'tabletop' exercise scheduled for the first quarter of 2024, reinforce our commitment to preparedness.

### Climate Action Failure

The frequency and severity of varied climate-related weather events and the abnormal variations in temperature across the world, along with their impacts on people, biodiversity and the built and natural environments, have had alarming impacts in 2023. While Melco adopts a systematic, united approach within our business ecosystems to progress our roadmap, achieving our goal of attaining carbon neutrality by 2030 also requires infrastructure development and governmental action. Access to renewable energy sources remains limited in certain jurisdictions where Melco operates, which affects the rate at which we can adopt alternative energy over the short and medium terms.

#### MITIGATING MEASURES<sup>9</sup>

- Oversight of the Carbon Neutral Working Group to continually evolve our approach to GHG emission reduction and to assessing, mitigating and adapting to climate-related risk
- Conducting GHG accounting and verification in compliance with the ISO 14064-1:2019 standard, including the expansion of our Scope 3 GHG emission inventory
- Incorporating environmental features into building design and facilities, and adopting energy-efficiency practices
- Offsetting our emissions by purchasing Energy Attribute Certificates (EACs) issued according to i-REC<sup>10</sup> Standard requirements

#### OPPORTUNITY

Our commitment to carbon neutrality by 2030 drives us to uncover innovative technologies and approaches to operate more efficiently and sequester our GHG emissions. Our proactiveness in addressing climate resilience across our value chain can provide a genuine first-mover advantage.

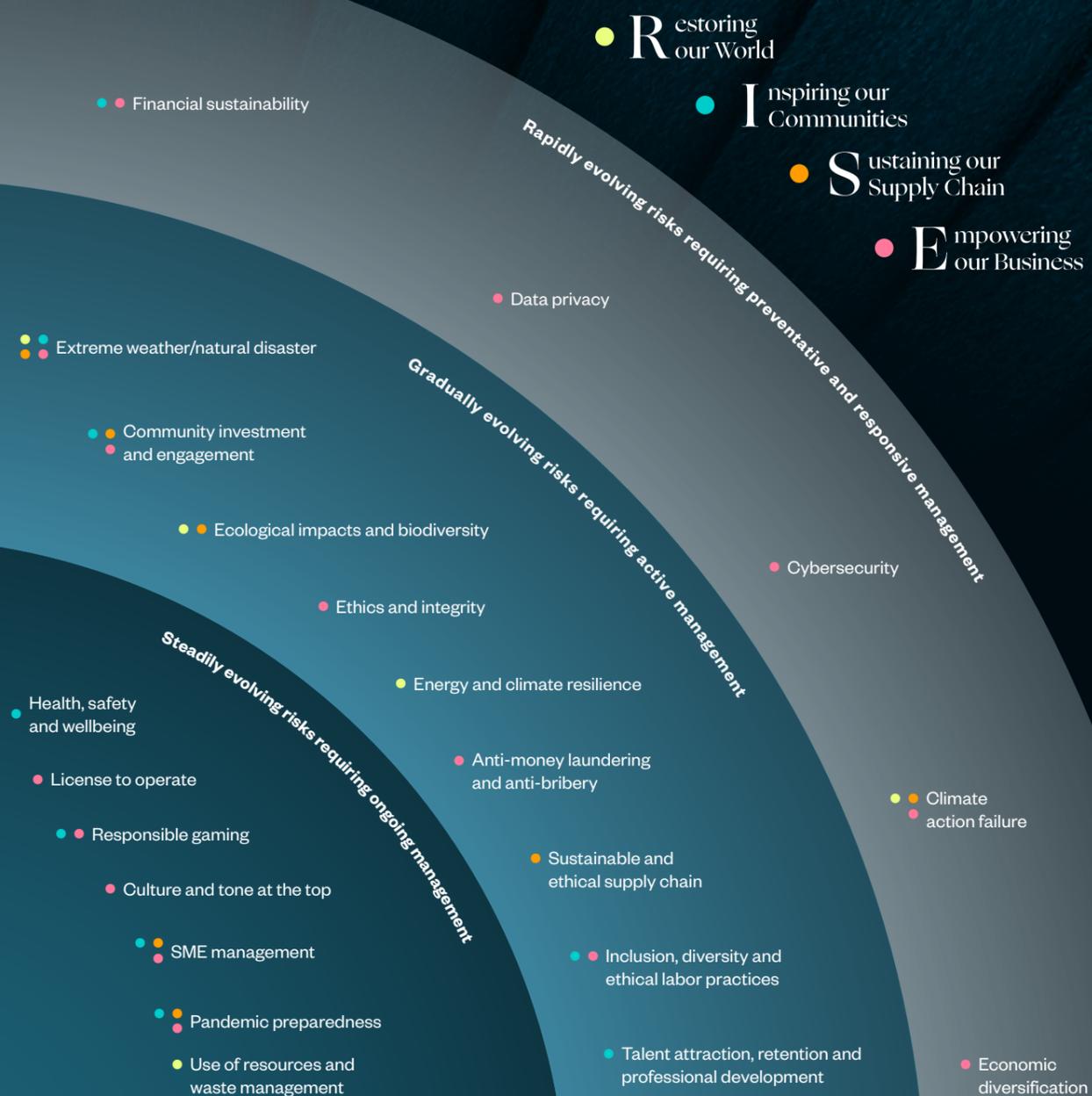
8. Meetings, incentives, conferences and exhibitions (MICE).

9. For detail on our mitigating measures, refer to our [TCFD Content Index section on page 128](#).

10. International Renewable Energy Certificate Standard.

# Our Risk Universe

Melco operates in a dynamic environment in which the risks affecting our business are constantly changing. We continually assess our risk universe to understand the rate at which the nature of each risk is changing. Risks that are rapidly changing require a preventative, responsive risk management approach, while risks with a more gradual rate of change remain subject to our active and ongoing management efforts.



# Awards, Certifications and Recognition

Melco aligns sustainability performance with global sustainable development goals and benchmarks. Our efforts are reflected in the awards, recognition and certifications we have received, as detailed below.

## AWARDS

- Global Gaming Awards Asia – Corporate Social Responsibility Award of the Year as voted by industry leaders, 2023
- Asia Gaming Awards – Outstanding Contribution in Corporate Social Responsibility and Best Responsible Gaming Program, 2023
- Inside Asian Gaming IAG Academy IR Awards – Best Overall CSR Program: Simple Acts of Kindness, 2023
- Association for Talent Development – Career Development category: Foundation Acceleration Program, ATD Excellence in Practice Awards, 2023
- Associação de Juventude Voluntária de Macau – Spread Love Through the City Service Award, 2023
- Pou Tai Elderly Integrated Service Center and Pou Tai Youth and Family Integrated Service Center – Pou Tai Volunteer Recognition Bronze Award, 2023
- *Forbes Travel Guide* – greatest number of stars amongst integrated resorts in Asia, including 16 five-star and three four-star awards in 2024
- MICHELIN Stars – eight stars across five of our restaurants at City of Dreams, Studio City and Altira Macau in 2024, establishing our leadership position in Macau
- Green Hotel Gold Awards for Studio City, NÜWA and Morpheus, and Green Hotel Silver Award for The Countdown, 2023
- Green Key Award for Studio City, NÜWA, Morpheus and The Countdown, 2023
- Best International Sustainable Commercial Development 2023 for City of Dreams Mediterranean at the International Property Awards
- Best Sustainable Commercial Development Europe 2023 for City of Dreams Mediterranean at the European Property Awards
- Asian Excellence Awards by *Corporate Governance Asia* magazine – Best Environmental Responsibility, 2023

- Three more locations have achieved a 100% score to DICJ's RG Implementation Index, bringing the total number of locations to six attaining this recognition in Macau
- Melco's integrated resorts in Macau and the Philippines were among the first in the world to achieve the Sharecare Health Security VERIFIED® with *Forbes Travel Guide* certification
- BREEAM "Excellent" rating for the design stage for both Studio City Phase 2 and City of Dreams Mediterranean
- Being the first and only integrated resorts in Macau to have all self-operating F&B outlets achieve the Hazard Analysis Critical Control Point (HACCP) certification, covering City of Dreams Macau, Studio City and Altira Macau. Studio City first achieved the HACCP certificate in 2020, and the restaurants at Morpheus Hotel have been covered under the certificate of City of Dreams Macau since 2022
- City of Dreams Mediterranean completed the HACCP food safety certification process in December 2023 and the certification was confirmed in January 2024
- Being the first organization in the hotel and entertainment industry to have achieved ISO 45001 certification in Macau, as recognition of the occupational safety and health management system at City of Dreams Macau, Studio City, Altira Macau, Mocha Clubs and the Hong Kong offices
- Certifying the Information Security Management System for our Macau operations under ISO 27001 since 2009

## RECOGNITION

- Attained high scores in the *Corporate Sustainability Assessments (CSA)* and ranked in the 87th percentile of our industry group overall
- Achieved an A rating from the MSCI ESG Ratings
- Received an overall score of B and a score of C for climate-related supplier engagement strategy from the Carbon Disclosure Project (CDP)
- 3rd Greater China Hotel Business Sustainability Index, CUHK Business School's Centre for Business Sustainability – Top 10 most sustainable hospitality companies, 2023
- Outstanding Corporate for Volunteerism from the Association of Volunteers Social Service Macao, 2019-2023

## CERTIFICATIONS

- "RG Check" accreditation by international third-party Responsible Gambling Council across our properties in Macau and Manila since 2021 with Cyprus accredited since 2022

# Restoring our World

CONSERVING RESOURCES, ENHANCING CLIMATE RESILIENCE AND RESTORING OUR ECOSYSTEMS



## QUICK ACCESS TO MATERIAL TOPICS

Energy & Climate Resilience .....	034
Material Use & Waste .....	042

### CASE STUDY

## Progressing on our Journey to Eliminate Single-use Plastic

Plastic pollution is a critical issue, with 14 million tonnes entering oceans annually and plastic production, currently at 430 million tonnes per year, projected to triple by 2060 without intervention.<sup>11</sup> Fortunately, 180 nations are working towards the Global Plastics Treaty, aiming to end plastic pollution by 2024.

Eliminating avoidable plastic has long been one of our top priorities, and we are proud to say that our efforts are realizing tangible results, putting us in good stead to support this global action.

In 2020, we joined the Global Tourism Plastics Initiative (GTPI)<sup>12</sup>, led by the UN Environment Programme and the World Tourism Organization, alongside the Ellen MacArthur Foundation. GTPI provides a mechanism for businesses, governments and other tourism stakeholders to act collectively, setting an example to inspire others to make the shift towards circularity in the use of plastic.

As a signatory, we committed to the following five actions by 2025:

1. Eliminate unnecessary plastic packaging
2. Adopt reuse models or reusable alternatives
3. Engage our value chain to use reusable, recyclable or compostable packaging
4. Increase recycled content in plastic packaging and items
5. Collaborate and invest to increase recycling and composting rates for plastic

To address our primary sources of plastic consumption, our 2025 roadmap focuses on identifying all problematic plastics in our inventory and prioritizing the top 15 items by weight to reduce and ultimately eliminate. Our progress to date includes:

- Eliminating SUP water bottles in almost all guest areas by serving filtered water in refillable glass bottles from our onsite NORDAQ bottling plants
- Removing SUP bottles from our HoH areas and providing water dispensers
- Installing high-filtration water dispensers at our restaurants to reduce plastic bottles
- Replacing small, disposable SUP bottles with large-sized, refillable dispensers for shampoo and other amenities in guest rooms and spas
- Substituting all SUP takeaway containers, utensils and gloves with biodegradable alternatives in our F&B operations
- Removing items such as shoe mitts, shoeshine kits and razors from guestroom setup and only providing upon request
- Providing bottles made with recycled polyethylene terephthalate (rPET) only, in areas where it is not possible to provide glass water bottles, such as poolside and limousines, as an interim measure along our path to zero waste
- Working with vendors to reuse plastic packaging for egg crates and adopt reduced impact options

In addition, we are exploring:

- Replacements for other guest amenities that have sustainability attributes
  - Reusable silicone lid covers and large tray covers to replace cling film, as well as biodegradable cling film options
  - Pallet buckle belts to replace plastic film in warehouse operations

These steps mark significant progress in our journey towards zero waste, with more detail in our section on [Eliminating Plastic on page 043](#).

11. Fast Facts – What is Plastic Pollution? August 2023, UNSDG.

12. GTPI was formerly known as the New Plastics Economy Global Commitment, to which Melco became a signatory to in 2019.

# Strategy and Management Approach

At the core of our RISE sustainability strategy to go Above & Beyond are the commitments of our Chairman & CEO. This includes inspiring our stakeholders—from suppliers to guests—by showing them that a sustainable future is a better future; tackling climate change by achieving carbon neutrality in our operations and zero waste across our integrated resorts, contributing to circular economy leadership, by 2030; and constantly looking at the world’s pressing issues to ensure we are up-to-date with our approach to sourcing.

The world is experiencing the tangible impacts of climate change, biodiversity loss and ecosystem degradation on an increasingly frequent and severe basis. Our established Roadmap and Action Plan, part of our RISE sustainability strategy, address these common challenges through buildings with sustainability features, cleaner and renewable energy, waste reduction, water management and responsible sourcing. These initiatives aim to reduce our environmental footprint and build climate resilience. Years of commitment have cultivated a sustainability culture among our staff, setting and meeting targets at all organizational levels, including with partners and stakeholders along the value chain.

Our RISE sustainability strategy evolves under our Executive Sustainability Committee, led by the Senior Sustainability Advisor. This committee, which meets quarterly and reports to the Board, guides our strategy, allocates resources and monitors progress. It also updates the Board of Directors quarterly on our ESG initiatives. Please refer to our [Corporate Governance Structure on page 092](#) for details.

We have three Working Groups—the Carbon Neutral Working Group, Zero Waste Working Group, and Sustainable Sourcing Working Group—that develop, implement and review plans and practical actions taken at the Group level and across all our properties to achieve our targets. These groups, which meet monthly and report progress to the Executive Sustainability Committee, engage with both experts and our stakeholders to identify new ideas, technologies, initiatives and areas for collaboration.

Equipping our colleagues, suppliers, partners and tenants with the necessary information and tools to deliver on our sustainability agenda is paramount. As we work towards our ambitious timeline, the Melco Learning Academy plays a pivotal role in raising awareness, sharing resources and providing both targeted sessions and tailored courses to enable our stakeholders to identify and implement actions that further our common goals.

## KEY GOALS

- Achieving carbon-neutral resorts<sup>13</sup> by 2030<sup>14</sup>
- Achieving zero waste<sup>15</sup> across our resorts by 2030
- Contributing to circular economy leadership in Asia
- Sourcing goods and services with sustainability attributes<sup>16</sup>
- Reducing our water footprint

## KEY TARGETS

Realistic intensity targets drive action and help track progress towards our ambitious goals. Assessing outcomes against baselines and critically reviewing progress and challenges in light of the latest research and technologies is essential to identify areas for improvement.

We have set the following targets for our properties based on our baseline year of 2019, which align with and support our established Group-level goals and targets<sup>17</sup>:

- 5% tCO<sub>2</sub>e/m<sup>2</sup> intensity reduction in Scope 1 and 2 GHG emissions<sup>18</sup> by 2030, with ambitions for 22% reduction
- 3% kWh/m<sup>2</sup> intensity reduction in fuel and electricity consumption by 2030, with ambitions to achieve between 22% to 28% reduction at the property level
- 19% m<sup>3</sup>/m<sup>2</sup> intensity reduction in water consumption by 2030
- 5% tonnes/m<sup>2</sup> intensity reduction in non-hazardous waste generation by 2030, with ambitions for 24% reduction

## MATERIAL TOPICS

Energy & Climate Resilience	034
Material Use & Waste	042

## HIGHLIGHTS

Our sustainability journey was rejuvenated in 2023 with both new beginnings and seeing previously implemented initiatives flourish. City of Dreams Mediterranean and Studio City Phase 2 opened their doors, showcasing sustainability attributes that have been embedded throughout the properties. Across all our other properties, we were proud to see the substantive and transformative impact of our progressive efforts over the years to decarbonize, reduce waste and source sustainably.

13. As defined by The Carbon Neutral Protocol: [The global standard for carbon neutral programs. January 2018, Natural Capital Partners.](#)

14. To achieve our goal of carbon neutrality, we are focused on first increasing energy consumed from renewable sources, which may be generated onsite or obtained through power purchasing agreements, and then purchasing EACs or other market instruments, in quantities equivalent to the amount of energy that is consumed through non-renewable sources.

15. 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.

16. A material, product or service is deemed to have a "sustainability attribute" if, when compared to other similar items, it has, or any significant portion of the materials it comprises has, (a) a reduced negative environmental impact at any point throughout its lifecycle (e.g., when it is harvested, produced or managed), (b) an increased positive social impact at any point throughout its lifecycle (e.g., where the economic benefits of its sale accrue to local or marginalized groups or communities), and/or (c) third-party certifications or traceability features attesting to its environmental and/or social benefits.

17. Data for compiling our intensity targets and the baseline year of 2019 have been externally verified.

18. Biogenic emissions are not included in the target boundary.

## RESTORING OUR WORLD STRATEGY AND MANAGEMENT APPROACH

### Sustainable Hospitality Alliance

Melco was honored to join the Sustainable Hospitality Alliance in November 2023, as the first Asian-headquartered donor and founding member. Through the alliance, we will collaborate with 50 leaders in the hospitality industry, representing over seven million rooms, to address key challenges affecting the planet, local destinations, communities and people. Through strategic industry leadership, collaborative action, harmonization of metrics, and regenerative solutions, the Alliance is dedicated to accelerating the Pathway to Net Positive Hospitality. By leveraging the transformative power, innovation and resources of the industry, Alliance members commit to drive the Pathway to Net Positive Hospitality as part of a five-year strategy.

### Climate-related Risk and Decarbonization

Corporate action to address climate change is increasingly critical, as evidenced by the severe weather-related events of 2023 and those predicted going forward. As part of Melco's Roadmap and Action Plan, we assess our climate-related risk and adopt mitigation plans, measure and verify our greenhouse gas (GHG) emission inventory for Scopes 1, 2 and 3, and take action to reduce and decarbonize our energy consumption, including along our value chain. This year, we increased the use of renewable energy and consumption of locally sourced, reduced impact food, while enhancing food waste reduction, composting and vermiculture efforts.

Expanding on earlier assessments of the most significant climate-related risks and opportunities that Melco will likely face, we applied a model to quantify the financial 'value-at-stake' under climate scenarios based on current policies and stress scenarios. We engaged all relevant teams across the business to contribute to the assumptions and calculations to determine a 'net value-at-stake' and appropriate steps for our targeted risk mitigation plan.

**“Realized through positive engagement and action, Melco’s aim is to inspire our guests by showing them a sustainable future is a better future. We fully stand by and support the Sustainable Hospitality Alliance’s commitment to creating a sustainable and responsible hospitality sector, and are excited and honored to become the Alliance’s Founding Member in Asia. We look forward to our collaborative efforts to contribute to a sustainable future together.”**

LAWRENCE HO  
CHAIRMAN & CEO OF  
MELCO RESORTS & ENTERTAINMENT

**“I am thrilled to announce Melco as our newest member. Having the global leader in premium integrated resorts in the Asia Pacific region join forces with the Alliance is a significant milestone. Sustainability lies at the core of Melco’s business strategy, as demonstrated by the social and environmental achievements and ambitions of their RISE sustainability strategy. By aiming to minimize the impact of their resorts on the planet by 2030 and lead circular economy approaches to address global plastic waste, Melco’s strategy aligns seamlessly with our Pathway to Net Positive Hospitality. We are excited to collaborate and assist Melco in accelerating its sustainability program, making them a benchmark for our industry and beyond.”**

GLENN MANDZIUK  
CHIEF EXECUTIVE OFFICER OF  
THE SUSTAINABLE HOSPITALITY ALLIANCE

### Single-use Plastic (SUP)

Key prongs of our effort to eliminate SUP wherever feasible involve drinking water, guest amenities and F&B operations, including supplier deliveries. We continued to embed our NORDAQ water filtration system across our properties. Water is filtered and bottled onsite for 55% of our guestrooms globally, avoiding 5.2 million SUP water bottles in 2023. Transitioning away from small wet amenity bottles to large refillable dispensers and offering amenities with reduced environmental impact materials, has continued apace with full adoption at NÜWA, Morpheus, The Countdown, Studio City Celebrity and Star Tower, and Altira in Macau and the City of Dreams Manila hotels, Hyatt, Nobu and NÜWA. Less frequently used amenities are provided on demand as needed, such as shoeshine kits and combs. Biodegradable gloves and reusable lids, whenever possible, are used in our F&B operations, and we are constantly investigating other opportunities to avoid plastic consumption with our suppliers.

Our efforts to reduce plastic have been well received by guests and colleagues alike, which reinforces our commitment, building trust and enhancing our brand.

### Food Waste

This year, we advanced our food waste reduction through efficient menu and portion planning. In our employee dining areas (EDRs), Winnow AI technology and detailed assessments help minimize food waste in Macau and Manila. Our “Clean Plate Challenges” that motivate and acknowledge our colleagues' waste reduction efforts, have high overall participation rates across all our properties. Additionally, a Waste Separation Game Booth and educational events on nutrition and healthy eating further promote this cause in Macau.

### Playing Cards

We have made progress in all our markets to set up circularity programs to recycle and repurpose playing cards. In Macau, it has been challenging to overcome regulatory hurdles in transporting this waste across borders and to find partners to establish local recycling options. Despite this, in 2023, our properties in Macau recycled over 152 tonnes of playing cards. Over 355 tonnes of playing cards were recycled in Manila. Our local partner processed them into chip board, which is used for a variety of types of packaging, including for food items, soap and toys. City of Dreams Mediterranean also recycled 1.3 tonnes of playing cards with local vendors.

## CHALLENGES

**While this year was less challenging than previous years, maintaining focus on being cost effective and efficient prevailed as we steadfastly progressed our environmental initiatives. This benefited from the staunch support of our leadership and colleagues, and growing appreciation from our guests. As with other businesses, we were challenged to go deeper in our assessment of climate-related and other environmental impacts, and to enhance our understanding of the related financial impacts. We continued in committing substantial resources to work closely with our suppliers, expanding our procurement of more responsible options and introducing new categories on our restaurant menus, including duck from a source certified for its sustainability practices.**

## 2024 AND BEYOND

**It is our ongoing focus to build on the trailblazing initiatives for carbon neutrality and zero waste, and expand others as new options, technologies and best practices emerge. Our strategy for building climate resilience and managing related risks is continually evolving. We're focused on increasing our use of renewable energy, improving resource efficiency, reducing waste at source and enhancing our diversion of valuable materials and responsible sourcing efforts. A crucial part of this commitment is the planned 2024 update and deployment of our introductory, Sustainability 101 training to all colleagues.**

# Energy & Climate Resilience

## OUR COMMITMENT

The severe weather incidents and fluctuating temperatures of 2023 unsurprisingly highlight extreme weather as a top material risk identified in the near to long term by global experts.<sup>19</sup> In response and to build climate resilience, we continue to refine and apply our climate-related risk assessment, increase our use of renewable energy sources and enhance our energy efficiency performance. In pursuit of carbon neutrality, we're integrating the latest climate science into our risk assessment and scenario modeling, and are exploring opportunities to adopt innovative and technological solutions in collaboration with our stakeholders.

## OUR TARGETS

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

- 5% tCO<sub>2</sub>e/m<sup>2</sup> intensity reduction in Scope 1 and 2 GHG emissions<sup>20</sup> by 2030, with ambitions for 22% reduction at the property level
- 3% kWh/m<sup>2</sup> intensity reduction in fuel and electricity consumption by 2030, with ambitions to achieve between 22% to 28% reduction at the property level

## HOW WE MANAGE IT

Reducing our GHG footprint and addressing climate-related risks and opportunities drive our climate strategy. Our actions are overseen by our Chairman & CEO to ensure we remain on track to achieve our commitment to operate carbon-neutral resorts globally by 2030. Our Roadmap and Action Plan include time-bound targets supported by specific actions towards 2030, including activities to reduce and decarbonize our energy consumption and address GHG emissions along our value chain. Our verified inventory for our Scope 1, 2 and 3 GHG emissions gives us a credible foundation for planning our initiatives and required resources, determining necessary investments in new technologies and measuring our progress to achieve our goal. These actions are driven by our Carbon Neutral, Zero Waste and Sustainable Sourcing Working Groups that meet every month and report progress to the Executive Sustainability Committee.

Since aligning our climate strategy and disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) framework<sup>21</sup> in 2022 and assessing potential climate-related risks and opportunities (CRRO), we have expanded our approach. To look deeper, we worked with our independent consultant to quantify the financial "value-at-stake" to our operations in Macau, Manila and Cyprus under climate scenarios based on current policies and stress scenarios. The assessment identified carbon pricing, linked to energy consumption, as the most significant potential impact. Other notable risks include the costs associated with water and energy usage, adapting to adverse climatic events, cooling needs, workforce adaptation, sourcing construction materials, and managing energy and resources. Additionally, risks related to increased insurance and financing costs were identified.

We engaged all relevant teams across the business—finance, risk, property service and transportation functions—to contribute to the assumptions and calculations to determine a 'net value-at-stake' and to build ownership for implementing appropriate steps under a targeted risk mitigation plan.

Going forward, our mitigation plan will evolve to ensure compliance with transition-related measures, such as carbon pricing and emission trading scheme regulations, and to mitigate these risks. For example, to prepare for the next stage of the EU's Emission Trading Scheme in 2027, City of Dreams Mediterranean is focused on renewable energy generation, and energy reduction and efficiency measures, to mitigate the potential additional costs to Melco arising from the consumption of fossil-fuel-based energy sources for buildings and vehicles.

We prioritize preventative measures to mitigate physical risks, such as property damage and supply chain disruptions, as part of our climate resilience efforts. Raising awareness about climate-related risks among our colleagues and suppliers is key, and we implement training programs and capacity-building initiatives to empower them to reduce energy consumption and GHG emissions.

Our key climate-related risks and opportunities are summarized in the table on the right with details on our related approach to governance, strategy, risk management, metrics and targets provided as part of our [TCFD Content Index on page 128](#).

19. World Economic Forum, *The Global Risks Report 2024*.

20. Biogenic emissions are not included in the target boundary.

21. IFRS S2 subsumed TCFD in 2023; Melco's climate-related disclosures continue to respond to the TCFD recommendations for the 2023 reporting year.

## TCFD Response (Summary of Findings)

The full TCFD report, detailing our approach to governance, strategy, risk management, metrics and targets on climate-related risks and opportunities can be found in the [TCFD Content Index on page 128](#).

### Climate-related Risks

#### Transition risks

- *Regulatory pressures and carbon pricing*  
Melco has high exposure to net-zero transition related policies and carbon prices that could result in energy and fuel inflationary pressures
- *Resource procurement*  
Net-zero transition related regulation could also heighten exposure to increased commodity pricing pressures

#### Physical risks

- *Extreme weather events*  
The increase in frequency and intensity of extreme weather events, such as typhoons, could pose considerable impact to our resorts and could leave Melco vulnerable to increased insurance costs or inability to obtain sufficient coverage
- *Chronic temperature increases*  
Increases in temperatures are likely to require increased energy needs for our resorts to be kept at desired cooling levels to satisfy guest comfort
- *Water stress*  
Increased pressures on water supplies could result in higher water procurement costs for the Company

### Climate-related Opportunities

#### Capital flow opportunities

- Opportunities to reduce the cost of capital through instruments such as green bonds would be linked to the implementation of carbon reduction/green energy initiatives

#### Renewable energy and onsite generation opportunities

- Sourcing renewable energy and expanding onsite PV electricity generation presents an opportunity to decarbonize our operations as well as mitigate the risks relating to rising fossil-fuel-based energy prices and disrupted energy supply from severe weather events

## ENERGY & CLIMATE RESILIENCE

### HOW WE MANAGE IT

#### Sustainable Design

Striving to go Above & Beyond has consistently driven us to design and develop innovative, eye-catching and memorable environments that inspire our guests, colleagues and communities. In addition to being aesthetically pleasing, our integrated resorts feature unique structures designed with resource efficiency and climate resiliency in mind. Our specialist teams work closely with professional advisors, partners and suppliers to ensure our properties continually adopt the latest best practices and environmentally responsible materials, equipment, systems and technologies, whenever feasible.

With the opening of our two newest properties in 2023, we had the unique opportunity to integrate not only the latest in sustainable design features but also all the learning we have had from testing out innovations across our global portfolio. Both City of Dreams Mediterranean in Cyprus and Studio City Phase 2 in Macau achieved the BREEAM “Excellent” rating for the design stage and aim to secure the same rating for new construction in 2024. Studio City Phase 2 was Macau’s first BREEAM-certified hotel and City of Dreams Mediterranean the first property in Cyprus to receive this recognition.

These properties showcase a wide array of environmental features, ranging from responsibly sourced construction materials, low or no emission paint and energy-, water- and resource-efficient systems, to PV panels, greywater irrigation systems and infrastructure to support EVs. Both locations have established transport plans that include measures to support reduced impact transportation and access to public networks: Studio City Phase 2’s transport nodes connect colleagues and guests to shuttle bus and light rail services; and City of Dreams Mediterranean provides access to bus routes and supports cyclists with 125 bicycle parking spots for colleagues. Refer to our [2021 Sustainability Report](#) for details on additional features adopted at these properties.

## Conserving Biodiversity

Protecting and enhancing the diversity of species and natural habitats and ecosystems is critical for our own survival and that of planet Earth. The degradation of nature and biodiversity loss also directly impacts economies and communities across the world. Our sourcing policies consider these factors, ranging from wood and paper to food items such as fish and seafood, to name but a few examples. When it comes to renovating our properties and new site development, right from the onset, we consider the potential impacts of the construction process on the surrounding ecosystem. This ranges from appropriate consideration of protected ecological zones in site acquisition to ongoing monitoring of environmental quality. Our buildings, including the height and position of our building infrastructure, are designed to not interfere with the migratory patterns of birds. We consult with ecologists and environmental experts before undertaking any large-scale construction projects to ensure that our operations continue to support the flourishing of flora and fauna.

At City of Dreams Mediterranean, local environmental experts guided us to ensure that our property’s design supports habitats for arboreal wildlife such as birds, bats, bees and insects. We maintain native vegetation acclimatized to local conditions, responsible pest management and soil and water protection practices to support the area’s biodiversity and natural environment.

Studio City Phase 2 also adopts responsible pest control as well as soil and water protection practices, with plans to apply compost generated by Phase 1 to its new landscaping. Other features to help protect wildlife at Studio City Phase 2 include both a zig-zag non-planar façade design that lessens the plain mirroring effect to limit bird collisions and a curtain wall with darker shades of glass to make the building distinguishable from the sky to birds. In the construction phase, minimal excavation was required to protect the neighboring wetland and reduce adverse impacts to the underground water level, pressure and flow; instead of excavating downwards, the podium was built upwards to provide adequate floor space.

#### New Technologies

We look for new technologies and opportunities to reduce waste onsite and, when necessary, to divert for beneficial use. In 2023, we arranged for batteries that are used to support our uninterrupted power supply system in Manila to be recycled. We also embraced new innovations to help our systems to operate at peak performance while reducing consumption. One notable example is our adoption of AeroSeal® sealant technology. This non-invasive, software-based system continuously measures airflow and leakage in real-time, injecting a fog of aerosolized sealant into pressurized ductwork of HVAC<sup>22</sup> systems to seal air leaks from the inside. Another is in swimming pools at Studio City, where sand that had an average lifespan of five to seven years as a filtration media has been replaced with an innovative recycled glass media filter. With a 15-to-20-year lifetime, the glass not only lasts longer but has a higher filtration efficiency for meeting high water quality standards. Unlike sand grains that require more frequent backwashing to remove biofilm that coagulates, the glass media has a higher backwash efficiency reducing water consumption by up to 50%.

#### Energy-efficiency Measures

Operating integrated resorts is energy intensive; we were an early adopter of international standards for environmental, energy and facility management systems across our properties in Macau,<sup>23</sup> with a focus on efficient lighting, equipment, systems and features to reduce our energy consumption. Over the years, we have adopted a variety of measures ranging from de-lamping, optimizing building management systems, adjusting ventilation flow rates and retrofitting plant and equipment, to installing variable speed drives in podium areas and kitchens, among others, across our properties. The running schedule implemented at Studio City’s Indoor Water Park and the ongoing replacement of heat pumps at City of Dreams Macau result in annualized savings of over 4.1 million and 1.3 million kWh, respectfully. We also upgraded water pipes in our chiller and insulated air ducts at Altira Macau, which is estimated to bring savings of 110,250 kWh per year.

In 2023, there was an uptick in property visitation and hotel room occupancy by 139% and 165%, respectively. Electricity consumption increased across our properties, yet overall energy consumption reduced by 5% in intensity with a 20% absolute increase over the previous year. This demonstrates the positive impact of our EEMs, even with the addition of two new properties to our portfolio. Overall, the 2023 energy consumption figures represent an 8% absolute and a 26% intensity reduction over the pre-pandemic year of 2019, before visitation rates and business volume were affected by COVID-19 restrictions. In 2023, electricity consumption from renewable sources increased by 2% over the previous year.

We met our 2030 target for a 3% intensity reduction in fuel and electricity consumption across our properties, compared to our baseline year of 2019, several years ago. For the last several years, we have continued to make efforts to achieve intensity reductions at the property level.

22. Heating, ventilation and air conditioning (HVAC).

23. As the first integrated resort and hotel operator in Macau and Hong Kong to achieve ISO 14001 Environmental Management System (EMS) and ISO 50001 Energy Management System certifications in 2018, as well as ISO 41001 for Facilities Management Systems in 2019, Melco has robust systems in place that cover our portfolio of 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. In 2023, City of Dreams Mediterranean was certified to the ISO 14001 EMS Standard and this certification is underway for Studio City Phase 2 in 2024.

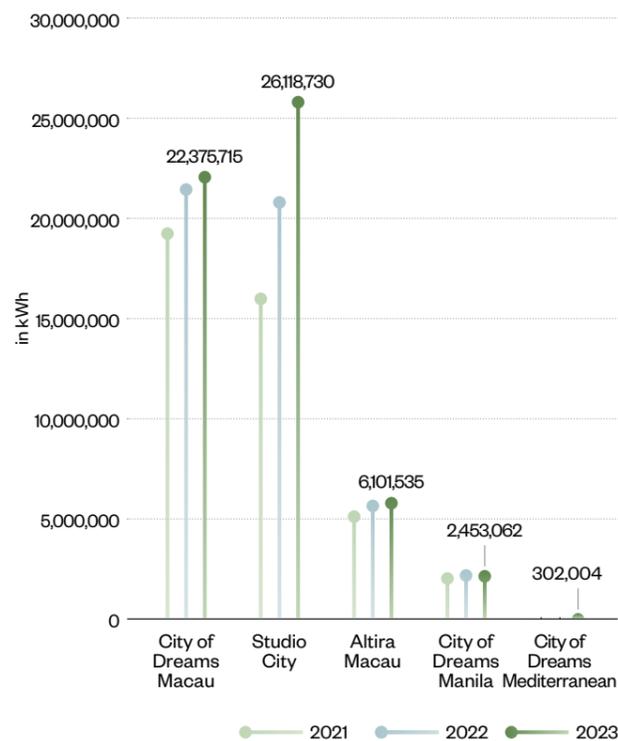
## ENERGY & CLIMATE RESILIENCE HOW WE MANAGE IT

Since 2018, we have adopted a variety of EEMs such as de-lamping, adjusting ventilation flow rates, retrofitting plant and equipment, installing Variable Speed Drives in podium areas, Variable Frequency Drives in kitchens and sensors for carpark extractions, among others. These property-level EEMs have resulted in cumulative, annualized savings of over 57.4 million kWh,<sup>24</sup> a 12% increase over the previous year.

We monitor our consumption monthly to identify areas for improvement and continually review and implement new reduction and efficiency opportunities to build energy resilience and increase investment in renewable energy. Our Executive Sustainability Committee and steering committees continue to prioritize these actions, engaging with stakeholders and technical experts to ensure we are positioned to achieve our goals.

### Calculated kWh Savings based on Cumulative Annualized EEMs (in kWh)

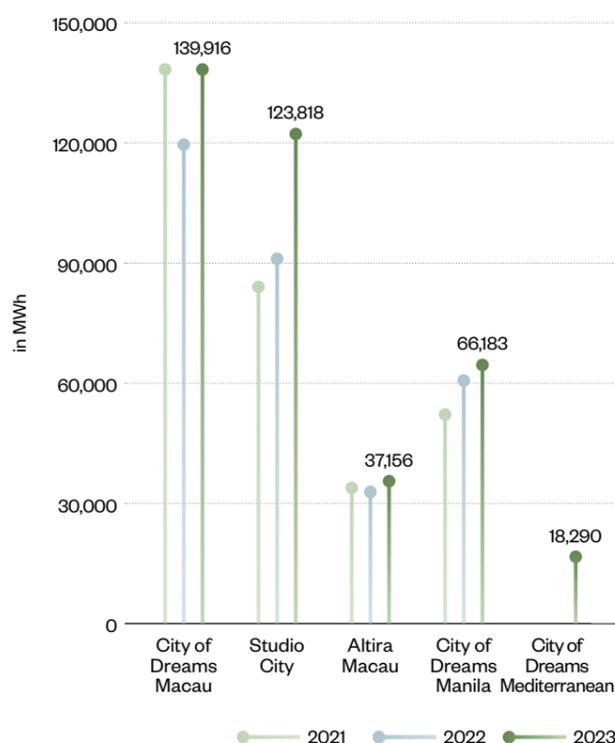
> **57.4** million kWh total accumulated annualized savings



### Energy Consumption by Source and Intensity, and Generated Onsite (in MWh)

	2023	2022	2021
Fuel consumption from non-renewable sources	67,159	58,381	47,770
Electricity consumption from non-renewable sources	401,302	330,179	333,985
Electricity consumption from renewable sources <sup>25</sup>	1,555	1,525	1,478
<b>Total energy consumption</b>	<b>470,015</b>	390,085	383,233
<b>Energy intensity (in MWh/m<sup>2</sup>)</b>	<b>0.27</b>	0.28	0.27
<b>Total renewable energy generated<sup>26</sup></b>	<b>1,761</b>	1,525	1,478

### Total Resort-level Purchased Electricity Consumption (in MWh)



## Cleaner Energy and Renewables

The commitment to reduce Melco's contribution to climate change comes from our Chairman & CEO, focusing on expanding our EV fleets and increasing renewable energy as part of our energy mix, to supporting the development of renewable energy across our markets. In 2023, we again expanded our EV program. In Macau, we have 30 e-coaches with Zhengzhou Yutong Bus Company and 33 EV shuttle buses. We operate eight EV buggies and golf carts in Manila and five Mercedes EQV cars are electric powered in Cyprus. Across our properties, the number of vehicles in our EV fleet has increased by 14% over the previous year and charging stations by 28%.

We have onsite PV panel systems across our portfolio that can generate close to 10,000 MWh at full capacity. Our 30,000 square meter, 18,000 PV panel project on the City of Dreams Macau and Studio City roofs generates over 7,000 MWh annually at full capacity. As the largest PV project in Macau, this has the potential to reduce 5,100 tCO<sub>2</sub>e annually, equivalent to taking 12.6 million passenger cars off the road for a year. In Manila, we have a 3,120 PV panel project capable of generating 1,500 MWh annually at full capacity, while City of Dreams Mediterranean has over 4,000 PV panels capable of generating 1,400 MWh annually. We aim to expand our onsite renewable energy generation and consumption to the extent possible, in line with our Roadmap and Action Plan for decarbonization.

39% of our total, Scope 1, 2 and 3 GHG emissions arise from our consumption of electricity onsite. Until the availability of renewable energy through the transition of the grid can contribute to our onsite energy needs, investing in renewable energy markets in the region remains an important part of our decarbonization strategy. We offset our Scope 2 GHG emissions through purchasing renewable energy instruments that are RE100<sup>27</sup> compliant. EACs, issued according to the i-REC Standard, and Renewable Energy Certificates (RECs), verified to the Tradable Instrument for Global Renewables (TIGR) requirements, are purchased to offset our electricity consumption in Macau, Manila, Hong Kong and Singapore through hydroelectric and PV power projects. Similarly, in Cyprus we offset electricity consumption by purchasing EACs with Guarantees of Origin in Europe that support PV power generation. In Japan, we match purchases of local EACs generated through Non-fossil Certificates (NFC).

## Greenhouse Gas Emissions

Given the disconnect the world faces with taking the necessary actions to reduce GHG emissions and maintaining global warming to below 1.5°C, the urgency of doing all we can to reduce our own contribution and encouraging others to follow suit cannot be understated. We continually explore opportunities to expand our EV program and renewable energy generation and consumption onsite, and to adopt the latest energy-efficient technology.

In 2023, we continued verifying and disclosing our Scope 1 and 2 GHG emissions and, for the second year, we fully disclosed our externally verified Scope 3 emissions from all relevant Scope 3 categories in our upstream and downstream activities. Providing transparency on our total, verified GHG emission inventory to our stakeholders holds us accountable as we continue to measure our performance and progress, in line with best practice.

The overall increase in total absolute Scope 1 and 2 GHG emissions in 2023 compared to 2022 is attributable to the addition of City of Dreams Mediterranean and Studio City Phase 2 and, while not back to pre-pandemic levels, a significant increase in visitation and occupancy across our portfolio. As a result of our ongoing efforts to reduce consumption and adopt cleaner energy sources, a 6% intensity reduction in market-based emissions was achieved in 2023 over the previous year. In comparison to the pre-pandemic year of 2019, a 4% absolute, location-based, Scope 1 and 2 emission reduction was achieved in 2023, as well as a market-based intensity reduction of 45%.

24. For the year 2023, savings recorded at City of Dreams Mediterranean are for the months of September to December only.

25. PV panel systems were installed at our properties in Macau and Manila in 2019, and in Cyprus in 2023. Renewable energy consumed at City of Dreams Manila has been generated onsite since 2019. Data for 2023 consumption also includes renewable energy generated onsite at City of Dreams Mediterranean.

26. The renewable energy generated by PV panels at properties in Macau and Cyprus was recorded from October to December 2023. The renewable energy generated at both City of Dreams Manila and City of Dreams Mediterranean is consumed onsite and in Macau, it feeds into the electricity grid.

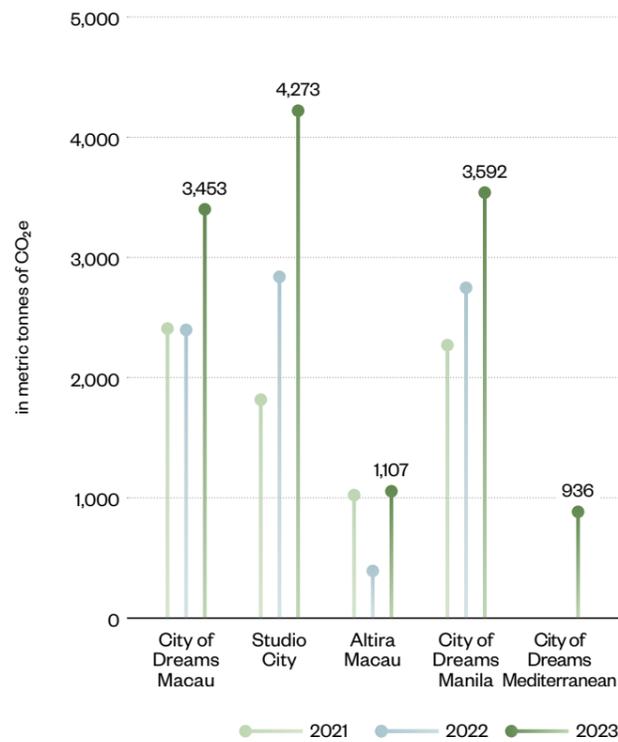
27. <https://www.there100.org/>.

## ENERGY & CLIMATE RESILIENCE

### HOW WE MANAGE IT

#### Total Resort-level Scope 1 and 2 (market-based) GHG Emissions

(in metric tonnes of CO<sub>2</sub>e)



#### Absolute GHG Emissions by Scope and Intensity

(in metric tonnes of CO<sub>2</sub>e)

	2023	2022	2021
<b>Scope 1 emissions</b>	<b>20,392</b>	17,142	14,842
Emissions from stationary fuel combustion	6,776	4,962	5,237
Emissions from mobile fuel combustion	7,412	7,467	5,095
Fugitive emissions from refrigerants	6,204	4,713	4,510
<b>Biogenic emissions</b>	<b>368</b>	212	264
<b>Scope 2 emissions (location-based)</b>	<b>252,155</b>	208,510	211,787
<b>Scope 2 emissions (market-based)<sup>28</sup></b>	<b>-</b>	-	-
<b>Total Scope 1 and 2 emission intensity by floor area (in metric tonnes of CO<sub>2</sub>e/m<sup>2</sup>)</b>	<b>0.012</b>	0.012	0.011

#### Scope 3 GHG Emissions<sup>29</sup>

(in metric tonnes of CO<sub>2</sub>e)

	2023	2022	2021 <sup>30</sup>
Category 1: Purchased goods and services	167,148	81,164	-
Category 2: Capital goods	77,461	200,438	-
Category 3: Fuel and energy-related activity (FERA)	68,529	56,034	56,882
Category 4: Upstream transportation	723	414	-
Category 5: Waste	1,162	1,181	-
Category 6: Business travel	1,909	612	-
Category 7: Employee travel	11,023	6,412	-
Category 8: Upstream leased assets	548	195	-
Category 13: Downstream leased assets	44,246	31,175	30,579
<b>Total Scope 3 emissions</b>	<b>372,748</b>	377,625	89,579
<b>Total Scope 3 emission intensity by floor area (in metric tonnes of CO<sub>2</sub>e/m<sup>2</sup>)<sup>31</sup></b>	<b>0.21</b>	0.27	-

We track Scope 3 GHG emissions across nine categories that are relevant to our business, applying a standardized calculation methodology since 2022. Overall emissions reduced in intensity by 22% and in absolute terms by 1.3% in 2023 over 2022.

The reduction in Category 2 emissions is attributed to the fact that 2022 data reflected an increase in capital expenditure in relation to the development of our new properties of City of Dreams Mediterranean and Studio City Phase 2. The 2% reduction in emissions from waste in 2023 is attributable to the increased diversion of materials to recycling and composting in 2023 over the previous year. For the other categories that increased in 2023, this is due to the uptick in business operations and the addition of the two new properties to our portfolio.

We continue to identify and implement new opportunities to reduce Scope 1 and 2 emissions arising from our own operations, as well as the Scope 3 categories that we have control over and those arising from the activities of suppliers and contractors. One area we focus on is reducing the footprint of our F&B operations, with vegetarian and plant-based alternatives on menus and by procuring meat options, such as beef and duck, from lower-carbon sources. In Macau, Manila and Cyprus, 90% of our restaurants offer vegetarian options and 54% serve alternatives to meat. Furthermore, 84% of our outlets serve sustainable seafood,<sup>32</sup> and lower carbon beef is served at 15 of our outlets in Manila and Macau. Growing herbs and calamansi at City of Dreams Manila's rooftop garden enables us to meet some of our needs, and by purchasing local, hydroponic lettuce, tomatoes, kale and eggs, we are also helping to reduce Scope 3 emissions.

28. Scope 2, market-based emissions are offset through renewable energy instruments that are RE100 compliant. Refer to the section on [Cleaner Energy and Renewables](#) for details.

29. Refer to [Performance Metrics](#) on page 111 for detailed footnotes on Scope 3 GHG Emissions.

30. In 2021, only Scope 3 Categories 3 and 13 were available for disclosure.

31. Scope 3 GHG emission intensity by floor area was disclosed in 2022, marking the first year of disclosing Scope 3 emission data for all categories that are relevant to the Company's business.

32. We define sustainable seafood as fish or seafood items from sources that have been certified by international bodies or other standards. Refer to our [Sustaining our Supply Chain](#) section on page 078 for details.

# Material Use & Waste

## OUR COMMITMENT

Achieving zero waste across our integrated resorts is a bold and holistic commitment that requires us to innovate, not just in adopting the waste management hierarchy of reduce, reuse and recycle, but in planning ahead and collaborating along our value chain to establish circular economy models. It challenges us to change what we source and how we use valuable resources so that we can minimize unnecessary consumption, maximize the efficient use of resources and items with reduced environmental impact, and plan for their reuse, repurposing and recycling. We consider both the lifecycle impacts and opportunities for circularity, from our choice of materials, products and packaging, to how we manage food, water and waste.

## OUR TARGETS

- Achieving zero waste across our resorts by 2030
- 19% m<sup>3</sup>/m<sup>2</sup> intensity reduction in water consumption by 2030
- Increasing our capacity for greywater recycling across all our properties
- 5% tonnes/m<sup>2</sup> intensity reduction in non-hazardous waste generation by 2030, with ambitions for 24% reduction, against our baseline year of 2019<sup>33</sup>
- Diverting 5% of useful materials from disposal by 2030, against our baseline year of 2019, with ambitions for 24%

## HOW WE MANAGE IT

Our Zero Waste Working Group, responsible for setting our resource conservation and waste reduction agenda, holds monthly meetings to assess progress, identify areas for improvement and plan new initiatives. This involves considering additional actions, resources, training and partnerships with suppliers, business partners and local governments. We have ingrained a mindset of resource conservation and waste prevention among our colleagues and stakeholders, and continuously collaborate with them to explore opportunities for circularity and environmentally responsible alternatives, while always ensuring quality, safety and guest experience are not compromised.

Our efforts are particularly focused on influential categories such as building and renovation materials, SUP, food and food waste as well as diverting recyclables and water management. We've established sourcing guidelines for chemicals, meat, fish and seafood, and cotton purchased for our linen, with other categories being developed. Detail on our sourcing practices can be found in the [Ethical & Sustainable Supply Chain](#) section of this report on page 082.

### Materials

#### Sustainable Buildings and Construction

Attaining internationally recognized, sustainable design standards and adopting responsible practices throughout the lifecycle of our integrated resorts reduces impact, contributes to community building and creates brand differentiation. From designing new structures or planning retrofits to existing ones, our team upholds our high standards for environmental performance and the responsible sourcing of materials and products. We work closely with our contractors and suppliers to meet our expectations across all our jurisdictions.

The latest properties to join our portfolio, Studio City Phase 2 in Macau and City of Dreams Mediterranean in Cyprus, integrated features to achieve the BREEAM Excellent rating at the design stage, and tracked material use and waste management metrics throughout the development process to measure performance.

We are glad to count on Melco as a signatory of GTPI and acknowledge the Company's thoughtful approach to tackling the critical challenge of plastic pollution. By moving away from SUP and collaborating with suppliers on sustainable alternatives, Melco demonstrates a keen sense of environmental and social responsibility. We recognize their dedication to fostering a more sustainable future for our sector and for our planet.

**Zoritsa Urosevic**  
UN Tourism Executive Director

### Eliminating Plastic

A key priority of our RISE sustainability strategy is to reduce consumption of SUP across our value chain. Being a GTPI signatory has supported these efforts and the adoption of circularity approaches in the use of plastics, as noted in the [Case Study](#) on page 029.

Our roadmap to achieve the GTPI 2025 commitments guides us to eliminate unnecessary plastics, embrace circular economy models for reusing, repurposing and recycling plastics, increase recycled content in products and packaging, and foster collaboration and investment in expanded recycling programs.

In 2022, following a thorough assessment of our plastic consumption, we created the "Problematic Plastic Inventory" to identify all the plastics that we purchase under the GTPI guidelines. This inventory, which includes challenging-to-replace items like disposable gloves and cling film, categorizes plastic based on industry prevalence and litter risk. Category I includes items with high property control, like toiletry bottles and straws. Category II encompasses items with moderate control, often incidental packaging like sachets. Category III includes all other problematic plastics commonly used. This strategic categorization helps prioritize our actions to address and reduce plastic use effectively. We then look at the calculated weight to identify the top 15 items and prioritize these items to reduce and ultimately plan to eliminate them from our inventory.

Over the past several years, we have researched and planned how to best address the items in our SUP inventory, tested the feasibility of alternatives and trialed a number of initiatives. We have reported on our progress across our properties each year and are pleased that in 2023, we are seeing our efforts come to fruition, with dramatic results in SUP avoidance. Highlights of our initiatives are as follows:

#### Internal operations

- With the installation of the NORDAQ onsite filtration system, water is provided in reusable glass bottles across 55% of our hotel rooms and three restaurant outlets in Macau and Manila. Over 5.2 million bottles avoided in 2023 from guest rooms in Macau, Manila and Cyprus. When the NORDAQ system is installed for all properties in Macau, we will avoid an estimated 14.8 million plastic bottles annually.
- City of Dreams Mediterranean is the first hotel in Cyprus to not provide SUP water bottles in guest rooms and restaurants.
- Water refilling dispensers in all our HoH areas in Macau, Manila and Cyprus<sup>34</sup> will enable us to avoid 2.8 million SUP bottles annually once operations fully resume.

<sup>33</sup> Data for compiling our intensity targets and the baseline year of 2019 have been externally verified.

<sup>34</sup> Dispensers have also been installed at Celebrity Tower since January 2020, NÚWA Macau, Star Tower, NÚWA and Nobu in Manila in 2021, Altira Macau in 2022 and at our offices in Macau in 2023. Work is underway to roll out the system at the new Studio City Phase 2, City of Dreams Mediterranean, Morpheus and Hyatt Regency.

## MATERIAL USE & WASTE HOW WE MANAGE IT

- Water filters and serving glasses accessible at our spas and fitness centers further reduce the use of SUP bottles and disposable plastic or paper cups. At water recreation areas where the use of plastic bottles is unavoidable, the bottles provided are made from rPET, a recycled plastic. An additional improvement is the use of label-free bottles made from 100% locally sourced, recycled PET, which stimulates local demand and drives bottle collection. With required information integrated into the bottle caps, the bottles do not have any printed labels, thereby facilitating their recycling.
- Removing shoe mitts, shoeshine kits and razors from guest rooms, only providing them upon request.
- Exploring alternatives for toothbrushes and pens such as bamboo and wooden amenities at City of Dreams Manila.
- All F&B outlets use biodegradable alternatives to SUP containers and utensils, including items made from cornstarch, bamboo fiber or paper. In 2023, we began the switch from nitrile and vinyl gloves to those made only of biodegradable nitrile.
- Small, disposable bottles have been replaced with large-sized, refillable dispensers for shampoo and other amenities in guest rooms and spas. In 2023, this switch was completed at Studio City Celebrity and Star towers, NÜWA Macau, Morpheus, The Countdown, and Altira Macau. Once operations are fully resumed, the usage of over 1.8 million SUP bottles is estimated to be avoided in Macau. In 2023, 2.4 million bottles were avoided at City of Dreams Manila.
- Supporting circularity, recycled plastic is incorporated into uniforms for our F&B colleagues.

### Our suppliers

- Proactively engaging with suppliers to avoid disposable packaging, particularly SUP, in favor of reusable and/or lower-impact alternatives.
- 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.
- Working with our egg suppliers to reuse egg crate packaging based on a collection and refilling model.

In 2023, we reported on our initiatives and progress to GTPI, adhering to its 2022 methodology for accommodation providers. This first report outlined Melco's commitment to eliminating problematic plastic, engaging with our value chain, increasing recycled content, and collaborating on finding solutions. Looking ahead, we aim to report the total weight of items in each category, and will continue collaborating with our colleagues, suppliers and partners to promote responsible consumption.

### Our tenants

Our tenants operate a variety of facilities across our properties, contributing to our overall waste stream. Melco's Zero Waste Working Group shares updates on our own initiatives and lessons learned to raise awareness and support our tenants to adopt environmentally responsible practices. Our KAIZEN exercise on waste separation identified F&B plastic packaging from our tenants as a priority for reduction; subsequently we engaged with our tenants to find biodegradable alternatives.

## Waste and Diversion

Progressing towards our goal of operating zero-waste integrated resorts by 2030 is an unwavering commitment and a key driver that inspires our colleagues to reduce waste. Avoiding waste in the first place and maximizing resource efficiency are critical. We also adopt measures to reuse, repurpose, recycle and compost valuable materials to reduce impacts associated with the treatment and disposal of waste. Our material handling and waste management standard operating procedures (SOPs) guide our colleagues, and we have aligned requirements for our suppliers and tenants. In addition, all our buildings are equipped with sorting, storage and collection infrastructure to facilitate effective waste diversion.

With increased visitation and occupancy rates at our properties in 2023, waste generation increased over 2022, yet waste generated in 2023 reduced by 21%<sup>35</sup> in absolute terms and 32% in intensity over pre-pandemic levels in 2019. While it has been challenging in the face of the pandemic-related disruptions that impacted collection and diversion channels, we are pleased that our efforts over the years are making a difference; in total, we diverted 11% of our total waste stream from disposal through composting and recycling. This is a 76% increase in the quantity of materials diverted over the previous year. Furthermore, when we also compare our performance to 2019, the total quantities of materials composted and recycled are up by 209% and 138%, respectively.



## Food Waste

With food waste accounting for 6% of total global GHG emissions,<sup>36</sup> it is imperative that we do our part to reduce it. In 2019, food waste accounted for 43% of our waste stream<sup>37</sup> and, in 2023, it represented 15% of the materials we divert from disposal. We continue to harness the power of advanced technology, such as Artificial Intelligence (AI) systems and others, to minimize waste and improve operational efficiencies in our kitchens, dining rooms and restaurants. We monitor food waste from overproduction in our EDRs daily and review the data together with our F&B teams monthly at City of Dreams, Studio City and City of Dreams Manila. Plate waste is monitored at all our properties in Macau and Manila.

### Managing Production and Plate Waste

Ensuring that the right options and quantities of food are produced for both our guests and colleagues is the first step in our efforts to reduce wastage. In addition to providing extensive training to our F&B colleagues on ordering, production management, storage and inventive menu creation, we have been assessing and monitoring our performance through Winnow AI technology. In 2023, the Winnow team led training sessions to further engage colleagues in both Macau and Manila on food waste reduction techniques, and how to streamline waste recording and analysis with the Winnow Vision machines in the kitchens of our EDRs.<sup>38</sup> The Winnow team also implemented a deep-dive Plate Waste Audit of post-consumer plate waste in our EDRs to identify the most common food waste left on our colleague's plates by category<sup>39</sup>. This was particularly significant as the Winnow Sense machines can only capture the weight of plate waste. The top items wasted by approximation were vegetables at 23% of total waste and grains at 17%, followed by pasta/noodles at 5%. Recommendations from the audit are being implemented in our EDRs, including our chefs adjusting portion sizes and amending menus to remove less popular items.

Raising awareness and supporting our colleagues through targeted campaigns to reduce plate waste is also critical. We have implemented Clean Plate Challenges to motivate and acknowledge our colleagues' waste reduction efforts, with high overall participation rates across all our properties. In Macau, we added a fun element with a Waste Separation Game Booth where colleagues, after showing their clean plates, participate in monthly games quizzing them on recycling and handling different packaging types.

Other initiatives that have contributed to reduced plate waste include extensive educational campaigns, seminars and training on nutrition and healthy eating (refer to the [Mini Case Study on page 063](#) for details). In Manila, EDRs have reduced serving sizes of pre-portioned meals, provided measuring cups to portion out rice, both of which contribute towards health promotion and waste reduction goals. In addition, survey feedback has resulted in the removal of unpopular dishes and improvements in food quality and menu offerings.

35. Data are for the non-hazardous waste stream; hazardous waste amounted to 56.76 tonnes.

36. <https://ourworldindata.org/food-waste-emissions>.

37. The volume of food waste and its portion of our total waste stream was determined based on an audit conducted in 2019 that included an assessment of waste arising from our colleague dining areas and associated kitchens, restaurants operated by Melco and our tenants, guest rooms and onsite facilities.

38. Winnow Vision uses AI technology to identify food waste arising from EDR kitchens and Winnow Sense records the weight of post-consumer plate waste.

39. Food categories were vegetables, grains, pasta/noodles, meat and bread/pastry; non-food items included bones/shells, fruit/vegetable peels and tissues/paper.

**MATERIAL USE & WASTE  
HOW WE MANAGE IT**



*Composting*

An important element of our waste management strategy is to responsibly manage food waste to harness valuable outputs and reduce the environmental impacts arising from waste haulage and landfill disposal. Our Zero Waste Working Group oversees the implementation of composting, vermicomposting and/or dewatering at our properties, and monitors the ongoing positive benefits. Compost produced at City of Dreams in Macau provides beneficial fertilized soil for landscaping. Our efforts at City of Dreams Manila in producing 100% organic fertilizers continues to gain momentum, supporting the property's onsite herb garden and surrounding horticulture, as well as its waste diversion initiatives. In Manila, 5,316 liters of Vermitea were harvested

in 2023, representing an increase of 60% over the previous year. For Vermicast, 6,698 kg were produced; this is 4.5% less than the previous year as more food waste arising from preparation in the kitchens was transferred to our onsite composter.

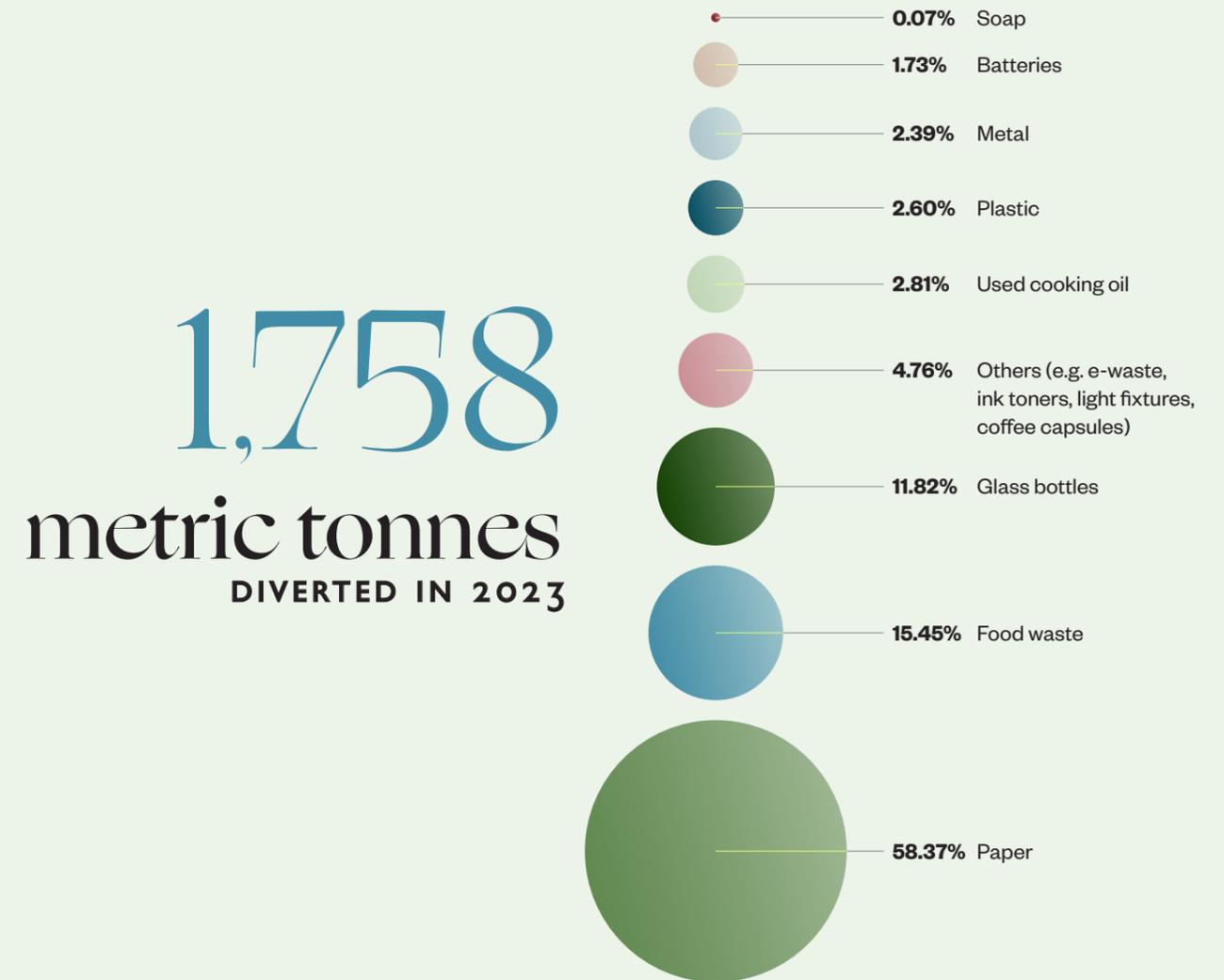
Other circularity initiatives include providing compost generated at our property to a local farm that grows melons, which are later served at City of Dreams Manila. In Cyprus, City of Dreams Mediterranean is the first resort to own and operate an integrated composting plant within its property to support a circular model, where food waste produced is composted on site and the resulting compost is used for landscaping across its property.

**Material Diversion and Waste Generation<sup>40</sup> with Intensity**  
(in metric tonnes)

	2023	2022	2021
Composting	272	262	192
Recycling	1,486	735	720
<b>Total materials diverted</b>	<b>1,758</b>	997	912
Incineration	11,956	5,657	7,624
Landfill	1,916	1,026	1,160
<b>Total waste generated</b>	<b>13,872</b>	6,683	8,783
<b>Total materials diverted and waste generated</b>	<b>15,630</b>	7,680	9,695
Intensity of materials diverted and waste generated (in metric tonnes/m <sup>2</sup> )	0.009	0.005	0.007

40. Refer to **Performance Metrics** for information on hazardous waste generation.

**MATERIAL DIVERSION BY TYPE IN 2023**



**Total Waste Generated (in metric tonnes)**

13,872

**Intensity of Materials Diverted and Waste Generated (in metric tonnes/m<sup>2</sup>)**

0.009

**Composting (in metric tonnes)**

272

**Recycling (in metric tonnes)**

1,486

## MATERIAL USE & WASTE HOW WE MANAGE IT

### Other Diversion Highlights

#### Playing Cards

At our integrated resorts, playing cards are integral to the guest experience and an important resource stream that provides an example of circularity in action. Through perseverance and partnership with our business partners and local authorities, we are pleased to share that we have established recycling and repurposing initiatives in all our markets. In line with local regulations, 24 tonnes of cards are now recycled each month from our properties in Macau, totalling 152 tonnes in 2023. City of Dreams Manila and Mediterranean are now recycling all playing cards with local vendors. Over 355 tonnes of playing cards were recycled in Manila. Our local partner processed them into chip board, which is used for a variety of types of packaging, including for food items, soap and toys. City of Dreams Mediterranean also recycled 1.3 tonnes of playing cards with local vendors. We continue to expand such circular economy solutions across all our locations.

#### KAIZEN Review

A KAIZEN review was undertaken in 2023 to identify new opportunities to reduce both food and general waste in our F&B preparation kitchens. Following our KAIZEN team's observations, several actions that are now being rolled out include:

- Diverting selected preparation waste to be used in EDR kitchens, including broccoli stems, konbu kelp used for salads and pickles, end cuts of bread for breadcrumbs and meat trimmings for soup
- Reducing the use of disposable gloves in kitchens and encouraging frequent hand washing instead
- Reducing the use of labels used from commissary kitchens to outlets
- Ensuring proper waste segregation to avoid mixing food and non-food waste such as cling film, tissues and gloves found in food waste bins
- Introducing additional bins to support waste segregation
- Training colleagues on updated SOPs on waste reduction, reuse and recycling

### Water

The impact of climate change on water scarcity is increasingly concerning for businesses, investors and communities reliant on this essential resource. Managing water resources responsibly is a global challenge. Across our operations, we focus on water conservation and reuse as well as ensuring that wastewater is properly treated to meet regulatory requirements. Water-efficiency measures implemented range from automatic sensors on faucets and water-saving toilets and showers to adopting innovative technologies. Progress and performance are tracked, with results reviewed monthly by the Carbon Neutral Working Group and quarterly by the Executive Sustainability Committee. Maintaining vegetation and habitats at our properties helps to minimize water loss through wind evaporation from pools and water features, and rainwater recovery systems play an important part in onsite irrigation. Examples of property-specific initiatives include:

- A high-tech 'harvesting system' installed at City of Dreams Mediterranean collects and treats greywater that is repurposed for use in toilets and gardens; in 2023, over 2,950 m<sup>3</sup> water was reused
- A sophisticated filtration system treats and reuses pool water indefinitely at The House of Dancing Water show at City of Dreams Macau
- Bleed-off water is reused to flush toilets across properties and a reverse osmosis system recycles water for use in Studio City's central kitchen
- A new compound has been adopted to treat water scale in central kitchens to decrease the frequency of water pan drainage
- 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 basins 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

- Colleagues are encouraged to be vigilant in their water usage while cleaning guest rooms and public areas
- Ongoing replacement of fixtures with more water-efficient options such as flow restrictors across our properties, including faucets, nozzles and shower heads

Our total water consumption and water intensity across our properties increased by 32% and 5% compared with 2022, respectively, due to increased visitation and occupancy across our portfolio and the opening of our two new properties, as well as the Studio City Indoor Water Park. Yet, water consumption reduced by 12% and 31% in absolute and intensity terms, respectively, over the pre-pandemic year of 2019, before visitation rates and business volume were affected by COVID-19 restrictions. In terms of water efficiency, we are well ahead of our 2030 target to reduce water consumption intensity by 19% m<sup>3</sup>/m<sup>2</sup>, compared to 2019. Measures that we have progressively adopted at our properties in Macau and Manila since 2019 resulted in annualized savings of over 466,304 m<sup>3</sup> in 2023.<sup>41</sup>

### Calculated Savings based on Cumulative Annualized Water-efficiency Measures (WEMs)

(in m<sup>3</sup>)

Property	Annualized Water Savings (m <sup>3</sup> )		
	2023	2022	2021
City of Dreams Macau	39,758	39,758	26,758
Studio City	197,330	178,835	162,753
Altira Macau	15,394	27,318	27,381
City of Dreams Manila	213,822	217,714	147,163
<b>Total</b>	<b>466,304</b>	463,625	364,055

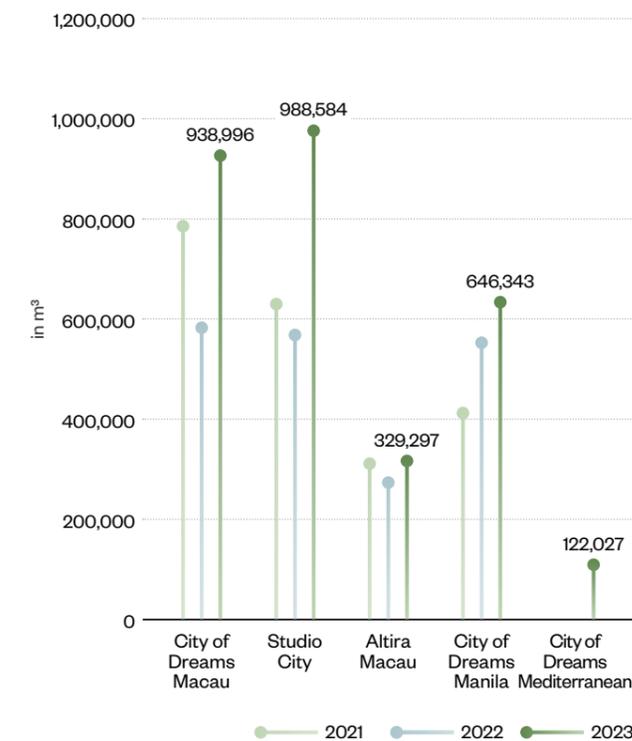
### Water Consumption by Source and Intensity

(in m<sup>3</sup>)

	2023	2022	2021
Municipal water	2,853,466	2,104,286	2,118,259
Recycled water	218,225	217,714	147,549
<b>Total water consumption</b>	<b>3,071,691</b>	2,322,000	2,265,808
<b>Water intensity by floor area (in m<sup>3</sup>/m<sup>2</sup>)</b>	<b>1.74</b>	1.66	1.61

### Total Resort-level Water Consumption

(in m<sup>3</sup>)



41. Savings recorded at City of Dreams Mediterranean will be disclosed for the year 2024.

# Inspiring our Communities

MAKING A MEANINGFUL DIFFERENCE  
FOR OUR PEOPLE, GUESTS AND COMMUNITIES



QUICK ACCESS TO MATERIAL TOPICS

Engaging our People .....	054
Safety, Health & Wellbeing .....	064
Responsible Gaming .....	068
Community Investment & Engagement .....	070

CASE STUDY

## REACH! Boosts Physical Health in Macau

Regular exercise is essential for physical health, stress reduction and overall wellbeing. Melco's *REACH!* Program, launched in 2022, promotes exercise and participating in community sports among colleagues. The program offers physical and mental health benefits, fostering camaraderie and belonging, while supporting overall wellbeing.

Since its launch in December 2022, achievements of our *REACH!* Athlete Nurturing Program include:

- 7,435 participants
- 36 elite sport players identified
- 400 training sessions and 55 competitions conducted, with 20 awards won

Our 36-person *REACH!* Elite Team participated in marathon, triathlon, cycling, diving, wushu and boxing activities, representing Melco in 55 local and national sports events, and overall held 200 training sessions involving over 1,190 participants.

Our female athletes engaged in various activities, with some representing Melco at regional events. Internal teams of 20 participated in running, free diving and other activities, and 17 attended the Women's Sport Carnival to compete and inspire each other with participation from across the Greater Bay Area (GBA).

Other team activities during the year included dragon boating, badminton, basketball and soccer. Nutrition and sport psychology seminars are conducted on a bi-monthly basis, tips on injury prevention and how to improve core stability are regularly reinforced, and sport injury consultations are also accessible. Our colleagues also participated in the Macau Special Olympics Sport Day, the Macau International Dragonboat Race and 12 triathlon events.

In collaboration with the Macau Special Olympics and Macau Deaf Association, 41 athletes joined the Melco Macau Water Run for water conservation. Colleagues and their children volunteered for recycling, reinforcing children's awareness of environmental protection, and the Macau Deaf Association also designed event collaterals, attracting 600+ participants, including five Melco *REACH!* Team members, and 28 Melco volunteers and their children.

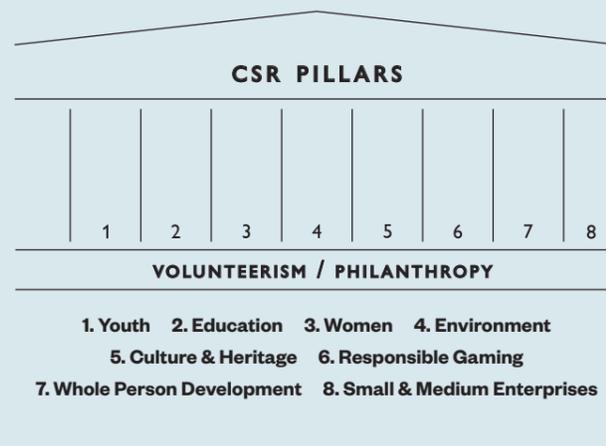
# Strategy and Management Approach

Inspiring our people to collaborate for a better future motivates us to actively engage with all our stakeholders to understand their needs, safeguard their wellbeing and safety, and support personal and professional development. This is important at work but also in the interactions we have with all our business and community partners across our operations. We work with governments, NGOs, business partners and SMEs to extend our commitments to our local communities, increasing our positive impact on local economic, social and environmental development. Upholding responsible gaming is also vital to maintain trust and support from our guests, governments and communities in all our markets.

As an employer of choice, we prioritize creating a safe, inclusive workplace where colleagues are comfortable in bringing their "whole selves" to work. This involves stringent safety, health, and hygiene standards, and nurturing an environment that values individuality and passions. Our commitment to a flourishing workplace culture aligns with international human rights norms, local labor, safety, health regulations, and respects local customs and cultures.

Providing unwavering support to our colleagues, as well as competitive compensation and incentive programs, remain ongoing priorities. We organize workshops, training and targeted programs on topics ranging from wellbeing, nutrition and fitness to professional skill development, responsible gaming and cultural heritage. Signature initiatives, such as our FAP and Culinary FAP, Back-to-School program and other continued learning opportunities, play a key role in providing learning and professional development opportunities that enrich both our colleagues' skills and the quality of our service offering.

Our eight Corporate Social Responsibility (CSR) pillars guide our initiatives to support our people and make a difference in our communities.



**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 .....	054
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Responsible Gaming .....	068
Community Investment & Engagement .....	070

**HIGHLIGHTS**

**Succession Planning, Diversity and Inclusion**

Our approach to succession planning is to cultivate talent that has not only the expertise and experience needed to lead and support our organization into the future, but is representative of the unique communities where we operate. We continue to provide career advancement pathways, build pipelines of local talent and future-proof the leadership of the business. In 2023, we made progress towards our target of having 95% of managers in Macau from the local community by 2030.

**Career Opportunities**

Our FAP and our Culinary FAP, in collaboration with two governmental bodies, the Macau Labour Affairs Bureau and the Macao Institute for Tourism Studies (IFTM), provide excellent opportunities for accelerating skill development through job rotations, exposure, management skills, mentorship and career planning. This contributed to numerous promotions and internal transfers across our global operations. Working with young academics in university, our "Start Young" resort business case study program also remained a source of inspiration for youth in Macau to explore career path options in the hospitality sector.

**Perfect Score**

Our commitment to Responsible Gaming (RG) has now enabled three more of our locations, Altira, Mocha Inner Harbor and Mocha Kuong Fat, to achieve a perfect score of 100% to the RG Implementation Index criteria, as assessed by DICJ. This brings the total number of locations to six across our properties attaining this score in Macau, with more to be assessed in 2024.

**Recognition**

We are honored to have received several prestigious awards that recognize our efforts to be a responsible corporate citizen, including:

- Global Gaming Awards Asia – Corporate Social Responsibility Award of the Year as voted by industry leaders, 2023
- Asia Gaming Awards – Outstanding Contribution in Corporate Social Responsibility and Best Responsible Gaming Program, 2023
- Inside Asian Gaming IAG Academy IR Awards – Best Overall CSR Program: Simple Acts of Kindness and Best IR Workspace: City of Dreams Macau, 2023

**CHALLENGES**

As we emerged from the pandemic in 2023, we focused on ensuring that the support system in place for our colleagues and other stakeholders remained fit for purpose as business volumes resumed. Amid inflation and the economic impact of the previous few years, we saw to it that policies and controls continued to safeguard the wellbeing, safety, health and security of all our stakeholders, while preserving the guest experience. This necessitated harmonizing immediate operational needs with our long-term business objectives, while still offering excellent benefits and growth opportunities for our team and supporting our suppliers, SMEs and community partners.

**2024 AND BEYOND**

The efforts we have made to sustain the business and emerge rejuvenated from the pandemic—from efficiency improvements to investing in our people—position us well for the future. As always, we will enhance our approaches and adopt best practices to safeguard the safety, health and wellbeing of our people and guests, and support community development. Reflecting on collective challenges and successes shared with our diverse stakeholders, our focus remains on mental and physical wellbeing, and career advancement. We will explore innovative ways to enhance both morale and excellence in customer service. Maintaining an engaged and passionate workforce that is supported to thrive is a differentiating factor for Melco, enabling us to proudly serve our guests and our community and create shared value. In 2024, we will launch initiatives to revitalize our engagement with colleagues and other stakeholders, establish a new baseline for assessing satisfaction levels and success, and refine metrics to measure progress.

# Engaging our People

## OUR COMMITMENT

Operating responsibly extends beyond maintaining our license to operate, to ensuring we live our values and deliver on our culture of service excellence. As a global integrated resort operator, maintaining our reputation is essential for attracting and retaining top talent across all our markets. From the recruitment process to continuous personal and professional development, we encourage our colleagues to explore their potential through a range of training, cross-functional transfers, upskilling opportunities and ongoing health and wellbeing initiatives.

## OUR TARGETS

- Maintaining the number of colleagues receiving training/education/professional development at 95% level or greater annually
- 95% of managers in Macau to be recruited from the local community by 2030
- 50% of management roles to be held by women by 2030

## HOW WE MANAGE IT

To maintain an environment where our colleagues remain engaged, we focus on the following areas:

### Policy on Board Diversity

→ Furthering diversity across all layers of the organization is reflected by the tone we set in aspiring to have a diverse and inclusive board and management team

### Code of Business Conduct and Ethics (Code)

→ Stipulating expected standards for business conduct with zero tolerance for non-adherence to the Code

### Culture of Excellence

→ Aligning systems to premium brand standards

### Whole Person Development

→ Providing internal career opportunities

### Workforce Inclusion & Diversity

- Being an equal opportunity employer
- Incorporating our Inclusion and Diversity Statement in our Recruitment Policy and Workplace Behavior Policy

### Work Environment

→ Fostering a place where people feel valued, cared for and recognized

### Quality of Life

→ Nurturing workplace, family and personal wellbeing

### Safety & Health

- Keeping our colleagues and guests safe
- Updating our OSH Policy regularly

We are proud that our workforce of over 20,000 people, a 20% increase over 2022, reflects the diversity of the regions and communities we operate in. This reinforces to our guests that we not only respect local customs and cultures, but that we celebrate everyone's unique attributes and empower our people to bring their best selves to work.

Significant progress has been made in enhancing diversity, particularly in senior leadership, with a focus on increasing the representation of women and local talent. Making progress towards our targets for 2030, 41% of our management roles are held by women and 69% of our managers are recruited from our local communities Group-wide, with local representation in management as high as 83% in Macau.

We actively communicate with our colleagues across multiple channels to exchange information, reinforce our values and, importantly, gather their feedback for improvement. Continuously keeping up to date with regulatory changes, standards, best practices and stakeholder expectations is a key part of our strategy. These efforts ensure we remain responsive and adhere to the latest human and labor rights requirements, as we continue to both enforce our zero-tolerance policy for child or forced labor in our operations and supply chain and maintain high standards for safety, health and hygiene.

## Ethical Practices

In upholding high standards across our diverse workplaces, we are guided by our Code that includes, among other requirements, our expectation to go above and beyond regulatory requirements related to human and labor rights, in line with the UNs' Universal Declaration on Human Rights. Refer to our [Ethics & Integrity section on page 094](#) for details.

**In Macau, working with the International Organization for Migration (IOM-UN Migration), Green Hospitality and TMC, we hosted a seminar for our colleagues in human resources and members of the community. The goal was to increase awareness of human trafficking, forced labor and exploitation risks in the hospitality industry. The seminar covered IOM research on international migrant workers, employer best practices, modern slavery and human trafficking insights, as well as IOM's tools and resources for responsible business practices and due diligence.**

**ENGAGING OUR PEOPLE  
HOW WE MANAGE IT**

**Culture of Excellence**

We take great pride in our culture of excellence that permeates all that we do, supporting and building the capacity of our people to proudly deliver high-quality services for our guests. To maintain our culture of excellence, we have adopted a system that includes the following key elements:

- 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
- Regular performance and development reviews for all colleagues
- A culture that celebrates our achievements

This approach involves a bespoke training program that includes:

- **Induction and orientation:** new joiners receive an introduction to the secrets of Melco's success: our philosophy, our standards and our core values
- **Technical skill training:** according to our belief in "hiring for attitude, potential and image, and training on skills"
- **"My First 90 Days" integration program:** integrates new colleagues 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 exemplary high standards

- **Forbes Five-Star standards training:** reveals what is behind our exquisite premium luxury service
- **Mystery shoppers:** provides an opportunity for our colleagues to experience Melco's service excellence and inspires their own commitment to being best-in-class

Meeting the evolving expectations of our guests for innovative experiences at our integrated resorts inspires us to seek out and be responsive to new ideas. Established formal and informal channels, including guest surveys, interviews and focus groups enable us to gather feedback on how we can enhance our culture of excellence in service delivery.

**Whole Person Development**

Fostering an environment where our colleagues are motivated to bring their "whole selves" to work and to consistently pursue learning and skill enhancement is vital for their personal excellence and our business success. We have established, and continue to evolve, a comprehensive suite of resources to enable our colleagues to develop new skills and achieve personal and professional growth within and outside their roles. Highlights of our "Whole Person Development" initiatives are shared below.

**FAP – Building new perspectives and skills**

Established in 2015, the program supports our colleagues to develop complementary skills by exploring functional areas and alternative career opportunities within the business. Participants explore a "day in a life" of colleagues across different parts of the business, ranging from day-long "shadowing" opportunities to longer-term projects and transfers. This enables them to adopt a more holistic view of the business by taking a "one organization" view. The program helps Melco to retain talent through internal promotions and/or transfer opportunities and thereby also meet some of our resourcing needs from within the organization. In 2023, over 7,000 FAP experiences were provided with 32% related to non-gaming activities.

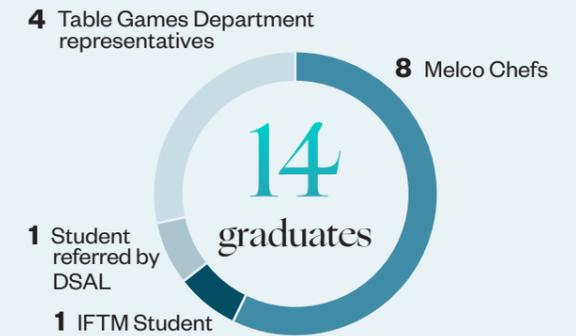


**Culinary FAP**

In 2021, Melco launched the Culinary FAP, a pioneering program developed with the Labor Affairs Bureau (DSAL) and the IFTM to address the industry-wide demand for skilled culinary talent. This 12-month program seeks to nurture local culinary talent through structured on-the-job training and cross-functional exposure, supplemented by formal and informal training in partnership with the local government and universities. Participant feedback highlighted a shift in perspectives on the outlook of the culinary profession, and internal colleagues appreciated the opportunity to accelerate their learning and development in the field. In 2023, we continued to witness 100% of our F&B colleagues that participated in the FAP being retained within the Company, and a significant 50% promotion rate upon completion.

**Culinary FAP:  
by the numbers**

**THE CLASS OF  
2022/2023 INCLUDED:**



**CLASS OF 2023: 2023/24**

In collaboration with IFTM, the current cohort comprises:



**ENGAGING OUR PEOPLE  
HOW WE MANAGE IT**

**Melco Learning Academy**

Instilling a love for lifelong learning and equipping our colleagues to maintain a culture of excellence, is the aim of the Melco Learning Academy. Since it was first established in 2009, we have continually refreshed our customized curriculum offering over 8,400 in-house courses spanning functional skills such as finance, customer service, leadership, sales, marketing, soft skills and language offerings. As we emerged from the challenges of the pandemic in 2023, Melco recognized the need to revitalize and enhance the service skills of our teams. We prioritized the development of a robust service training program to both provide refresher training to our colleagues and bring our new hires up to speed. As business resumed, we took decisive action to ensure all colleagues were equipped to deliver the five-star service we're known for. This effort has renewed our team's capabilities and reinforced our commitment to excellence in customer service.

In 2023, close to 586,000 participants attended over 1,300 of the training courses offered by academy, contributing to a total of close to 1.3 million learning hours delivered. Following the training, increased service scores were recorded by social media channels, service awards and accolades such as Forbes Travel Guide, Michelin and Black Pearl were attained. Colleagues received top-tier recognition in local and regional competitions for occupational skills, as outlined below.

At the 5th Macao Integrated Tourism and Leisure Enterprises Vocational Skills Competition, co-organized with the Macao Federation of Trade Unions (FAOM), the following awards were received in 2023:

- Housekeeping – Special Gold and the Best Floral Design
- Property Service – Special Gold
- Western F&B Service – Special Gold
- Table Games Service – Special Gold
- Chinese Culinary – Gold

The Macao Government Tourism Office (MGTO) hosted a tray race to celebrate World Tourism Day. Our team joined this regional event, winning the 2nd runner up in the male category of the Tray Race as well as Best Costume for the team.

To create a strong gastronomic experience for our guests, our tea masters of various signature restaurants were grouped together to develop a "Tea Sommelier Service Skills" course under our Learning Academy. This course included tea appreciation, tea service skills, a tea education tour in the GBA, and internal practice sessions. A total of 50 formal training hours, and over 200 practice hours contributed to a significant increase in tea knowledge and skills among our tea masters. As a result, a total of seven local and national awards were received in 2023.

In addition, Ann Wong, Studio City's Cook, received the Individual Gold Medal at the Gelato World Cup (China Region) in May, 2023. She, along with two other members of Melco's culinary team in Macau, will be finalists in the 2024 Gelato World Cup in Italy, a world-renowned pastry related competition, with over 12 countries represented.

**Average Training Hours Completed per Employee by Employee Category and Gender<sup>42</sup>**  
(Hours)

	2023		2022		2021	
	Female	Male	Female	Male	Female	Male
Management	19.88	16.07	20.06	15.37	24.68	20.24
Non-management	67.15	70.96	204.82	161.64	131.55	105.11

**Internal Career Opportunities – long-term employment and career progression**

At Melco, we place high importance on supporting our colleagues' growth and development, both personally and professionally. Our approach prioritizes in-house candidates for job opportunities when they demonstrate the requisite skills and since our inception, we have facilitated over 31,000 internal promotions and transfers. The launch of our new properties in 2023, Studio City Phase 2 and City of Dreams Mediterranean, presented numerous new career opportunities. In 2023, 20% of vacancies were filled by internal colleagues.

**Scholarships**

For colleagues and their immediate families, Melco has been providing awards of financial assistance to support undergraduate education since 2010, as well as Melco's Hope Scholarships for those that have experienced hardship or misfortune. Since the program's inception, over US\$500,000 has been awarded through scholarship grants to our colleagues and their family members. For the third year in a row, scholarships for digital media students to study at Macau University of Science & Technology helped build a talent pipeline and opportunities for long-term employment at Melco.

**Back to School**

Launched in 2010, our Back-to-School program is a collaborative effort with the Education and Youth Development Bureau and local high school teachers, aimed at providing colleagues who left school prematurely the opportunity to earn their high school diploma while working. In July 2023, we celebrated 20 colleagues obtaining their Junior High School Certificate from Escola Seong Fan da Associacao Comercial de Macau, and four colleagues obtaining their High School Certificate from Escola Secundária Luso-Chinesa de Luís Gonzaga Gomes.

To further support our colleagues' lifelong learning and prepare them for future career opportunities, we also organized two in-house classes in September 2023 for

28 and 33 colleagues to complete their final two years of high school, respectively. These classes further underscore our commitment to investing in the growth and development of our colleagues. We believe this program not only empowers our colleagues with the essential education they need to succeed but also contributes to the development of our local community.

**Melco YOU-niversity**

Each year, 15 of our colleagues have the opportunity to earn a Bachelor's Degree in International Business through our partnership with the Edinburgh Napier University over a two-year period while employed at Melco. Since 2015, 29 colleagues have graduated from Melco YOU-niversity, among whom nine have been promoted or have made an internal career change since completing the program.

**Graduate Trainee Program**

Since its establishment in 2020, this tailored program, which is organized in partnership with the DSAL, provides three-month-long placements for local graduates to gain experience with departments across the business so they can appreciate Melco's high standards and consider career opportunities in the hospitality industry. Feedback received from the attendees confirmed that the program was well-rounded and equipped them with practical skills to support their career development, including coaching and mentorship from business managers.

**Mentoring and Networking Group**

Our global, organization-wide initiative connects participants from Macau, Hong Kong, Manila and Cyprus for mentoring and networking opportunities. First launched in 2021, it continues to cultivate long-term relationships and a strong community within Melco.

<sup>42</sup> Average training hours returned to pre-pandemic levels in 2023; the higher average training hours in 2022 and 2021 reflected the increased training provided for colleagues to maintain their professional skills, and opportunities for exploring other department's operations when business was restricted.

## ENGAGING OUR PEOPLE HOW WE MANAGE IT

### Workforce Inclusion & Diversity

We see DEI as a strength that enables our colleagues to bring unique attributes, experiences and views to build a resilient and future-fit company. As outlined in our Code and reinforced through our Inclusion & Diversity Statement (Statement), we are an equal opportunity employer with 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. Colleagues are encouraged to raise potential incidences of noncompliance with our Code and Statement or other concerns through our Procedures for Handling Complaints and Whistleblowing; in 2023, we did not receive any reported incidents of discrimination or other concerns. Highlights of our progress on DEI are outlined below.

#### Inclusive Workplace

79 nationalities are represented in our global workforce. Women comprise 47% of the workforce.

#### Opportunities for Individuals with Special Needs

2023 was a year of expanded opportunities for our colleagues both at work and in sports. In 2013, Melco was one of only two companies participating in a DSAL-organized internship program for local students with special needs. Now, in 2023, 13 internship opportunities were offered, resulting in seven interns later becoming permanent employees. Since the program began in 2013, we have had a total of 137 interns participate to date with 60 being placed in permanent positions. We participated in DSAL's career fair for the physically challenged in June and December.

We also collaborated with DSAL and five NGOs to launch a new program offering individuals with severe disabilities the opportunity to work within our integrated resorts in Macau. Over a period of one to three months, participants gain invaluable work experience, enhancing skills and fostering

autonomy. Fifteen participants have been accepted to the program, running from November 2023 to February 2024. At the Special Olympics World Summer Games 2023, held in Macau, two of our F&B colleagues with varying intellectual abilities participated. I Kei long won a Gold Medal (Division 45) and a Silver Medal (Division 20) in Women's Singles bowling, and Cindy Sou competed in ice skating and Bocce, an Italian bowling game.

#### Leadership from the Local Community

Across our integrated resorts, 66% of positions at the "Vice President" level and above have been filled locally, increasing to 85% in Macau.

#### Gender Diversity

Continuing to support the inclusion and promotion of women in the workplace is a priority and we continue to enhance diversity across our Company.

### WOMEN IN LEADERSHIP

27% of directors across our boards

14% of our Corporate Executive Committees

35% of our senior management

41% of our general management

#### Family-friendly Workplace

Supporting our colleagues to care for their families is an important way to retain valuable talent. Initiatives to support our colleagues to balance work and family needs are essential. We also provide lactation rooms for nursing mothers at all our properties to support their transition back to work. City of Dreams Manila will be recognized as a "Mommy-friendly Workplace" in 2024 having passed an audit of its lactation facilities conducted by the Department of Health.

Our in-house Learning Academy has co-organized various parenting education seminars and parent-child workshops with the Education and Youth Affairs Bureau and Gaming Employees Home of Macau respectively, enabling our colleagues to enhance their parenting skills, parent-child relationships and, thereby, the wellbeing of families and our communities. In 2023, we added new categories to our "Best Mom Awards", including recognition for parents with special needs.

### Work Environment

Enhancing the work environment to meet the evolving needs of colleagues is critical for maintaining our culture of excellence and for our people to thrive. We actively seek their feedback through formal and informal channels that range from regular surveys and "Meet the Management" sessions to other engagement channels such as:

- Focus groups across various business functions and integrated resorts
- A mobile app that allows colleagues to "Talk to Management"
- Newsletters and social media
- Annual performance appraisals
- Leadership forums
- In-house mental wellness seminars

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 HoH features:

- Premium onsite learning facilities
- Dining rooms with an extensive menu selection, including healthy and sustainable options
- Social areas with refreshments and computers for online learning and entertainment
- Relaxation rooms fitted with massage chairs, hammocks and TVs
- Concierge desk to support colleagues

**ENGAGING OUR PEOPLE  
HOW WE MANAGE IT**

We offer a range of work-life balance initiatives to provide flexibility to meet our colleagues' needs and provide them opportunities to develop their interests outside the workplace. These initiatives include:

- **Strawberry Life Flex Compress:** a compressed workweek arrangement where our colleagues can concentrate work hours on certain days of the week
- **Strawberry Life's part-time scheme:** allowing colleagues to remain eligible for full-time benefits on a pro-rated basis
- **"Thinking of you" initiative:** providing subsidized leave for colleagues who are evaluating career changes, allowing for a six- to 18-month partly paid leave of absence, which provides them a safety net while exploring other employment opportunities in other industries
- **Lifestyle Programs:** workshops providing lifestyle and personal growth knowledge through the Melco Learning Academy
- **Hybrid work from home opportunities** as positions and responsibilities allow

**Wellness**

Prioritizing mental and physical wellbeing is key for thriving both personally and professionally. Our dedication lies in empowering our colleagues, their families and our community partners with support tailored to their individual needs. Emerging from the pandemic has been challenging in different ways for many, with people affected to varying degrees mentally and/or physically. Our efforts have intensified in raising awareness about the importance of self-care, destigmatizing mental health issues, and promoting healthy lifestyles through nutritious eating and regular exercise.

Since 2021, in collaboration with the Women's General Association of Macau, our Feel Better Mental Wellness Program has significantly benefitted over 2,400 colleagues, their families, friends and the wider community, with bi-monthly seminars and counseling offered. Surveys reveal that 88% of participants feel more inclined to seek professional help after attending the seminars. Annually, we provide 600 individual counseling sessions exclusively for our colleagues and their families. In 2023, 182 colleagues, 98 family members and 113 community members participated in the program. 600 colleagues also benefited from the individual counseling services offered by the Feel Better Program.

In Manila, through a partnership with a local NGO, our Spiritual Value Formation program continues to promote mental wellness as a vital component of overall spirituality. Our Philippine colleagues can benefit from webinars on a variety of mental health topics, counseling support and Friday masses onsite, among other initiatives.

Recognizing the connection between a sound mind and body, we regularly update notice boards in all our HoH areas to share exercise and nutrition tips. Additionally, we set up booths each quarter for colleagues to analyze their body composition and conduct other health monitoring. Our focus on nutrition includes providing nutritional information and making healthy food options prominent in our EDRs, which has all been well received. See the mini case study on our health and nutrition initiatives for details on the opposite page.

**MINI CASE STUDY**

# You Are What You Eat: focus on health, nutrition and sustainability

Eating healthy, nutritious food benefits us and the planet. A balanced diet is essential for physical and mental performance, and in adopting a more plant-based diet, we also help reduce our carbon footprint. According to the Food and Agriculture Organization (FAO) of the UN, livestock agrifood systems—which include cattle, buffaloes, sheep, goats, pigs and chickens—account for approximately 12 percent of all anthropogenic GHG emissions.<sup>43</sup>

For several years now, we have critically reviewed our menus at our employee restaurants and guest F&B outlets, focusing on healthier, nutrient-rich items and plant-based alternatives to popular meat dishes. Encouraging colleagues to only eat what they need by appropriately reducing portion sizes is good for their health and it also furthers our ongoing efforts to reduce both food wastage and plate waste.

As part of our *REACH!* Program, this year we've intensified nutrition education through online courses with attendance mandated for colleagues working in F&B, Hotel, Spa & Leisure, Culinary and Stewarding departments. Quarterly seminars at our employee restaurants in Macau, two-day seminars in Manila and Cyprus, and a focus group discussion in Hong Kong, attracted over 300 attendees in total. We plan to continue these seminars at all Melco locations and extend them to local NGOs to raise awareness. Educational posters on HoH notice boards are refreshed on a regular basis, covering topics from nutrition fundamentals and food allergy management to fat loss myths. Future seminars will cover food security and waste minimization.



Apart from the high seminar attendance rates, our healthy eating initiative's success is reflected in the significant changes made and positive feedback received at the employee restaurants. This includes:

- Increasing plant-based dishes, vegetarian and healthy cuisine selections
- Reducing deep-fried, pickled and smoked foods, and decreasing oil, salt and sugar usage
- Providing healthier breakfast options like sugar-free soy milk, low-fat fresh milk and yogurt
- Serving less calorie-dense breakfast foods and more boiled eggs, steamed corn, pumpkin and tomatoes
- Promoting the Green Monday initiative with more vegetarian Chinese soups and vegan dishes
- Replacing white rice with brown rice in Manila

We're also updating guest menus in our Macau and Manila properties to reflect these healthy, sustainable choices, and will continue to reinforce healthy and sustainable eating by expanding these choices, building on our successful initiatives and positive guest response.



43. <https://www.fao.org/3/cc9029en/cc9029en.pdf>.

# Safety, Health & Wellbeing

## OUR COMMITMENT

At the heart of our operations lies an unwavering commitment to the safety and health of our colleagues, guests and partners. This isn't just a policy, it's a core principle that shapes every aspect of our work. Our approach is comprehensive in adhering to industry-leading occupational safety and health standards; robust training, constant monitoring and thorough audits ensure we excel in physical security, safe working practices, indoor air quality and hygiene, among others. We don't just meet but exceed stringent governmental and international best practices, embodying safety and health as fundamental values of the Group.

## OUR TARGET

- Reduce Melco's Group annual employee Injury Frequency Rate (IFR) by 5% in 2023, from base year 2019

## HOW WE MANAGE IT

### Occupational Safety and Health (OSH)

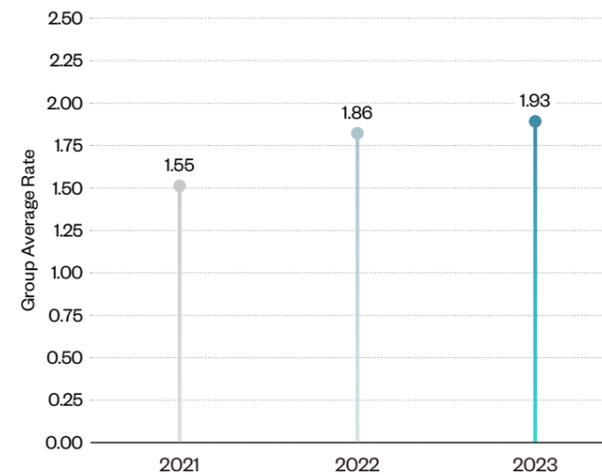
Melco was the first organization in the hotel and entertainment industry in Macau to achieve ISO 45001 certification for our OSH management system. Across all our properties, we adopt stringent OSH protocols and our dedicated OSH Committees meet monthly to oversee their responsibilities for:

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

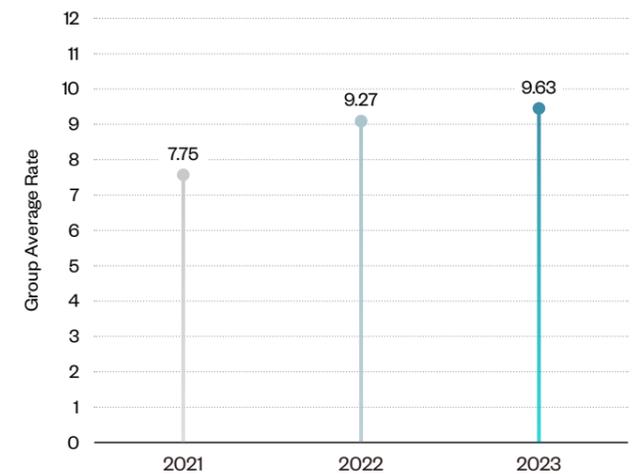
All new joiners attend OSH training as part of their induction, and we provide ongoing training and development opportunities that are mandatory for our colleagues and contractors to ensure that standards are maintained. In 2023, approximately 300 internal training sessions were held with over 17,000 participants, including more than 5,400 new hires and 11,700 colleagues.

OSH performance and regular reviews of risks and hazards are overseen by our CRO with the relevant business units implementing appropriate corrective and/or preventative measures. Our Emergency Response Teams liaise with local authorities to devise and implement plans to respond to a range of potential incidents at each of our locations.

### Melco's Total Recordable Injury Frequency Rate<sup>44</sup> (Group average)



### Melco's Total Lost-time Incident Frequency Rate<sup>45</sup> (Group average)



This year, the Group's operations in Macau, Manila, Cyprus, and our Hong Kong office reported an average recordable work-related IFR of 1.93. Although this represents a 3.77% increase from 2022, it still falls below our baseline rate of 3.09 in 2019. The average lost-time incident frequency rate reached 9.63, marking a 3.83% rise from the previous year. These increases are attributed to expanded business operations and the launch of new properties in Macau and Cyprus. This expansion necessitated the training and retraining of both new and existing employees. We are committed to continuously reviewing our performance and improving our safety training, monitoring, and the implementation of preventative and remedial actions.

44. Average total recordable injury rate (based on the number of cases multiplied by 200,000 hours per 40- and 48-hour work weeks).

45. Average total lost-time injury frequency rate (based on number of cases multiplied by 1,000,000 hours per 40- and 48-hour work weeks).

**SAFETY, HEALTH & WELLBEING  
HOW WE MANAGE IT**

**Hotel and Catering Safety Card Training Program**

Since its launch in 2018, our Hotel and Catering Safety Card Training Program has raised awareness and built the capacity of our colleagues to prevent workplace accidents, adopt proper manual handling practices and respond to emergencies. DSAL and Melco actively support this training program and 89% of our colleagues completed this training in 2023.

**Healthy Air**

In the architectural blueprint of our integrated resorts, the emphasis on optimal airflow isn't just a design choice—it's a commitment to health and comfort. Advanced sensors across guest and HoH areas monitor the environment in real time. We strictly regulate smoking to designated areas, in accordance with legal requirements, underscoring our commitment to a clean, healthy atmosphere for all.

**Wellbeing**

We adopt a comprehensive approach to the health and wellbeing of our colleagues, their families and our communities, and implement a variety of initiatives aligned with our four Pillars of Wellbeing. For details, refer to the [Case Study on page O51](#) and the section on [Wellness on page O62](#).

**Eating Safely, Healthily and Sustainably**

Guest health and happiness is paramount; we ensure that all our F&B outlets adopt safety, hygiene and quality best practices. Food safety teams conduct regular inspections to ensure compliance with the relevant regulations and our food safety standards. All our properties in Macau and Cyprus have obtained the HACCP certification.

**Our Pillars of Wellbeing**

**PHYSICAL**

- "REACH!" - athlete nurturing and healthy eating program
- Macao Water Run, Macao Triathlons and Macao Youth Charity Golf Tournaments

**OCCUPATIONAL AND INTELLECTUAL**

- Training and development

**EMOTIONAL**

- "Feel Better" mental wellbeing seminars for colleagues and families

**SOCIAL**

- Community volunteering opportunities
- Organization-wide social events and opportunities to foster meaningful relationships
- Encouraging colleagues to "give back" to the community by volunteering during working hours



Each year, an external auditor conducts HACCP assessments at all our F&B locations in Macau; in 2023, we did not have any incidences of non-compliance arising from the audit or that resulted in any fines, penalties or warnings.

Regular and ongoing training is provided to our F&B colleagues and suppliers on food safety, focusing on how to safeguard the health and wellbeing of colleagues and guests. To support this, we constantly review our menu offerings to ensure nutritious and sustainable food options are available, accommodating diverse dietary needs. We are also expanding the offering of sustainably and wild-caught seafood, and plant-based meal options, responding to increased demand. Refer to the [Mini Case Study on page O63](#) for details on healthy eating and nutrition promotion in our EDRs and on our guest menus.

**Keeping our Properties Secure**

Safeguarding the security of our guests, personnel and physical property is an ongoing priority. Our security personnel are highly trained and well equipped to respond to potential emergencies and threats. State-of-the-art technology is used across all our properties to maintain and test the integrity of physical controls and security measures. Strong partnerships with the police, fire departments and other local authorities ensure support if an unlikely event was to occur. Additionally, we routinely work with emergency services for crisis management plan testing, staff training and conducting emergency response and evacuation drills.

# Responsible Gaming

## OUR COMMITMENT

Our commitment to responsible gaming (RG) is as foundational to our ethos. While it is essential for maintaining our license to operate, we strive to differentiate ourselves in the industry by upholding stringent RG standards. Leveraging advanced facial recognition technology, we facilitate RG among our guests—equipping them with all the required information and resources to make informed gaming choices. Exceeding regulatory requirements in all our jurisdictions, we're dedicated to continuously enhancing fair and safe gaming experiences for our guests and colleagues.

## OUR TARGET

- Achieving third-party accreditation for all new integrated resort RG programs within three years of opening

## HOW WE MANAGE IT

We have technologically enabled safeguards to facilitate RG among our patrons and we proactively provide related information, tools and support to our guests. Recognizing that our guests are on a spectrum when it comes to understanding gaming and gaming responsibly, we promote a culture of transparency on how we address RG. Working closely with governments and gaming regulators we ensure that our approach, systems and support meet the highest standards of RG across all our properties.



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

## Leadership from the Top

The tone for RG is set from the top, with our Chairman & CEO, Lawrence Ho, accountable for our RG strategy. Our RG Steering Committee is well represented by leaders from both gaming and non-gaming departments and from all our properties and provides strategic direction for all our RG initiatives. Separate working committees at all our properties oversee the implementation of our RG measures, and they frequently review performance and provide recommendations to enhance our initiatives.

## Third-party Validation

RG Check is the world's most comprehensive and rigorous, international, third-party RG accreditation program that was developed by the Responsible Gambling Council and is overseen by an independent panel of RG specialists. Since 2021, when Melco became the first integrated resort operator in Macau and the Philippines to achieve RG Check, all our operations, including those in Cyprus since 2022, are subject to rigorous RG checks on an ongoing basis to maintain this esteemed RG accreditation status.

The Responsible Gambling Indicators project, developed by the Responsible Gambling Work Group<sup>46</sup>, is a government-endorsed RG certification. It requires achieving a 90% or above score in all the assessment criteria of the RG Implementation Index, which are grouped under the categories of *Training & Promotion*, *Self-Exclusion & Emergency Message* and *Configuration of Facilities*. In 2022, the project's Executive Team conducted onsite assessments at City of Dreams Macau, Studio City and Mocha Golden Dragon; all three locations attained perfect scores of 100% and were recognized as 'Responsible Gaming Model Units'. In 2023, Altira, Mocha Inner Harbor and Mocha Kuong Fat joined their sister locations in also receiving perfect scores, which we hope will be extended to four more across our properties that will be assessed in 2024.

In addition to the robust RG measures adopted at City of Dreams Mediterranean, we are working with the RG unit of the Cyprus Gaming and Casino Supervision Commission to establish additional procedures and performance indicators for measuring the efficacy of our RG controls.

## Technology and Process

Technology is critical for effectively managing our RG processes. Real-time facial recognition security systems are integral to our gaming infrastructure in Macau, Manila and Cyprus, supporting self-exclusion. We continually explore developments and ensure our technology, processes and controls keep up with the rapid pace of technological advancements.

## Educating our Colleagues on RG

Achieving our RG commitments is contingent on all our colleagues—from our senior leaders to our front-line colleagues being aware of the critical importance of RG and being equipped with the right tools to support our guests. Rigorous training is conducted through a mix of online and in-person sessions to maintain our high standards, comply with regulatory requirements and retain our RG accreditation.

Our colleagues are also required to complete RG assessments online, and we dedicate a particular month of each year as "RG Awareness Month" to further increase awareness and accountability. NGOs and other community stakeholders are regularly invited to engage with our colleagues and suppliers as part of our HoH Roadshows and community-building events. Highlights of 2023 include:

- A total of over 39,000 training hours spent by close to 58,000 participants joining RG training, with completion rates for the Annual RG Refresher Training of 96% in Macau, 100% in Manila and 90% in Cyprus
- High completion rates by colleagues accessing the online "RG is Everyone's Job" training with 99% in Macau and Manila and 90% in Cyprus
- In cooperation with NGOs in Macau, 18 RG Roadshows attended by more than 7,000 colleagues, with RG Boardgames and counseling services provided by the NGO, Gaming Employee Home, on a quarterly basis
- Awareness-raising activities, including RG Game Booths and RG Awareness Months, saw over 10,000 colleagues in Macau and over 2,700 in Manila participating

## RG Ambassadors

Our RG Ambassadors (RGAs) are key frontline managers, experts in all aspects related to RG. They're specifically trained to support guests and colleagues with RG challenges, including self-exclusion practices, and provide referrals to professional counseling services. In total, RGA teams across our properties comprise over 1,000 qualified managers who serve as contact points for all RG-related issues, are available onsite 24/7. In Macau, we've increased our RGAs to 691, enhancing support for gaming disorder prevention. Additionally, 174 RGAs were trained in Cyprus and 232 in Manila, marking an increase of 55 from the previous year in Manila.

The rigorous training program to be qualified as an RG Ambassador includes:

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

A new training series, along with seminars, game booths and kiosks, was launched in 2023 to enhance RGAs' knowledge and skills, in collaboration with NGOs in Macau. Completion rates for the ongoing RGA Refresher Training were at 100% for Macau and Manila, and 96% in Cyprus in 2023.

## Supporting the Community

In collaboration with local NGOs, we implement diverse RG initiatives within our communities, aimed at elevating RG awareness and ensuring easy access to information, resources and support services—surpassing standard regulatory requirements. In 2023, we hosted quarterly workshops for women in Macau, merging RG awareness with lifestyle subjects. Additionally, we organized events and roadshows to promote RG with NGOs such as the Youth Volunteers Association of Macau and Sheng Kung Hui, and provided counseling support through Gaming Employee Home. Similar events will be organized in Manila and Cyprus in 2024.

46. In Macau, this group comprises members from the Social Welfare Bureau, Gaming Inspection and Coordination Bureau, Education and Youth Development Bureau, Institute for the Study of Commercial Gaming (ISCG) at University of Macau and Centre for Gaming and Tourism Studies of Macao Polytechnic University.

# Community Investment & Engagement

## OUR COMMITMENT

Melco is deeply embedded in the fabric of the communities across our jurisdictions. The sustainability of our business hinges on engaging with stakeholders to understand and address their needs to create shared value. We are committed to:

- Collaborating with community partners, from social impact groups to local smes and microenterprises, for tailored programs that meet local needs and drive economic development;
- Empowering colleagues to engage with the local community through volunteering; and
- Providing charitable donations and sponsorships to beneficiaries for meaningful impact.

Whether it is helping those in need, furthering economic opportunities and celebrating culture and heritage, or helping to conserve local environments, we leverage our talent and resources to support our local communities to evolve and prosper.

## OUR TARGETS

- 80% of global colleagues to volunteer at least 4 hours per year
- Each jurisdiction to run cultural and heritage programs that help develop people into knowledgeable and engaged ambassadors of their country

- Advance the economic prosperity of local SMEs

## HOW WE MANAGE IT

Supporting our communities to further their sustainable development and fostering genuine long-term partnerships for collective action, are essential for us to deliver on our community investment and engagement commitments. Leadership from the top, combined with dedicated support across all levels of our global organization and from our stakeholders, align to amplify the positive impact we bring to our communities.

## CSR Steering Committee

Inspired and supported by our Chairman & CEO, Mr. Lawrence Ho, our CSR Steering Committee plays a pivotal role in impacting our communities. Tasked with aligning our priorities and resources, the committee works closely with local governments, NGOs and businesses, while inspiring our colleagues to get involved. Committee members, driven by a passion for change, apply their expertise and experience working with local authorities to help address the unique challenges faced by our local communities. Monthly committee meetings focus on reviewing and tracking the progress of our community engagement initiatives, constantly seeking ways to enhance our impact.

## Our CSR Approach and Programs

Supported by our **CSR pillars**, we strive to meet the unique needs of our local communities by:

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

Our CSR pillars underpin our mission to positively impact all aspects of our business. In reporting on our partnerships and programs to strengthen our communities, we focus on the following areas:

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

## Economic Prosperity for Local SMEs

In our markets, SMEs and micro enterprises form the backbone of local economies, driving economic activity and job creation along the value chain. To counter disruptions in our supply and delivery chains exacerbated by the pandemic, we invested in establishing mutually beneficial relationships with industry and trade organizations who helped us expand our procurement with local suppliers. By building capacity to meet our requirements—from timely delivery to quality, hygiene and labor and environmental standards—we established partnerships that support local businesses to scale their operations while enabling us to benefit from economies of scale and procure items securely

from known suppliers. We are proud that the majority of our purchasing is from local companies in our markets, including SMEs. Refer to our **Sustaining our Supply Chain** section on page 078 for details.

Some of our initiatives to support local procurement in our communities in 2023 include:

### Industry Participation

Attended the 3rd Procurement Alliance Matching Event organized by Macau Young Entrepreneur Incubation Centre and matching with six SMEs.

### Melco SME Academy

Our commitment to instilling a love for life-long learning is not limited to our colleagues. Developed under the umbrella of our Learning Academy, the SME Academy provides targeted training programs to support local businesses and SMEs. Programs are designed to address the nuances of being an SME operating in a global environment and include topics such as sustainability, work ethics, product development initiatives, food safety and hygiene. We trust that these tools will equip our SME partners to remain competitive and achieve scale in our increasingly evolving business environment. In 2023, ten workshops were conducted with 255 attendees from 200 SMEs.

### HoH Roadshows

A signature event for our colleagues and local SMEs is the HoH Roadshows. We regularly open our doors and provide rent-free retail space to provide an effective platform for SMEs to share their projects and services with our teams, and thereby increase their revenue and market exposure. In 2023, we held 13 roadshows in Macau with 257 participating SMEs, representing a 55% increase over the 142 in 2022. The roadshows generated over US\$1.1 million for SME businesses in Macau during the reporting year.

### “To the Table” event

Building on the success of the HoH Roadshows, we hosted an event for 77 suppliers, including 34 F&B SMEs, in Macau to introduce their products to our F&B colleagues and receive training on Melco's food safety standards. A total of 127 attendees joined the event.

**COMMUNITY INVESTMENT & ENGAGEMENT  
HOW WE MANAGE IT**

**Health and wellness collaboration**

In Macau, SMEs and partner companies were invited to conduct health seminars and sell discounted products and wellness items to colleagues.

**Christmas Bazaar to support local businesses**

With support from the Economic and Technological Development Bureau (DSED) and MGTO, Melco hosted a ten-day long Christmas Bazaar at Studio City in December 2023. The aim of the festive event was to support economic diversification by attracting visitors and guests to Macau, while supporting SMEs and NGOs by providing local vendors with greater market exposure. In addition to showcasing of a broad range of handicrafts and gift ideas, as well as food and drinks from over 40 local businesses, the event also featured a range in of family-friendly activities, including festive art and craft and gift-making workshops, game booths, themed displays, photo-taking and live performances.

**Volunteerism**

Giving back through volunteering is important to our colleagues who want to make a difference in our communities. Across our three key locations, Macau, Manila and Cyprus, over 3,800 participants volunteered their time and effort across over 530 volunteering initiatives during 2023 ranging from regular visits to elderly homes, cooking classes for underprivileged families and blood donations to beach and underwater cleanups.

**Volunteering Initiatives**

	2023	2022	2021
Activities	530	2,276	1,114
Participants	3,845	22,346	16,000

**Simple Acts of Kindness**

Now into its third year, our “Simple Acts of Kindness” program, initially launched to focus our community support efforts during the pandemic, has evolved into a signature initiative. Based on the principle that a multitude of little things can have a big impact, the program delivers key initiatives across our global network, as highlighted below.

*Properties in Macau*

Over 2,000 volunteers from Melco served the Macanese community in 2023 and were involved in:

- Visiting elderly homes to provide company and help with day-to-day tasks, including homes that are short-staffed
- Training and certifying 539 volunteers to serve elderly and other physically challenged individuals in partnership with the Pou Tai Elderly Service Center
- Partnering with the General Union of Neighborhood Associations of Macau (UGAMM), FAOM and Macau Caritas to support nine elderly people’s homes implement the “Small Dreams” program, enabling residents to realize their dreams with examples such as:
  - » A couple being able to have their first “wedding” photo taken on their 60th anniversary
  - » Three best friends who met in the elderly home that all struggled from speech and physical impairments after strokes being able to sing together and perform at the elderly home
  - » Two besties being able to go on their dream girls’ trip to see the world
- Collecting and donating food items to NGOs such as Fu Hong Happy Market to share with those in need
- Providing education support to parents through pastry and cooking workshops



- Partnering with UGAMM in a three-part initiative, entitled Teaching Children Values, to teach children important life values through volunteerism. In 2023, we recruited 16 pairs of colleagues and their children of our colleagues to participate in a “the Essentials of Being a Volunteer” development course
  - Collaborating with Fu Hong Society for social impact, our chefs worked with culinary staff with varying abilities at a local Portuguese restaurant to create new items and menus and to help them develop their culinary skills and feel empowered to participate in the restaurant’s operations
- City of Dreams Manila*
- Collaborating with partner institutions to help take care of orphans, elderly and sick children
  - Repainting and repairing local schools
  - Participating in a quarterly blood donation activity on site together with Philippine National Red Cross
  - Engaging in a tree-planting and coastal clean-up drive
  - Donating rice, toiletries and other goods specifically needed by partner institutions

*City of Dreams Mediterranean*

- Partnering with the Limassol Municipality, Limassol Tourism board & Nautilus to organize forest, underwater and beach clean-ups in the Akrotiri area, Limassol and Ayia Napa Harbor, aimed to reduce land and marine litter and raise awareness about the impact of pollution on the country’s ecosystem
- Organizing the “No Child Without a Present This Year” Christmas charity campaign in collaboration with *Efimerida Lemesos* for the fourth consecutive year wherein employees donated toys, clothing, electronics and supermarket vouchers to ensure less privileged children from “Hope of Children” received Christmas presents
- Continuing our efforts with the local community, running pottery classes and other workshops for children
- Participating in blood and bone marrow donation programs
- Helping with tree-planting at the Eftagonia Village

## COMMUNITY INVESTMENT & ENGAGEMENT

### HOW WE MANAGE IT

#### Culture and Heritage

Celebrating the unique cultures and heritage of our communities enriches the experiences of our guests and colleagues, provides meaningful business opportunities for our partners and helps preserve invaluable legacies for generations to come. As a significant contributor to the tourism industry in Macau, Manila and Cyprus, we have a special opportunity, and we believe a responsibility, to promote local culture and heritage.

##### Splendors of China

Since its launch in 2016, our Splendors of China initiative in Macau has had a widespread impact on raising awareness of Chinese culture and heritage among our colleagues. A variety of courses, events and exhibitions provide opportunities for colleagues to enhance their appreciation of Chinese history, art and society through the following phases:

- Phase 1 “Knowledge” – provides mandatory courses, known as China 103, to get everyone up to speed and offers electives to learn about dim sum, tea ceremony, paper cutting art, calligraphy and the Chinese approach to a medicinal diet and health preservation. Idioms, which impart knowledge and teach Chinese values, are also shared monthly. Special exhibitions have also been set up to promote patriotism, the Basic Law’s 30th anniversary and national security.
- Phase 2 “Experiences” – involve opportunities to participate in a HoH Chinese Culture Carnival, try on Chinese traditional “Han Fu” costumes, practice calligraphy, create “Make a Wish” lanterns, play at an idiom game booth and learn from an exhibition on history and culture.



I am very grateful to Melco and the DSEDJ for the opportunity to participate in the Youth Talent Development Program. The job shadowing program allowed me to go to Hengqin for exchange and practical learning. The experience gave me perspectives that will help me in my current position in entertainment.

**Ada Ao leong**

Assistant Manager, Entertainment

Over 9,000, equivalent to 78% of Macau colleagues, have completed the mandatory courses, elective courses, and the experiences since its rollout, with over 50% of the participants completing more than the one required elective.

##### Other Cultural Initiatives

Two sharing sessions were attended by over 100 colleagues and representatives of the China Liaison Office and the Education and Youth Development Bureau in Macau, both in person and online, to hear from two representatives from each of the National People’s Congress and Chinese People’s Political Consultative Conference.

Out of the 13 participating teams from six hospitality companies in the GBA, our culinary team won the Best Team and Best Instructor Awards at the GBA Tea Championship and will go on to represent Macau at the National Tea Specialist Competition. Internally, competitions were held that showcased photographs of Melco’s dragon boat team, lanterns made by colleagues and their children out of recycled materials and calligraphy. To further promote appreciation of Chinese achievements, the MelcoApp features monthly videos on Chinese cities and their heritage and modern achievements.

Five of our colleagues were selected to participate in the DSEDJ Youth Talent Development Program, led by the Education and Youth Development Bureau of Macau (DSEDJ). This initiative enabled them to participate in a five-day long national education course and a one-month internship at a theme park at Hengqin.

##### Cultural Heritage Training Program

Colleagues in guest services and our front offices serve as cultural ambassadors, sharing their knowledge about our properties and Macau to our guests. The cultural heritage training program builds on our “Everyone is a Salesperson” initiative to familiarize our colleagues with local World Heritage sites. Through internal property knowledge exchanges and site visits, our colleagues are equipped to create high-quality, curated experiences for our guests. In 2023, a total of five sessions with 54 colleagues were held focusing on:

- Experiencing the World Heritage sites in Macau and their blending of Chinese and Portuguese culture
- Learning details about the history, local culture and local attractions of Macau
- Exploring the old-style community of Macau, with its distinctive shops and antique stores
- Wandering the alleys of Taipa and Coloane to enjoy the historic areas that uniquely integrate East and the West architectural features

##### Cultural Orientation at City of Dreams Manila

In Manila, we launched a one-day orientation program to enable colleagues, especially non-locals, to learn about the Filipino culture and experience local tourist spots, and thereby provide better service to our guests.

COMMUNITY INVESTMENT & ENGAGEMENT  
HOW WE MANAGE IT

We are certain that Melco's Cultural Ambassadors will become great representatives of the destination who will present the country to guests and visitors in the best possible way.<sup>47</sup>

**Christina Charalambous**  
Head of Market Development  
at the Deputy Ministry of Tourism

**Cultural Ambassadors at City of Dreams Mediterranean**  
To familiarize our colleagues with the history, traditions and attractions of Cyprus we launched our Cypriot Cultural Ambassadors Program in partnership with the Limassol Tourism Board. The aim is for colleagues to complete the training program so they understand and appreciate, and are able to promote Cypriot culture and heritage to our guests from Europe and beyond. The two-day comprehensive training combines both classroom seminars and site visits to the Kourion theatre and Sanctuary of Apollo Hylates, among others. In 2023, 20 front office colleagues participated in the training, which will be expanded to all colleagues in 2024.

**Youth Engagement**  
Inspiring our youth to contribute to the workforce of tomorrow is key to developing talent. In collaboration with the academic community, industry and society, both nationally and internationally, the 'Start Young' initiative aims to cultivate talent in Macau and beyond. It showcases Melco's RISE sustainability strategy and involves secondary school students in a business case study competition to identify practical solutions to optimize and enhance the sustainability of day-to-day operations.



In addition, in 2023, we collaborated with The Macau Productivity and Technology Transfer Centre to hold a science video contest for local secondary school students. A total of 66 teams created short videos on science-related topics ranging from smart cities and sustainability to Chinese medicine. We organized ten environmental themed tours around our properties for the winners.

**Philanthropy and Disaster Relief**  
At Melco, we seek opportunities to support meaningful initiatives that improve the livelihoods of the most vulnerable in the community. In 2023, we donated close to US\$17 million to causes supporting youth, SME and micro-enterprise development, culture and heritage, community needs and disaster relief. A donation of over US\$1.24 million was provided to support the relief efforts in response to the earthquake in Gansu Province in December 2023. As always, we make every effort to focus our monetary, in-kind and volunteering resources to support priority needs in our communities.

**Donations and Charitable Contributions<sup>48</sup>**  
(US\$)

2008-2022 (cumulative)	126 million
<b>2023</b>	<b>16.68 million</b>

47. <https://in-cyprus.philenews.com/local/melco-launches-cultural-ambassadors-programme-for-its-personnel/>

48. Including cash contributions, in-kind donations and donations from our Philippines Foundation.

# Sustaining our Supply Chain

**TRANSPARENCY, TRACEABILITY AND TRANSFORMATION TO FURTHER SUSTAINABLE SUPPLY CHAINS**



**QUICK ACCESS TO MATERIAL TOPICS**

**CASE STUDY**

## Furthering Animal Welfare with Cage-free Eggs

Serving healthy, safe and delicious culinary dishes is vital to delighting our guests. In sourcing high-quality F&B items, we also consider other attributes such as supporting local farmers, harvesters, fishers and food producers where possible, as well as those that promote animal welfare. A key example of this is our commitment to sourcing 100% of our eggs from cage-free hens.

Cage-free eggs<sup>49</sup> are produced by hens that are free to roam in barns and natural environments, rather than being confined to small cages. Research shows that cage-free eggs are not only produced under more humane conditions, but also present reduced food safety risks compared to caged eggs. For instance, the European Food Safety Authority has found battery cage egg farms have up to 25 times greater risk of salmonella contamination, recently leading to a recommended ban<sup>50</sup> on all caged-egg production in the European Union. Numerous international and local organizations encourage a shift to cage-free eggs to benefit public health, animal welfare and sustainability.

Our move towards cage-free eggs began over two years ago. Our sourcing teams assessed the feasibility of sourcing these eggs, while our chefs tested and confirmed their quality. Partnering with the Lever Foundation,<sup>51</sup> an NGO that works to create a more humane and sustainable protein supply in Asia, we engaged local farmers and distributors to secure a sufficient and reliable supply and create economies of scale to facilitate the switch to cage-free eggs.

At City of Dreams Manila, we have been using locally sourced cage-free eggs since March 2022. In Macau, F&B outlets currently serve 80% cage-free eggs and plan to increase that to 100% by 2024. We aim to meet our commitment for 100% cage-free eggs by 2025 across our entire portfolio.

Following our initial success, we started raising awareness among our SME suppliers about the benefits of cage-free eggs in 2023. Together with the Lever Foundation, we held workshops with 17 local SME vendors in Macau on the topic of animal welfare as well as opportunities to reduce plastic and waste in packaging and distribution.

**“We were pleased to work with Melco to set their global cage-free egg commitment and support them as pioneers for the welfare of hens in the markets they operate. The step Melco has taken towards promoting animal welfare and sustainable food practices in the region has significantly helped other food companies, such as caterers, eateries, bakeries and more, transition to cage-free eggs. We look forward to working with Melco to expand their animal welfare policies in the future.”**

LEVER FOUNDATION

49. Cage-free eggs are sourced from suppliers that are recommended by the Lever Foundation

50. <https://www.efsa.europa.eu/en/news/efsa-alternatives-cages-recommended-improve-broiler-and-hen-welfare>

51. <https://leverfoundation.org/>

# Strategy and Management Approach

Our sourcing strategy emphasizes enhancing relationships with our extensive network of 3,500 local and over 5,000 global suppliers. We focus on building their capacity to adopt leading ESG practices, collaborating with local partners to effect change, supporting local communities and reducing the environmental impact of the items we procure.

Our Supplier Code outlines our expectations for ethical and responsible behavior, fostering accountability and transparency throughout our supply chain. We routinely review and update the Supplier Code, and provide training and information sessions for our suppliers. Each year, we look to expand our sourcing of items with sustainability attributes. This effort is a core part of our RISE sustainability strategy, aiming to inspire our colleagues, suppliers and guests to embrace the fact that collective action can drive meaningful change.

## KEY GOALS

- Procuring locally and creating demand for materials that have sustainability attributes<sup>52</sup>
- Building capacity and awareness of the social, ecological and biodiversity impacts in sourcing
- Striving to eliminate human trafficking and modern slavery in our industry and supply chains

## MATERIAL TOPIC

Ethical & Sustainable Supply Chain .....082

## HIGHLIGHTS

In 2023, we significantly enhanced our procurement of items from local and lower-carbon footprint sources that offer environmental and social benefits. This includes an expanded range of responsibly sourced products such as reduced impact chemicals, sustainably sourced cotton,<sup>53</sup> and various food items like plant-based meat alternatives, vegetarian options, lower carbon beef, sustainably sourced duck, seafood, tea and vanilla, and locally and sustainably sourced coffee and cacao from small, female-run farming enterprises. We are proud that in 2023, 87% of our purchasing was from local companies in Macau, out of which 57% was from local SMEs. In Manila and Cyprus, 69% and 54% of our procurement supports local businesses, respectively.

Our progress is underpinned by the commitment of our sourcing teams and collaboration with colleagues and suppliers. Maintaining these strong relationships is mutually beneficial, furthering both our common sustainability goals and building resilience in our supply chains to manage geopolitical and climate-related challenges. In 2023, we continued to provide supplier training on sustainability practices across all our properties, ranging from ethical business practices and eradicating modern slavery with TMC to workshops on occupational safety and health.

Moreover, we continued to add additional features to our centralized system, BirchStreet, for greater transparency and procurement efficiency over our global supply chain. Preparations are underway for a new vendor portal set to launch in early 2024, offering suppliers quick access to purchase orders, streamlined planning and faster invoice processing. Tablet access to this system will also facilitate efficient product transfers, reduce paper use and improve the reliability of product delivery.

52. A material, product or service is deemed to have a "sustainability attribute" if, when compared to other similar items, it has, or any significant portion of the materials it comprises has, (a) a reduced negative environmental impact at any point throughout its lifecycle (e.g., when it is harvested, produced or managed), (b) an increased positive social impact at any point throughout its lifecycle (e.g., where the economic benefits of its sale accrue to local or marginalized groups or communities), and/or (c) third-party certifications or traceability features attesting to its environmental and/or social benefits.

53. We define sustainable sources as those that are certified to internationally recognized schemes for responsibly sourced cotton.

54. <https://themekongclub.org/modern-slavery>

## CHALLENGES

As our industry recovers from the COVID-19 pandemic years, we are not alone in navigating the challenges of inflation and geopolitical pressures. To address the rising cost of logistics and disruptions in supply chains, our response includes strengthening supplier relationships, creating economies of scale in procurement and harnessing technology to improve data collection and supply chain visibility. This approach streamlines procurement and delivery processes.

Building resilience in our sourcing remains an ongoing challenge. Being nimble and diversifying our sourcing base helps us mitigate risks from natural events like extreme weather and pest outbreaks, which can affect harvesting and delivery routes, and other factors impacting supply chain continuity.

## 2024 AND BEYOND

Our ambitions for 2024 include intensifying our due diligence approach by conducting thorough assessments of our suppliers' adherence to ethical business, health and food safety, labor and environmental practices, as well as evaluating their financial health. This enhanced scrutiny will be guided by key performance indicators aligned with our Supplier Code's compliance requirements. To support our suppliers to enhance their performance, we will continue to provide access to our suite of supplier training and capacity-building resources.

Recognizing that 40% of modern slavery victims are entangled in global supply chains, predominantly in Asia<sup>54</sup>, our partnership with TMC is more crucial than ever. We will continue to expand our collaboration with TMC to raise awareness and provide training to our suppliers and colleagues, and work with stakeholders to effect change within the hospitality industry.

# Ethical & Sustainable Supply Chain

## OUR COMMITMENT

Our extensive operations provide a unique opportunity to integrate sustainability into our sourcing. This positively impacts our business operations and advances ESG best practices in the supply chain, bringing benefits to local communities. By raising awareness of the importance of ethical and sustainable sourcing among our guests and colleagues, we drive demand for responsibly sourced products and services. We have set and continue to make substantial progress towards our targets that drive us to continually look for opportunities to improve our sourcing approach.

## OUR TARGETS

- Sourcing 80% of our procurement choices with sustainability attributes<sup>55</sup> by 2025
- Purchasing 100% of our bed linen and towels from OEKO-TEX<sup>®</sup>-certified suppliers and 100% of our pure cotton linen and towels from sustainable sources<sup>56</sup> by 2030

- Procuring 20% of our seafood from sustainable<sup>57</sup>, local, and/or globally recognized certification schemes by 2025
- Sourcing 50% of our chemicals rated as Green or Amber<sup>58</sup> by 2025
- Sourcing 100% cage-free eggs by 2025

## HOW WE MANAGE IT

Supply chain management is guided by our commitment to increase ethical and sustainable sourcing and our Supplier Code. The code outlines our baseline expectations for ethical and responsible conduct and practices among our suppliers related to:

- Ethical and fair business practices, including zero tolerance for misleading advertising and unfair advantage
- Human rights, including freedom of association, the right to collective bargaining, fair labor practices and our zero-tolerance policy on modern slavery, including any form of forced or harmful child labor
- Standards for safety and health
- Environmental protection measures
- Anti-corruption and anti-bribery practices
- Data privacy and upholding confidentiality in business conduct

In 2023, we updated our Supplier Code to specifically refer to the expectations of Melco's Environmental Sustainability Policy and included the code's requirements for safeguarding human rights in our request for proposal process. Established procedures and processes guide our implementation of code requirements, with oversight of compliance and our sustainable sourcing strategy by the Sustainable Sourcing Working Group. Representatives from across our properties bring their unique expertise and experience to monthly meetings of the working group, enabling a global review of performance, as well as the sharing of lessons learned and best practices from local implementation in our markets. Quarterly reports on progress are provided to the Executive Sustainability Committee.

Suppliers have access to our whistleblowing channels and are encouraged to raise any incidents of actual or potential misconduct safely and confidentially. Further details can be found in our [Ethics & Integrity section of this report on page 094](#).

## Supplier Engagement and Capacity Building

Our evolving sourcing strategy is inherently linked with enhancing supplier relationships and building support for common goals. We emphasize instilling a sustainability mindset, particularly among local and SME suppliers, through awareness, training and partnership building. These collaborations are vital for sharing process improvements, enhancing product and packaging designs, reducing environmental impact and co-developing new products or expanding sourcing categories.

To aid suppliers in adopting responsible practices, we offer a series of "Sustainability and Ethics" workshops to support our suppliers in adopting responsible practices. These annual sessions cover topics such as responsible sourcing, reducing waste, increasing recycled and biodegradable content, and eliminating the use of SUP packaging.

26 events held to date

368 attendees, including 200 SMEs

To reduce packaging and make delivery processes more efficient, we also work directly with our suppliers as part of our ongoing KAIZEN exercise. Recycling bins and signage are well established at product receiving areas and warehouses, and suppliers are briefed on waste segregation requirements for onsite deliveries. Suppliers are encouraged to incorporate specifications for reduced impact products, packaging and services, based on circular economy principles, into tenders, purchase orders and other agreements. Details on these initiatives can be found in our [Material Use & Waste section on page 042 of this report](#).

55. A material, product or service is deemed to have a "sustainability attribute" if, when compared to other similar items, it has, or any significant portion of the materials it comprises has, (a) a reduced negative environmental impact at any point throughout its lifecycle (e.g., when it is harvested, produced or managed), (b) an increased positive social impact at any point throughout its lifecycle (e.g., where the economic benefits of its sale accrue to local or marginalized groups or communities), and/or (c) third-party certifications or traceability features attesting to its environmental and/or social benefits.

56. We define sustainable sources as those that are certified to internationally recognized schemes for responsibly sourced cotton.

57. We define "sustainable seafood" as fish or seafood items from sources that have been certified by international bodies or other standards. Refer to [page 086](#) of this section for details.

58. The "traffic-light" rating system (Green, Amber or Red) rates chemicals based on their impacts on human health, toxicity, ecosystem degradation and bioaccumulation, prioritizing those certified to internationally recognized eco-labels such as Green Key and Green Seal.

## ETHICAL & SUSTAINABLE SUPPLY CHAIN HOW WE MANAGE IT

### Supplier Showcase

Showcasing items with sustainability attributes, including both food and non-food items, is a highlight of our supplier engagement activities. These events in Macau, known as HoH Roadshows, enable our suppliers to share information on sustainable and ethical products and new innovations in sourcing with our colleagues, peers in the hospitality sector and NGOs focused on environmental protection and sustainably sourced seafood. We were pleased to resume these activities, which were suspended during the pandemic and are highlighted below.

### HoH Roadshow Highlights

270

SMEs and NGOs participated in 2023

171

sessions held in 2023

- 20+ SME vendors joined F&B workshops on animal welfare and plastic and waste reduction, in collaboration with Lever Foundation
- 127 participants attended our “To the Table” annual event in Macau, including 77 suppliers (34 SME vendors) and 50 chefs and guests, to promote Melco’s support of sustainable products and practices, locally produced products and high food safety standards
- SME Experience Tour has been implemented since 2016 and the SME Academy since 2020

City of Dreams Manila also reprised supplier engagement activities with its event known as “The Philippine Sustainability Movement”. Additional information on specific capacity-building programs for SMEs can be found in this report’s [Community Investment & Engagement section on page 070](#).

### Technological Advancements and Process Improvements

To optimize procurement efficiencies, we adopt the latest advancements in technology and systems to improve accessibility and transparency among our teams, suppliers and distributors. This alignment also streamlines our SOPs for more centralized supply chain management. Enhancements to our BirchStreet system, as shared above, are one example of this and our online purchase-to-pay (P2P) procurement system is another. With oversight of our global procurement and spending, we can track the delivery and usage of consumables, reducing the risk of disruption and delays, and enabling us to plan ahead. Prompt payment of suppliers through automated invoicing and billing is good for their businesses and helps optimize the use of our colleagues’ time and resources.

### Sourcing Guidelines

Our sourcing strategy centers on impactful categories, identifying those where options with sustainability attributes can be adopted at scale through engagement with our supply chain stakeholders. We started by establishing sourcing guidelines and targets for cotton, chemicals and seafood, and as we track our progress with these categories, we continually look for other categories, as demonstrated by our initiatives with cage-free eggs, coffee and more.

### Cotton

In cotton sourcing, we’ve achieved significant milestones ahead of schedule. By 2021, all bed linen and bath towels in Macau and Manila were sourced from OEKO-TEX®-certified suppliers, meeting our 2030 target for these items nine years early. In Manila, chef uniforms are also made from OEKO-TEX®-certified cotton. The objectives of our cotton procurement guidelines are twofold: ensuring that our linen and towels are free from harmful chemicals and safe for use; and mitigating the environmental impacts arising from growing, harvesting and manufacturing cotton, including

those related to water consumption, agrochemical usage and habitat conversion for agricultural use. Building on this commitment, we have also made progress on other textiles, including circularity trials for integrating recycled fabric into uniforms in Macau and Cyprus. These efforts will expand as our tendering process now requests vendors to provide recycled fabric options for all uniform replenishments.

### Chemicals

Procuring safer chemicals for use in our operations is guided by our sourcing guidelines that adopt a traffic-light rating system (Green, Amber or Red) to rate chemicals based on their impacts on human health, toxicity, ecosystem degradation and bioaccumulation. We have clearly delineated chemical types by rating, providing transparency and stringent controls on their procurement and usage at the property level, which is monitored quarterly by our Executive Sustainability Committee.

Balancing safety and hygiene standards with reducing the environmental and human health impacts of chemical usage remains a challenging priority. During the pandemic and into 2023, we’ve made strides in reducing the use of high-risk, Red-rated chemicals and standardizing chemical usage across our global properties for economies of scale.

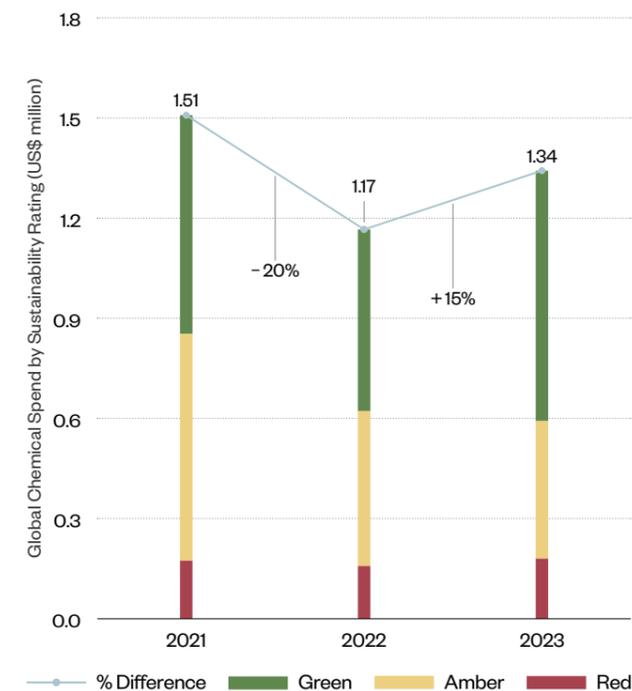
In 2023, 90% of the total chemicals used across the Group were rated as Green or Amber, a 2% increase over 2022, while the total number of chemical products increased by 30% with the addition of City of Dreams Mediterranean and Studio City Phase 2 to our portfolio. With the preponderance of green chemicals at 56% and amber at 34% across our portfolio, we are again well ahead of our target of sourcing 50% of chemicals in these reduced impact categories by 2025.

At the local level, 88% of the chemicals used at our properties in Macau and Manila, and 95% at City of Dreams Mediterranean, are rated as Green or Amber. In Macau and Manila, the usage of Green-rated chemicals increased by 15% over the previous year. Spend on chemicals purchased increased in 2023 over 2022 due to the addition of City of Dreams Mediterranean to our portfolio and the application of a higher exchange rate for currency conversions in 2023. This is also reflected in the spend on Red-rated chemicals in 2023, along with increased procurement of a chlorinated alkaline floor cleaner.

We are actively working with our cleaning chemical suppliers to continually update our inventory with newly certified, less impactful chemicals approved for use in Asia, including surface disinfectants, detergents and multi-purpose cleaners.

### Chemical Consolidation for Macau, Manila and Cyprus<sup>59</sup> (in US\$ million)

90% of chemicals used are Green or Amber, a 2% increase over 2022



59. Data for 2023 comprises the spend on chemicals in Macau, Manila and Cyprus. As City of Dreams Mediterranean opened in 2023, it is not included in the 2021 and 2022 data.

## ETHICAL & SUSTAINABLE SUPPLY CHAIN HOW WE MANAGE IT

### Seafood

Protecting our oceans is crucial, as they are a vital food source for billions and essential for oxygen production and climate regulation. Yet, the ocean's biodiversity is under threat from overfishing and unsustainable practices. We're committed to raising awareness and prompting action among our chefs, colleagues, suppliers and guests. Our sourcing guidelines and menus are regularly updated to feature more responsibly sourced seafood, focusing on local, small-scale fishers. To support these efforts, we collaborate with organizations working to promote sustainable sourcing and participate in events like World Ocean Day on June 8th, with restaurants creating special menus featuring sustainably sourced seafood.

Our Sustainable Seafood Sourcing Guidelines align with the science-based recommendations of 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. We prioritize procurement of fish and seafood that is certified by international bodies such as the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Global Aquaculture Alliance-Best Aquaculture Practices (BAP), the GLOBAL G.A.P Aquaculture Certification and other standards.

Our Executive Sustainability Committee monitors the proportion of sustainably sourced seafood at each of our properties and reports on progress to the Board on a quarterly basis. In 2023, we are pleased to report that sustainably<sup>60</sup> sourced seafood purchases increased by a further 3% over the previous year, now accounting for 22% of all seafood purchased by weight for our properties in Macau and Manila<sup>61</sup>. Sustainably sourced seafood purchased in Manila accounts for 50% of all seafood purchased by weight, which is a 16% increase over 2022. In Macau, 16% of all seafood purchased is from sustainable sources.

## Supporting Sustainable Fisheries in the Philippines

Over 1.9 million people in the Philippines earn their livelihood from jobs associated with the fishery sector and Filipinos rely on seafood for around 50% of their animal protein needs.<sup>62</sup>

The Philippines' fish population is threatened by illegal and unsustainable practices, and the country is the early stages of its journey to certify fisheries to recognized standards. To support the establishment of certification schemes, we are working with the Philippines Marine Board as well as suppliers, other supply chain coordinators and local fishers at the grassroots level. This includes engaging with over 500 representatives of eight local fishing communities. In 2023, we procured seafood that was wild caught or from aquaculture operators, including seven with MSC or ASC certifications.

Collaborating with the Sustainable Fisheries Partnership, we have also joined the "Better Seafood Philippines" challenge, which is supported by The United States Agency for International Development (USAID) and the Philippines Bureau of Fisheries and Aquatic Resources (BFAR). A key goal of this initiative is to set up the Responsible Seafood Sourcing (RSS) Standard. This standard will set criteria for evaluating practices in the capture, sourcing and trading of wild-caught seafood to ensure legal compliance, traceability and the adoption of responsible environmental and social practices.

We look forward to supporting local efforts to further the sustainability of the local industry and the establishment of certification schemes in the Philippines.

### Other Sourcing Categories

Exploring options and expanding the range of products we procure with sustainability attributes is an ongoing opportunity for us to make a difference. 15 outlets at our properties in Macau and Manila now serve lower carbon beef.

For some of the menus that offer duck at our properties in Macau, we are transitioning to procure from a source certified for its sustainability practices. These practices include the recycling of duck feathers to make premium duvets and pillows, providing bulk offal to the pet food industry, converting duck fat into biodiesel and treating wastewater slurry for use as organic fertilizer.

We continue to make great strides in coffee sourcing. Through our partnership with the Philippines Coffee Board (PCB)-Le Café Filipina, all the coffee procured and roasted onsite at City of Dreams Manila since 2022 comprises four locally available varieties of Arabica, Robusta, Liberica and Excelsa. In 2023, our properties in Macau have also been sourcing coffee from the Philippines, further bolstering this coffee value chain that supports local farmers and entrepreneurs, including women who play an active role within the industry. At City of Dreams Manila, 100% of the tea served is from certified organic sources in Sri Lanka and the vanilla procured is from sustainable sources certified in the Philippines and Madagascar.

In Macau, 56% of our coffee capsules are responsibly sourced and 15% of our teabags are produced from carbon-neutral sources<sup>63</sup>. The coffee is from sources certified by the Rainforest Alliance and Fairtrade International, with the capsules collected biweekly for recycling. We will continue prioritizing chocolate vendors from the Philippines for our properties in Manila and Macau, and expand our existing practices to further responsible procurement supporting local providers.

City of Dreams Manila has an extensive rooftop garden, producing a variety of items, including Italian and Thai basil, mint, rosemary, thyme, lotus flowers and leaves, as well as calamansi, which are consumed onsite at four of our restaurants.

### Human Trafficking and Modern Slavery

Contributing to the global effort to eradicate human trafficking and modern slavery is essential; we are acutely aware of these risks within the hospitality industry and in the supply chain. We address these risks through our codes of conduct, training and collaborating with our partners, including local authorities, task forces, industry leaders and NGOs.

Within our own operations, we ensure that employment contracts comply with local laws, and we adhere to and exceed requirements related to fair and reasonable working hours, minimum wage limits and providing a safe workplace for our colleagues.

Since TMC first conducted in-depth training on modern slavery for our procurement team in 2021, The Melco Learning Academy has continued to provide both orientation and ongoing online tailored courses for our colleagues in collaboration with TMC. In four modules, the training integrates a video and assessment, and addresses the topics of modern slavery across a range of sectors, including hospitality and the supply chain, red flags for identifying risk factors from suppliers and third-party contractors, how the private sector can lobby and influence for changes in policies, regulations, and the need for increased transparency and traceability across the value chain.

Security personnel across our three markets are trained to identify underage and minor patrons, and 100% of our teams in Manila, and 95% in Macau and Cyprus, have been trained by TMC on human rights, sexual exploitation and identifying suspicious activities. TMC also supported us to develop the training courses on human rights and modern slavery for our suppliers that are offered through our Absorb Learning Academy.

60. We define "sustainable seafood" as fish or seafood items from sources that have been certified by international bodies or other standards.

61. Information on sustainably sourced seafood purchased at City of Dreams Mediterranean will be provided for the 2024 year.

62. <https://betterseafoodph.org/>

63. <https://www.dilmahtea.com/sustainability/carbon-neutral-dilmah-tea.html>

# Empowering our Business

OUR LICENSE TO OPERATE IS BOTH A PRIVILEGE AND A RESPONSIBILITY



QUICK ACCESS TO MATERIAL TOPICS

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CASE STUDY

## Cybersecurity Vigilance

Cybersecurity risk has long been a serious threat, and it came closer to home with several significant cyberattacks on companies in our sector in 2023. A breach resulting in the loss of system access and data would seriously impact our business and stakeholders.

From business disruptions to the cost, time and resources required to respond to an attack, the impacts are real and potentially substantial. Responding to the necessary and stringent regulatory environment increasingly raises the cost of compliance, and a breach would also expose the Company to potential fines and resulting legal actions.

In December 2023, an external industry expert provided in-depth cybersecurity training for Executive Management, comprising Executive and Senior Vice Presidents across the business, and members of our Board and the Studio City Board. The purpose of the training, which involved two in-person sessions (each over three hours), was for participants to understand the nature of cybersecurity risk and critically assess Melco’s risk management approach and contingency plans.

Topics covered in the cybersecurity training:

**1. Cyber Threat Landscape Updates:**

- Global/Asia-Pacific metrics
- Business/financial impact of breaches
- Sector-specific case studies
- Demonstrations of attack tactics

**2. Interactive Scenario-based Exercises:**

- Realities and pre-planning for cyber breaches
- Simulated incident scenarios and escalation timelines
- Best practices and decision-making processes
- Law enforcement involvement and ransomware payment decisions
- Third-party involvement in incidents

**3. Board Roles and Responsibilities:**

- U.S. SEC Rule implications on cybersecurity risk management
- Cyber insurance and policy considerations
- Board’s role in cyber governance
- Individual board member responsibilities

**“It was enlightening to receive up-to-date interactive training on the very topical board-level issue of cybersecurity, and to better understand how to evaluate the risks and Melco’s readiness to prevent and respond to these threats.”**

MR ALEC TSUI YIU WA  
INDEPENDENT NON-EXECUTIVE DIRECTOR

# Strategy and Management Approach

Our RISE sustainability strategy inspires us to be best-in-class, holding us to the highest standards of ethics, transparency and sustainability. As a leader in responsibly managing our integrated resorts, we aim to inspire our guests to realize that a sustainable future is a better future. We aspire to lead the industry in addressing common challenges and engaging with our stakeholders to create shared value.

Achieving our goals and commitments is underpinned by our robust governance structure and implementation of stringent policies, systems and controls, including world-class data security practices for our stakeholders. Guided by our Code and related procedures, maintaining our high expectations for ethical conduct throughout our value chain is paramount.

## KEY GOALS

- Operating our business to the highest responsibility, ethical and transparency standards
- Minimizing any risk of occurrence of, or disruption from, data privacy or cybersecurity events

## MATERIAL TOPICS

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## HIGHLIGHTS

### Robust Governance Practices

We strive to ensure that all our processes not only comply with all relevant laws and regulations locally and globally, but also uphold our high ethical standards, to support all that we do. One common theme that emerged from the stakeholder interviews conducted this year was recognition of our robust governance practices that support the business to effectively address key challenges. These include mitigating potential financial crime, such as money laundering, bribery and corruption in gaming operations, and increasing cybersecurity threats. These risks, while deemed significant, were also seen as a unique opportunity for Melco to differentiate ourselves through our robust risk management measures.

Our governance commitment is echoed from the top down, starting with our Chairman & CEO, Board and senior leaders, and resonates through the actions of our colleagues across our properties. This dedication is further solidified by our Company policies, procedures and controls, brought to life through continuous awareness building and training for our staff and suppliers. Regular monitoring, auditing and reviews by our Steering Committees, Working Groups and internal audit teams, under the oversight of our Board, ensure unwavering adherence to our high standards.

### Cybersecurity and Data Privacy

As detailed in the [Privacy & Cybersecurity section on page 098](#), we have continued to enhance our controls to manage cybersecurity risks that could impact our ability to safeguard our stakeholders' data and disrupt our operations. With technology ever evolving, we continue to adopt a multifaceted approach of preventive measures and contingency planning, and work closely with third-party advisors to implement best practice procedures, so that we can effectively manage these risks. In 2023, new initiatives

included establishing a Cybersecurity Technical Incident Response Team and a Cybersecurity Disclosure Subcommittee (under the Disclosure Committee), expanding training for both colleagues and the Board, and enhancing cyber incident responding and reporting policies, procedures and plans.

## OUR POLICIES AND STATEMENTS

Our RISE sustainability strategy is underpinned by the policies listed below that enable us to manage potential risks. Melco reviews the policies regularly to ensure they are relevant and designed to meet their objectives.

- [Policy on Board Diversity](#)
- [Code of Business Conduct and Ethics](#)
- [Corporate Anti-money Laundering \(AML\) and Counter-terrorist Financing \(CTF\) Policy](#)
- [Corporate Governance Guidelines](#)
- [Document Retention Policy](#)
- [Environmental Sustainability Policy](#)
- [Ethical Business Practices Program](#)
- [Gifts Policy](#)
- [Guidelines for the International Transfers of EU Personal Data](#)
- [Guidelines on Festive Gift Giving to Government Officials](#)
- [Guidelines on Data Protection Measures](#)
- [Inclusion & Diversity Statement](#)
- [Information Security Policy](#)
- [Information Technology Acceptable Use Policy](#)
- [IT Security Guideline for Contractors and Third Parties](#)
- [Occupational Safety and Health Policy](#)
- [Public Website and Application Security Policy](#)
- [Policy on Red Flags Raised \(Due Diligence of Construction and Design Contractors\)](#)
- [Policy on Sponsorship and Donations](#)
- [Privacy/Personal Data Protection Policy](#)
- [Data Privacy Guidelines](#)
- [Personal Data Retention Guidelines](#)
- [Policy for International Transfer of EU Personal Data](#)
- [Procedures for Handling Complaints and Whistleblowing](#)
- [Supplier Code of Conduct](#)

## CHALLENGES

We are confident that our solid foundation of policies, procedures, training and systems places our business and stakeholders in a strong position for the future. However, we must remain vigilant and continually review and assess risks—particularly those from unforeseen “black swan” events.

Maintaining effective management practices and mitigation strategies, aligned with our high ESG standards, is critical, as well as providing training on advanced social engineering attacks, including AI-driven tactics like deep fakes. We keep our Board and colleagues informed about evolving cyber threats, regularly test their awareness of phishing risks, and ensure that our third-party data processors adhere to stringent cybersecurity and data privacy controls.

## 2024 AND BEYOND

We will continue to maintain our strong approach to governance, while deepening investment in advanced tools for attack prevention and detection, and arranging regular resilience drills across our operations. We will also keep our Board up to date on relevant risks and continue to upskill both our Board members and management teams with regular training on evolving risk factors and technologies, as well as preventative, mitigative and responsive actions.

# Corporate Governance Structure

Integrity and trust are the bedrock principles guiding our corporate ethics, strategy and operations, as well as our commitment to integrating sustainability along our value chain. Our Board plays a critical role in overseeing management and team actions, ensuring we adhere to applicable legal standards across all jurisdictions, but also advancing our sustainability initiatives and adhering to the highest standards of business conduct.

## THE BOARD COMPRISES:

**3** Executive Directors  
nominated by our parent company,  
Melco International Development Limited

**4** Independent  
Non-Executive Directors  
who lead and participate in Board committees,  
including one female director

Ensuring the ongoing effective composition and functioning of the Board and its subcommittees is the responsibility of the Nominating and Corporate Governance Committee (NCGC), in consultation with the Chairman of the Board & CEO. The requirements for nominating Directors and ensuring Board independence are stipulated in our Corporate Governance guidelines.

We believe it is critical to balance skill sets and experience with the independence and diversity of the Board. Increasing female representation and striving for broader diversity in the composition of our Board, and its subcommittees, is a priority. On an annual basis, the NCGC reviews the collective experience, expertise, diversity of the Directors and the performance of the Board to confirm that our Board's composition is appropriate for it to fulfill its role and responsibilities effectively.

The NCGC also evaluates succession planning regularly to ensure that the Board and the Senior Executive team are well equipped to steer the business in the best interests of the Company and its shareholders. In addition to bringing a diversity of backgrounds, skills and competencies, they have extensive experience with the Company and knowledge of the hospitality, leisure and gaming sectors.

The Board oversees the Company's three steering committees that manage our CSR and sustainability initiatives. These include the CSR Steering Committee and the Responsible Gaming Steering Committee, which are led by our Executive Vice President (EVP), Chief of Staff to Chairman & CEO, and the Executive Sustainability Committee that is chaired by our Senior Sustainability Advisor.

## Chairman & CEO

## Board of Directors

The Board receives quarterly updates on the Company's CSR and sustainability programs and monitors how new developments, industry trends and the regulatory landscape may affect our business.

## Board Committees

The Board's three committees that maintain oversight of key governance issues are comprised entirely of Independent Non-Executive Directors.

### Compensation Committee

The Compensation Committee executes the responsibilities of the Board relating to the compensation of our directors and executives. The Compensation Committee works closely with management to design, evaluate and approve management compensation plans, policies and programs for executives' and directors' compensation. All recommendations are presented to the Board for approval before any changes take effect.

### Audit and Risk Committee

The Audit and Risk Committee monitors the integrity of Melco's financial reporting processes and oversees its internal financial and operational controls and risk management systems. It is also responsible for overseeing matters relating to ethical conduct, responsible gaming, financial reporting, audit, risk management, cybersecurity and compliance with requirements related to anti-money laundering, anti-bribery and corruption and data privacy.

### Nominating and Corporate Governance Committee

The NCGC's responsibilities include overseeing Melco's ESG practices and performance, director nominations to support the Company's Policy on Board Diversity, and reviewing and amending, as needed, corporate governance policies previously approved by the Board.

## Steering Committees

The protection of stakeholders' interests is primarily the responsibility of Melco's steering committees. Strategic functions of the committees include understanding stakeholder concerns through our internal governance system and establishing goals, implementing policies, prioritizing initiatives and securing resources.

Our three steering committees provide quarterly reports and updates on progress to the Board.

### CSR Steering Committee

The CSR Steering Committee is responsible for upholding the Company's social responsibility commitments. Led by our EVP, Chief of Staff to Chairman & CEO, the committee holds monthly meetings attended by senior managers from across the organization. To ensure that Melco's community investment and engagement programs deliver tangible and positive benefits, the committee engages with colleagues and local community partners to form effective partnerships and implement strategically targeted initiatives.

### Executive Sustainability Committee

This committee, which is chaired by our Senior Sustainability Advisor, oversees and champions the activities of our Carbon Neutral, Zero Waste and Sustainable Sourcing Working Groups. These groups, involving colleagues from all business functions across our integrated resorts, are responsible for managing and measuring progress towards our ambitious goals of achieving carbon neutrality, sustainable sourcing and zero waste.

### Responsible Gaming Steering Committee

Ensuring that our RG policies are upheld and continue to meet the highest standards is the responsibility of the RG Steering Committee. Sponsored by the Chairman & CEO and championed by our EVP, Chief of Staff to the Chairman & CEO, this committee evaluates strategic initiatives in its quarterly meetings. Additionally, it oversees the RG Working Committees and designated Global RG Champions, who meet regularly to review operational matters.

## Properties & Corporate Functions

Implementing and monitoring the Group sustainability strategy onsite at each of our integrated resorts to ensure Melco's overall goals align with local needs, is the responsibility of each of our Property Presidents and all corporate functions.

## Employee Champion Networks

At all levels of our integrated resorts, employee champions lead and inspire colleagues to implement procedures and initiatives to support Melco's sustainability strategy.

# Ethics & Integrity

## OUR COMMITMENT

Being ethical and operating with integrity are non-negotiable basic expectations that are essential for the successful, sustainable governance and evolution of our business. This is critical for us to maintain not only our license to operate, but the trust of all our stakeholders. Our guests, investors, regulators, suppliers, colleagues and community partners expect us to uphold and often surpass legal and regulatory standards. Strict adherence to laws, codes of conduct and policies also minimizes risk across our value chain, cementing our commitment to the highest ethical and corporate governance standards.

Our Board and leadership teams are the driving force behind a culture of excellence, emphasizing accountability, professionalism and transparency across all organizational levels. Motivated by our RISE sustainability strategy, we take pride in our status as a responsible corporate citizen, deeply committed to our people, community and the planet.

## 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

## HOW WE MANAGE IT

### Code of Business Conduct and Ethics

Every aspect of the Group's activities is governed by our Code. It outlines our expectations for ethical conduct: how we expect people to be treated respectfully and to behave ethically, including not engaging in any form of corrupt practices. Adherence to our Code provides our people and our guests with the confidence that all interactions with Melco along our value chain are fair and in compliance with laws and regulations. Our Code is regularly reviewed by the NCGC and includes guidelines relating to:

- Compliance with laws, rules and regulations
- Employment practices to maintain fair, inclusive, respectful and safe workplaces
- Fair competition
- Conflicts of interest
- Anti-bribery and corruption
- Confidential, proprietary information
- Anti-money laundering and counter-terrorist financing
- Gifts and entertainment
- Sponsorship and donations
- Reporting and communications
- Reporting violations of the Code
- Policy against retaliation

We have a zero-tolerance policy for any instances of non-compliance with our Code. All Board members and colleagues are required to attend orientation training on corporate governance and annual, online, anti-bribery and corruption refresher training. Within the first 30 days of employment, all new joiners must complete Melco's induction program, which includes a mandatory corporate governance orientation module. In 2023, 100% of our colleagues who joined during the year completed the induction training on the Code in all jurisdictions. All colleagues are also required to sign and acknowledge receipt of the corporate governance policies during onboarding (they are informed thereafter whenever changes are made to these documents) and annually confirm their adherence to the Code provisions.

In line with our commitment to ethical business practices, our Board directors and senior management are mandated not only to comply with local laws and regulations related to business conduct, anti-money laundering, and anti-bribery and corruption, but also to undergo annual training in these areas.

Anti-corruption and anti-bribery clauses are included in standard contracts with suppliers and contractors. All new suppliers are subject to background checks, as part of the registration process, and all intermediaries are subject to regular review by the Compliance team.

Bribery and corruption-related risks are assessed on a quarterly basis by the CRO and presented to the Audit and Risk Committee. There were no material incidents of bribery and corruption, anti-competitive behavior or monopolistic practices reported within the Group in the reporting year.

## Ethical Business Practices Program

Our Ethical Business Practices Program is tailored to tackle specific risks in our sector, including money laundering, bribery, fraud and other forms of corruption. Integral to our Group-wide operational controls, it offers comprehensive guidance on relevant local laws, anti-corruption regulations and Company policies. The program emphasizes the importance of reporting any suspected or confirmed bribery or corruption, prioritizing the protection of our people and business. By implementing stringent measures and continuous education, we aim to embed ethical business conduct in our colleagues from the start of their employment and throughout their career with us.

### Do-The-Right-Thing Training

Melco's Do-The-Right-Thing (DTRT) online training program ensures that our entire team, from Board directors and senior management to the frontline, remains acutely aware of bribery and corruption risks. This mandatory annual training, which culminates in a compulsory assessment, includes comprehensive assessments covering relevant laws and regulations, Company guidance towards potential corruption situations, typical red flags and case studies to reinforce the expected behavior of our people. Additionally, in the third quarter of 2023, the Chief Legal Officer and CRO delivered a face-to-face anti-bribery and corruption refresher training to the Board and senior executives. Details on the anti-corruption initiatives implemented in our supply chain can be found in the [Ethical & Sustainable Supply Chain section of this report on page 082](#).

## ETHICS & INTEGRITY HOW WE MANAGE IT

### Ethical Business Advisor and Liaison Officers

To provide additional oversight of and clarity on Code implementation, and to reinforce a culture of excellence in ethical business practices beyond training, we appoint an Ethical Business Advisor as well as Ethical Business Liaison Officers across the Group. They provide another substantive line of defense in our compliance efforts by engaging directly with colleagues to support them in interpreting and understanding the Code and discussing any queries they may have on the practical implementation of its provisions.

Ethical Business Liaison Officers raise concerns to the Ethical Business Advisor for review and resolution on a quarterly or as-needed basis, based on the criticality of the concern. The Audit and Risk Committee receives regular updates from the Ethical Business Advisor to keep abreast of compliance risks. Feedback provided by the committee is reviewed by the Ethical Business Advisor and Ethical Business Liaison Officers at regular meetings, with follow-up actions implemented as required.

### Whistleblowing

Compliance with our Code and all applicable laws and regulations is non-negotiable. The Group's Procedures for Handling Complaints and Whistleblowing outlines our approach to help ensure that our colleagues and other stakeholders feel safe in raising any potential concerns or red flags related to Code compliance or any suspected unethical behavior. Furthermore, and as stipulated by the Ethical Business Practices Program, any Melco personnel

who becomes aware of, receives a report of, or otherwise has a reason to suspect a violation of Company policies or any unethical or unlawful behavior must promptly report it. They have the option to raise the concern through a variety of channels, including to their supervisor, the Ethical Business Advisor or any Company Legal Counsel, in writing to the Human Resources department, or anonymously through a dedicated, toll-free reporting hotline or email address, which are managed by an independent third party. Details of the various options for raising concerns are available on our intranet and at physical locations across our properties. We also encourage our suppliers to confidentially raise any potential concerns and breaches via the hotline or email.

We have strict procedures in place to ensure all matters pertaining to whistleblowing are handled confidentially and professionally. In 2023, we received approximately 70 matters raised via the hotline/email, including allegations of misappropriation of Company assets and non-compliance with SOPs. Matters reported via the hotline have resulted in disciplinary action and the implementation of new/amended policies to strengthen the communication of SOP expectations, as well as the monitoring and achievement of compliance. Details of all whistleblower reports and resultant investigation outcomes are presented by the CRO to the Audit and Risk Committee each quarter. A refresher presentation on whistleblower procedures, the reporting system and the review process was also delivered to the Audit and Risk Committee in the fourth quarter of 2023.

## 2023 Key Initiatives

### Training on Anti-bribery, Cybersecurity and Data Privacy

- Refreshed DTRT online training to align with the latest Ethical Business Practices Program
- Implemented new, mandatory cybersecurity training for relevant colleagues, with specialized sessions for the Board and senior management in Q4 2023
- A new training module on data privacy is also planned for implementation in 2024

### Policy Updates

- Adapted to emerging global legislation, including updates to AML/CTF regulations and guidance in 2023
- Audits conducted by local regulatory authorities in Macau, Manila and Cyprus, leading to policy updates
- Formed a Cybersecurity Disclosure Subcommittee under the Disclosure Committee to meet U.S. SEC requirements and established relevant guidelines at our corporate office

### Continued Ethics Training for Suppliers

- From 2023, required all suppliers to sign and accept our Supplier Code
- SME suppliers received training focusing on ethical business practices, particularly during onboarding
- While initial focus has been on Macau SME suppliers, we are working to standardize these practices across all operating locations

### Compliance and Cybersecurity Reporting

- Quarterly reports on compliance shared with the Audit and Risk Committee focused on significant employee misconduct cases, AML suspicious transaction reports filed, regulatory audits undertaken, data privacy reviews, compliance training statistics, and approved sponsorships and donations
- Quarterly cybersecurity reporting to the Audit and Risk Committee focused on industry trends, global incidents, risk management strategies, results of employee awareness and phishing exercises, and security assessments

# Privacy & Cybersecurity

## OUR COMMITMENT

Our guests, colleagues, suppliers, partners, regulators and other stakeholders entrust us with their personal and corporate data. In an era where technology is integral to operations, we are vigilant in maintaining stringent controls and systems. This vigilance is reinforced by training to prevent and respond to the increasing risk of cybersecurity and data privacy breaches that may impact our stakeholders and our operations.

We are committed to the continuous review and enhancement of our cybersecurity risk mitigation efforts and data protection strategies. Our focus is strengthening controls and measures, not only to prevent cybersecurity breaches, but also to swiftly respond and mitigate potential damage in the event of a breach. As the privacy and cybersecurity landscape continually evolves, we commit to assessing our approaches against the latest data protection and information security standards, controls and evolving best practice.

## OUR TARGETS

- Maintaining zero incidents of leaks, theft or loss of data

- Responding to any incidents of unauthorized access to systems and data by containing the negative potential impact to our stakeholders and business, and continually reviewing to ensure we have appropriately stringent safeguarding controls
- Ensuring our Board and all relevant colleagues are trained on information security and data protection

## HOW WE MANAGE IT

The exponential and widespread adoption of technology, digital platforms, data management systems and internet-driven business practices has been unfortunately matched by an increase in the likelihood and severity of cybersecurity threats and attacks. Ensuring that we have the right talent, awareness and knowledge, supported by robust controls, systems and response strategies, is critical for safeguarding data privacy. Our Board, senior management, colleagues, suppliers and other business partners receive frequent training on evolving cyber risks and how to detect, prevent and respond to threats. It is critical that we do our utmost to avoid potentially severe impacts to our stakeholders and

our business, which could range from incurring cost and resources for responding to an attack and causing disruption to our business operations, to damaging our reputation through a loss of trust.

We regularly conduct deep dives to assess potential impacts of attacks and ensure robust procedures are in place to respond. This covers mitigative measures as well as being prepared to run our operations manually if needed, in the event of a prolonged loss of systems. For example, we performed a "lessons learned" exercise on the cybersecurity attacks against two major gaming companies in Las Vegas in 2023, and the CRO and Chief Information Security Officer presented the outcomes of the exercise to both our Board and the Studio City Board in December 2023.

With the new property openings in Macau and Cyprus in 2023, we successfully managed the adoption and integration of additional systems and related data in the Group, and continue to maintain our stringent data and security measures across all our operations to the highest standards. In particular, the opening of City of Dreams Mediterranean in 2023 saw us expand the number of departments and systems in Cyprus involved in the processing of personal data, for example hotel check-in processes for guests. Our Data Protection Officer in Cyprus oversaw the development of new policies, procedures, signage, consent forms etc., to ensure compliance with the EU's General Data Protection Regulation (GDPR) requirements.

No instances of data breaches or customer privacy breaches were reported in 2023. An overview of the controls in place to manage data and information security risks is outlined below.

## Cybersecurity and Data Privacy Initiatives

Melco's approach to data protection and privacy, and compliance with applicable laws and regulations in all jurisdictions where we operate, is stipulated in the following policies, guidelines and procedures:

- Privacy/Personal Data Protection Policy
- Document Retention Policy
- Data Privacy Guidelines
- Personal Data Retention Guidelines
- Policy on International Transfers of EU Personal Data
- Guidelines for the International Transfers of EU Personal Data

The Company's Group Coordinating Data Protection Officer is appointed to coordinate data privacy-related work, with jurisdiction-specific Data Protection Officers responsible for overseeing the local data protection procedures and compliance within the relevant legislation. The Data Protection Officers and the Legal Department are responsible for reviewing any suspected or confirmed incidents of data breach, and providing appropriate notifications to the relevant local authority and affected parties, as required by the applicable laws and regulations.

## EMPOWERING OUR BUSINESS HOW WE MANAGE IT

Any initiatives involving the collection and processing of personal data, including the engagement of IT service providers, are subject to review by the Data Protection Officers, Legal Department, Information Security Department and Risk & Compliance Department prior to contracting or commencement of work. This is designed to ensure that the collection and processing of personal data in relation to these initiatives comply with the applicable legal requirements.

Ongoing and new initiatives undertaken during the reporting year include:

- Enhancing our global data privacy framework with the appointment of the Group Coordinating Data Protection Officer, jurisdiction-specific Data Protection Officers and issuance of new data privacy policies
- Establishing a Cybersecurity Technical Incident Response Team comprising of our Information Security and IT Department representatives, responsible for the technical response and resolution of a cyber incident
- Partnering with external specialized firms including IT technical and forensic experts, cyber incident response manager, legal counsel and a public relations agency to allow the Company access to timely support in the event we are exposed to a cyberattack
- Discussing lessons learnt from significant cyber incidents impacting companies in our sector at risk management meetings at the Macau, Manila and Cyprus properties, and incorporating these into updates to crisis management documentation and the development of specific cyber incident preparedness procedures
- Delivering a presentation on data privacy to the Board in December 2023, covering our approach to managing cybersecurity threats and the lessons learnt from the significant cyber incidents affecting companies in our sector
- Maintaining certification of our Information Security Management System (ISMS) for our Macau operations under ISO 27001 since 2009, and requiring all IT service providers to also be similarly certified
- Conducting regular risk assessments and internal and external/independent third-party audits of our processes and protocols under our cybersecurity and information security policies
- Performing regular reviews of all policies, procedures and training concerning cybersecurity and data privacy to ensure compliance readiness with applicable laws and regulations
- Ensuring data privacy protocols meet or exceed legal and regulatory requirements, including but not limited to those prescribed by Hong Kong's Personal Data (Privacy) Ordinance, Macau's Personal Data Protection Act, China's Personal Information Protection Law, Singapore's Personal Data Protection Act, the Philippine's Data Privacy Act and the EU's GDPR
- Engaging an independent third-party expert to assist in running 'tabletop' cyber crisis drills, simulating an attack on our Macau and Manila properties in Q1 2024

In 2023, a new, mandatory, online training on cybersecurity was implemented to raise awareness of cyber risks and typical cyber events that may be faced by our Company.

### Training and Capacity Building

Ongoing, comprehensive training is provided to colleagues, Board members and other stakeholders to ensure they adapt to the rapid changes in IT and evolving challenges of the cybersecurity landscape. Our colleagues across all levels of the organization are systematically trained on our information security and data protection guidelines, and receive training at least annually. Topics covered include the management and detection of phishing, spear-phishing and whaling, the risks of malware and spyware, and other threats to information security and data privacy. We also perform regular exercises to test colleagues' real-life responses to a simulated cyberattack.

In 2023, a new, mandatory, online training on cybersecurity was implemented to raise awareness of cyber risks and typical cyber events that may be faced by our Company. We also engaged an independent third-party expert to deliver two in-person training sessions for the Board and senior management team on cybersecurity; for details please refer to the [Case Study on page 089](#).

A new training module on data privacy is in development for rollout to all relevant colleagues in 2024 that will cover applicable legislation, principles of data processing and the data collection and retention requirements set out under the Company policies.

We engage with our suppliers and business partners to manage cybersecurity threats and maintain the integrity of information management systems across our value chain. We require our vendors to adopt similarly stringent standards and to report any incidents or corrective actions arising from the implementation of their ISO 27001-certified systems. We will continue to invest in the digital transformation of our supply chain to enhance efficiencies, increase transparency and maintain robust data privacy and cybersecurity measures.

# COMPANY PROFILE

## 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 and Singapore, we employ 20,209 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, Executive Director and Chief Executive Officer (CEO).

Melco has operations in Macau, the Philippines and Cyprus with corporate offices in those locations and our headquarters in Hong Kong, China and Singapore. In Macau, we operate integrated resorts Altira Macau and City of Dreams. We also operate Mocha Clubs, the largest non-casino-based operations of electronic gaming machines in Macau. In addition, the Company has a majority ownership and operates Studio City, a cinematically-themed integrated entertainment, retail and gaming resort. In the Philippines, Melco’s Philippine subsidiary operates and manages City of Dreams Manila,

an integrated resort located within Entertainment City, Manila. In Europe, Melco currently operates City of Dreams Mediterranean, an integrated resort located in Limassol, Cyprus, and three satellite casinos in Nicosia, Ayia Napa and Paphos in Cyprus.

Melco continuously strives to raise the bar in offering premium luxury, culinary and entertainment experiences for our guests. Our highly anticipated Studio City Phase 2 and City of Dreams Mediterranean opened in 2023. Designed by renowned international architecture firm Zaha Hadid Architects, Studio City Phase 2 features thrilling new entertainment and leisure offerings. It was named winner of the “Regional Award, Asia” at the BREEAM Awards 2021 in recognition of its incorporation of sustainable building design, development and management attributes. With sustainability at its core, City of Dreams Mediterranean is the first development in Cyprus to achieve a BREEAM Excellent rating for its sustainability strategy at the design stage. It was named “Best Sustainable Commercial Development Cyprus” at the European Property Awards 2023.

Further details on our operations can be found in our [Annual Report \(US Form 20-F\)](#) linked here.

# 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 on page 050](#), respectively.

### Economic Value Generated & Distributed

	2023	2022	2021	2020	2019
Total revenue (in thousands of US\$)	3,775,247	1,349,977	2,012,356	1,727,923	5,736,801
Total operating costs & expenses (in thousands of US\$)	3,710,288	2,093,082	2,589,807	2,668,480	4,989,123
Operating (loss) / income (in thousands of US\$)	64,959	(743,105)	(577,451)	(940,557)	747,678
Cash and cash equivalents (in thousands of US\$)	1,310,715	1,812,729	1,652,890	1,755,351	1,394,982
Dividends declared per share	0	0	0	0.055	0.214
Total employees	20,209	16,908	17,878	19,746	23,078
Community investment (charitable giving in US\$)	16,682,737	7,852,819	21,905,091	34,105,825	170,902,288

## 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 and health performance. All these areas work toward our goals, of which a strategic update can be reviewed in the [Inspiring our Communities on page 050](#) section.

## Our Workforce

### ALL EMPLOYEES<sup>64</sup>

	2023	2022	2021	2020
<b>Employees by Gender</b>				
Female	9,496	8,114	8,636	9,592
% of Females	47.0%	48%	48%	49%
Male	10,713	8,794	9,242	10,154
% of Males	53.0%	52%	52%	51%
<b>Total</b>	<b>20,209</b>	16,908	17,878	19,746

64. Globally we have around 1,241 non-employee workers to augment functions including construction, F&B, IT, security and administrative functions.

### OUR WORKFORCE BY GENDER AND GEOGRAPHIC LOCATION<sup>65, 66</sup>

	2023 <sup>67</sup>	2022	2021	2020
<b>Corporate and Centralized Services (Including Hong Kong, Macau and Other Locations)</b>				
Female	259	249	274	302
Male	297	281	354	398
<b>Total</b>	<b>556</b>	530	628	700
% of Employees in Corporate and Centralized Services (Including Hong Kong, Macau and Other Locations)	3%	3%	4%	3%
<b>Macau Properties (Including City of Dreams, Studio City, Altira Macau and Mocha Clubs)</b>				
Female	6,949	5,920	6,499	6,969
Male	7,268	5,772	6,261	6,815
<b>Total</b>	<b>14,217</b>	11,692	12,760	13,784
% of Employees in Macau Properties (Including City of Dreams, Studio City, Altira Macau and Mocha Clubs)	70%	69%	71%	70%
<b>Manila Property</b>				
Female	1,552	1,540	1,559	2,032
Male	2,147	2,173	2,171	2,519
<b>Total</b>	<b>3,699</b>	3,713	3,730	4,551
% of Employees in Manila Property	18%	22%	21%	23%
<b>Cyprus Property</b>				
Female	736	405	304	289
Male	1,001	568	456	422
<b>Total</b>	<b>1,737</b>	973	760	711
% of Employees in Cyprus Operations	9%	6%	4%	4%

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

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

67. 'Other locations' comprise Singapore in 2023.

## Senior Management Representation from Local Communities<sup>68, 69, 70</sup>

	2023	2022	2021	2020
<b>Local</b>				
Hong Kong /Macau	83%	78%	75%	76%
Singapore	25%	25%	-	-
Manila	57%	57%	67%	43%
Cyprus	35%	25%	57%	40%
<b>Total</b>	<b>66%</b>	<b>68%</b>	<b>73%</b>	<b>71%</b>
<b>Non-local</b>				
Hong Kong /Macau	17%	22%	25%	24%
Singapore	75%	75%	-	-
Manila	43%	43%	33%	57%
Cyprus	65%	75%	43%	60%
<b>Total</b>	<b>34%</b>	<b>32%</b>	<b>27%</b>	<b>29%</b>

68. Senior management defined as vice presidents and above.

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

70. Significant locations represent where we have properties and local, corporate headquarters.

## New Employee Hires and Turnover by Gender, Age and Location

	2023		2022		2021	
	Number	Rate	Number	Rate	Number	Rate
<b>New Hires by Gender</b>						
Female	2,345	24.69%	535	6.59%	285	3.30%
Male	3,062	28.58%	650	7.39%	499	5.40%
<b>New Hires by Age</b>						
Under 30 years of age	2,060	60.84%	501	21.52%	369	12.30%
Between the age of 30 and 50	3,131	23.55%	620	5.39%	358	3.08%
Over 50 years of age	216	6.12%	64	2.08%	57	1.76%
<b>New Hires by Location</b>						
Hong Kong	26	13.47%	27	15.25%	26	12.56%
Singapore	0	0%	1	20.00%	-	-
Macau	3,871	26.56%	479	3.98%	505	3.84%
Manila	507	13.71%	351	9.45%	50	1.34%
Cyprus	1,003	57.74%	327	33.61%	-	-
Other locations	0	0%	-	-	203	25.47%
<b>Employee Turnover by Gender</b>						
Female	1,428	15.04%	1,049	12.93%	1,289	14.93%
Male	1,693	15.80%	1,080	12.28%	1,521	16.46%
<b>Employee Turnover by Age</b>						
Under 30 years of age	932	27.53%	422	18.13%	763	25.43%
Between the age of 30 and 50	1,800	13.54%	1,165	10.13%	1,536	13.20%
Over 50 years of age	389	11.02%	542	17.61%	511	15.78%
<b>Employee Turnover by Location</b>						
Hong Kong	20	10.10%	59	32.42%	70	33.82%
Singapore	0	0%	0	0%	-	-
Macau	1,889	12.96%	1,575	13.08%	1,691	12.87%
Manila	496	13.41%	366	9.85%	898	24.08%
Cyprus	716	41.22%	129	13.33%	-	-
Other locations	0	0%	0	0%	151	18.90%

## Average Training Hours Completed per Employee by Employee Category and Gender

	2023	2022	2021
<b>Management by Gender</b>			
Female	19.88	20.06	24.68
Male	16.07	15.37	20.24
<b>Non-management by Gender</b>			
Female	67.15	204.82	131.55
Male	70.96	161.64	105.11

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

	Change 2022/2023		2023	2022	2021
	Rate	%			
<b>Total Recordable Injury Rate</b>					
40-hour work week/total cases <sup>71</sup>	0.08	3.96%	2.10	2.02	1.69
48-hour work week/total cases <sup>72</sup>	0.06	3.55%	1.75	1.69	1.41
<b>Average</b>	0.07	3.77%	1.93	1.86	1.55
<b>Lost-time Injury Frequency Rate</b>					
40-hour work week/total cases <sup>73</sup>	0.39	3.86%	10.50	10.11	8.45
48-hour work week/total cases <sup>74</sup>	0.32	3.80%	8.75	8.43	7.04
<b>Average</b>	0.36	3.83%	9.63	9.27	7.75

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

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

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

74. 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

	2023	2022	2021
<b>Board Members by Gender</b>			
Female	27%	27%	27%
Male	73%	73%	73%
<b>Board Members by Age</b>			
Under 30 years of age	0%	0%	0%
Between the age of 30 and 50	27%	27%	31%
Over 50 years of age	73%	73%	69%
<b>Corporate Executive Committee by Gender</b>			
Female	14%	21%	21%
Male	86%	79%	79%
<b>Corporate Executive Committee by Age</b>			
Under 30 years of age	0%	0%	0%
Between the age of 30 and 50	43%	43%	50%
Over 50 years of age	57%	57%	50%
<b>Management by Gender</b>			
Female	41%	41%	40%
Male	59%	59%	60%
<b>Management by Age</b>			
Under 30 years of age	3%	1%	1%
Between the age of 30 and 50	77%	79% <sup>75</sup>	80% <sup>75</sup>
Over 50 years of age	20%	20%	19%
<b>Non-management by Gender</b>			
Female	48%	49%	49%
Male	52%	51%	51%
<b>Non-management by Age</b>			
Under 30 years of age	18%	15%	18%
Between the age of 30 and 50	65%	67%	64%
Over 50 years of age	17%	18%	18%

75. Data restated to allow for accurate rounding.

## 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, 2023, 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 on page 028.

### Greenhouse Gas (GHG) Emissions

#### TOTAL RESORT-LEVEL SCOPE 1 AND 2 (MARKET-BASED) GHG EMISSIONS (IN METRIC TONNES OF CO<sub>2</sub>e)

	2023	2022	2021	2020	2019
City of Dreams Macau	3,453	2,450	2,461	4,089	8,903
Studio City	4,273	2,891	1,869	1,902	2,838
Altira Macau	1,107	444	1,075	904	1,044
City of Dreams Manila	3,592	2,800	2,323	2,063	4,120
City of Dreams Mediterranean	936	-	-	-	-

#### ABSOLUTE GHG EMISSIONS BY SCOPE AND INTENSITY (IN METRIC TONNES OF CO<sub>2</sub>e)

	2023	2022	2021	2020	2019
<b>Scope 1 emissions</b>	<b>20,392</b>	17,142	14,842	16,011	29,315
Emissions from stationary fuel combustion	6,776	4,962	5,237	4,962	7,755
Emissions from mobile fuel combustion	7,412	7,467	5,095	5,955	12,883
Fugitive emissions from refrigerants	6,204	4,713	4,510	5,095	8,677
<b>Biogenic emissions</b>	<b>368</b>	212	264	150	310
<b>Scope 2 emissions (location-based)</b>	<b>252,155</b>	208,510	211,787	206,420	263,130
<b>Scope 2 emissions (market-based)<sup>76</sup></b>	<b>-</b>	-	-	-	-
<b>Total Scope 1 and 2 emission (market-based) intensity by floor area (in metric tonnes of CO<sub>2</sub>e/m<sup>2</sup>)</b>	<b>0.012</b>	0.012	0.011	0.011	0.021

76. Scope 2, market-based emissions are offset through renewable energy instruments that are RE100 compliant. Refer to the section on [Cleaner Energy and Renewables](#) for details.

	2023	2022	2021 <sup>77</sup>	2020	2019
<b>Scope 3 emissions</b>					
Category 1: Purchased goods and services <sup>78,79</sup>	167,148	81,164	-	-	-
Category 2: Capital goods <sup>80</sup>	77,461	200,438	-	-	-
Category 3: Fuel and energy-related activity (FERA) <sup>81</sup>	68,529	56,034	56,882	35,588	49,516
Category 4: Upstream transportation <sup>82</sup>	723	414	-	-	-
Category 5: Waste <sup>83,84</sup>	1,162	1,181	-	-	-
Category 6: Business travel <sup>85</sup>	1,909	612	-	-	-
Category 7: Employee commuting <sup>86,87</sup>	11,023	6,412	-	-	-
Category 8: Upstream leased assets <sup>88</sup>	548	195	-	-	-
Category 13: Downstream leased assets	44,246	31,175	32,697	30,579	33,405
<b>Total Scope 3 emissions</b>	<b>372,748</b>	377,625	89,579	66,167	82,921
<b>Total Scope 3 emission intensity by floor area (in metric tonnes of CO<sub>2</sub>e/m<sup>2</sup>)<sup>89</sup></b>	<b>0.21</b>	0.27	-	-	-

77. In 2019-2021, only Scope 3 Categories 3 and 13 were available for disclosure.

78. Calculated using an average data method that applies the weight of purchased item by type and a spend-based method based on the amount spent on capital goods.

79. Items that do not have their weight stated in the Company's purchasing system or do not have lifecycle assessment emission factors attributable for the emission calculations have been excluded.

80. Definition of "capital goods" is in line with the Company's financial accounting.

81. Electricity consumption for FERA is calculated using the most recent set of emission factors for overseas electricity based on the Department for Environment, Food and Rural Affairs of the United Kingdom (Defra) 2021 data.

82. This category includes emissions from the transportation and distribution of goods and services purchased by Melco.

83. This category includes emissions from the disposal of waste generated within the Company's business operations only.

84. Recycling of "household residual waste" (e.g. soap, used waste oil) has been excluded in the calculation.

85. Calculation of air travel only.

86. Includes emissions from transportation carriers that arise during employees' commute to and from work in vehicles not owned or operated by the Company.

87. Employees in Singapore account for less than 1% of our full-time employees and are excluded from this calculation.

88. Includes emissions from the operations of assets that are leased by the Company (acting as lessee), that are not included in Scope 1 and Scope 2. As upstream leased assets are not under Melco's operational control, the Company may need to request data from lessors in order to calculate emissions. In the current inventory, upstream leased vehicles for shuttle buses in the Philippines and Macau have been included.

89. Scope 3 GHG emission intensity by floor area is disclosed for 2022 data, marking the first year of disclosing Scope 3 emission data for all categories that are relevant to the Company's business.

### Energy

#### TOTAL RESORT-LEVEL PURCHASED ELECTRICITY CONSUMPTION (IN MWh)

	2023	2022	2021	2020	2019
City of Dreams Macau	139,916	121,153	139,929	136,630	169,624
Studio City	123,818	92,655	85,648	79,991	106,472
Altira Macau	37,156	34,472	35,482	40,027	46,620
City of Dreams Manila	66,183	62,276	53,788	49,718	69,893
City of Dreams Mediterranean	18,290	-	-	-	-

## ENERGY CONSUMPTION BY SOURCE AND INTENSITY, AND GENERATED ONSITE (IN MWh)

	2023	2022	2021	2020	2019
Fuel consumption from non-renewable sources	67,159	58,381	47,770	50,738	97,387
Electricity consumption from non-renewable sources	401,302	330,179	333,985	326,116	414,314
Electricity consumption from renewable sources <sup>90</sup>	1,555	1,525	1,478	1,555	-
<b>Total energy consumption</b>	<b>470,015</b>	<b>390,085</b>	<b>383,233</b>	<b>378,409</b>	<b>511,701</b>
<b>Energy intensity (in MWh/m<sup>2</sup>)</b>	<b>0.27</b>	<b>0.28</b>	<b>0.27</b>	<b>0.27</b>	<b>0.36</b>
<b>Total renewable energy generated<sup>91</sup></b>	<b>1,761</b>	<b>1,525</b>	<b>1,478</b>	<b>1,555</b>	<b>-</b>

90. PV panel systems were installed at our properties in Macau and Manila in 2019, and in Cyprus in 2023. Renewable energy consumed at City of Dreams Manila has been generated onsite since 2019. Data for 2023 consumption also includes renewable energy generated onsite at City of Dreams Mediterranean.

91. The renewable energy generated by PV panels at properties in Macau and Cyprus was recorded from October to December of 2023. The renewable energy generated at both City of Dreams Manila and City of Dreams Mediterranean is consumed onsite and in Macau, it feeds into the electricity grid.

## Waste

## MATERIAL DIVERSION AND WASTE GENERATION WITH INTENSITY (IN METRIC TONNES)

	2023	2022	2021	2020	2019
Composting	272	262	192	36	88
Recycling	1,486	735	720	319	624
<b>Total materials diverted</b>	<b>1,758</b>	<b>997</b>	<b>912</b>	<b>355</b>	<b>712</b>
Incineration	11,956	5,657	7,624	6,788	15,415
Landfill	1,916	1,026	1,160	1,131	2,232
<b>Total waste generated</b>	<b>13,872</b>	<b>6,683</b>	<b>8,783</b>	<b>7,919</b>	<b>17,647</b>
<b>Total materials diverted and waste generated</b>	<b>15,630</b>	<b>7,680</b>	<b>9,695</b>	<b>8,274</b>	<b>18,360</b>
Intensity of materials diverted and waste generated (in metric tonnes/m <sup>2</sup> )	0.009	0.005	0.007	0.006	0.013

## MATERIAL DIVERSION BY TYPE (IN %)

	2023	2022	2021	2020	2019
<b>Recycling</b>					
Paper	58.37	31.10	35.80	42.18	70.36
Metal	2.39	6.37	4.64	9.47	5.91
Used cooking oil	2.81	7.37	6.03	3.94	2.16
Glass bottles	11.82	15.25	7.28	0.00	1.32
Batteries	1.73	0.96	0.17	0.38	0.30
Plastic	2.60	8.05	11.20	1.61	0.07
Soap	0.07	0.16	0.35	0.74	-
Others (e.g. e-waste, ink toners, light fixtures, coffee capsules)	4.76	4.45	13.48	21.24	0.02
<b>Composting</b>					
Food waste	15.45	26.28	21.05	14.43	12.40

HAZARDOUS AND NON-HAZARDOUS WASTE GENERATION WITH INTENSITY (IN METRIC TONNES)<sup>92</sup>

	2023	2022	2021
<b>Hazardous waste by category</b>			
Batteries	30	10	N/A
Ink toners	0.75	0.35	N/A
Light fixtures	3.00	0.07	N/A
E-waste	23	17	N/A
Contaminated containers	-	2	N/A
<b>Total hazardous waste</b>	<b>57</b>	<b>30<sup>93</sup></b>	<b>110</b>
<b>Hazardous waste by intensity (in metric tonnes/m<sup>2</sup>)</b>	<b>0.00003</b>	<b>0.00002</b>	<b>0.00008</b>
<b>Total non-hazardous waste</b>	<b>15,573</b>	<b>7,650</b>	<b>9,585</b>
<b>Non-hazardous waste by intensity (in metric tonnes/m<sup>2</sup>)</b>	<b>0.009</b>	<b>0.005</b>	<b>0.007</b>
<b>Total waste</b>	<b>15,630</b>	<b>7,680</b>	<b>9,695</b>

92. Figures have been rounded.

93. The significant reduction in 2022 is attributable to the one-off recycling of e-waste in 2021.

## Water

TOTAL RESORT-LEVEL WATER CONSUMPTION (IN M<sup>3</sup>)

	2023	2022	2021	2020	2019
City of Dreams Macau	938,996	595,231	798,030	835,129	1,346,783
Studio City	988,584	580,840	642,519	569,519	995,508
Altira Macau	329,297	286,017	323,882	307,150	406,896
City of Dreams Manila	646,343	565,282	424,982	396,644	661,686
City of Dreams Mediterranean	122,027	-	-	-	-

WATER CONSUMPTION BY SOURCE AND INTENSITY (IN M<sup>3</sup>)

	2023	2022	2021	2020	2019
Municipal water	2,853,466	2,104,286	2,118,259	2,110,619	3,423,319
Recycled water	218,225	217,714	147,549	63,120	50,718
<b>Total water consumption</b>	<b>3,071,691</b>	<b>2,322,000</b>	<b>2,265,808</b>	<b>2,173,739</b>	<b>3,474,037</b>
<b>Water intensity by floor area (in m<sup>3</sup>/m<sup>2</sup>)</b>	<b>1.74</b>	<b>1.66</b>	<b>1.61</b>	<b>1.56</b>	<b>2.54</b>

APPENDICES

# GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), URL(S) AND/OR EXPLANATION(S)	REASONS FOR OMISSION
<b>GRI 1: Foundation 2021</b>			
<b>GRI 2: General Disclosures 2021</b>			
<b>1. The Organization and its Reporting Practices</b>			
2-1	Organizational details	About this Report About Melco Melco's headquarters are at 71 Robinson Road #04-03, Singapore 068895 and the 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.	
2-2	Entities included in the organization's sustainability reporting	About this Report	
2-3	Reporting period, frequency and contact point	About this Report This report was published on 26th April, 2024.	
2-4	Restatements of information	The 2021 and 2022 figures for Management percentage by age, between the age of 30 and 50, have been restated to allow for accurate rounding.	
2-5	External assurance	ISO 14064-3:2019 A third-party assurance provider verified the Company's Scope 1, 2 and 3 GHG emission inventory for the year 2023 against ISO 14064-3:2019. The Board's NCGC reviewed and approved the Company's 2023 Sustainability Report.	

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<b>GRI 2: General Disclosures 2021</b>			
<b>2. Activities and workers</b>			
2-6	Activities, value chain and other business relationships	About Melco About this Report Our Impact along the Value Chain Restoring our World Inspiring our Communities Sustaining our Supply Chain Empowering our Business MRE Annual Report 2023 – Form 20-F – P.79-92; 158 Melco Resorts & Entertainment Limited, 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. Melco Resorts' business is focused in Macau, Manila and Cyprus. There were no significant changes in Melco's value chain compared to the previous reporting period. Operating within global gaming and hospitality industries, Melco's supply chain is unsurprisingly vast; embracing over 5,000 global upstream 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 2023, the Group procured goods and services from over 5,000 global suppliers and over 3,500 suppliers in Macau (59%), Philippines (11%), Hong Kong (10%), Cyprus (10%), UK (2%), USA (1%), Mainland China (1%), Singapore (1%), Taiwan (1%), and other locations (4%). The Company's downstream activities range from engaging with and providing experiences for guests to contracting or collaborating with stakeholders in our jurisdictions of operations. Examples of these interactions include companies that undertake the recycling of valuable materials from our operations, educational institutions that organize capacity-building programs for our colleagues and NGOs that work with us on community engagement activities.	
2-7	Employees	MRE Annual Report 2023 – Form 20-F – P.158 Performance Metrics The Company employed 20,209 people in 2023 compared to 16,908 in 2022; representing a 20% increase in the workforce as business volume also increased. In 2023, there was an uptick in property visitation and hotel room occupancy by 139% and 165%, respectively over 2022.	
2-8	Workers who are not employees	Performance Metrics There were no significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.	

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<b>GRI 2: General Disclosures 2021</b>			
<b>3. Governance</b>			
2-9	Governance structure and composition	Corporate Governance Structure MRE Annual Report 2023 – Form 20-F – P.146-151; 152-157	
2-10	Nomination and selection of the highest governance body	MRE Annual Report 2023 – Form 20-F – P.156 Policy on Board Diversity	
2-11	Chair of the highest governance body	Corporate Governance Structure MRE Annual Report 2023 – Form 20-F – P.146-147 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.	
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Structure Understanding What Matters Most Assessing Materiality Sustainability Risk Management MRE Annual Report 2023 – Form 20-F – P.152-157	
2-13	Delegation of responsibility for managing impacts	Corporate Governance Structure MRE Annual Report 2023 – Form 20-F – P.152-157	
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Structure MRE Annual Report 2023 – Form 20-F – P.156 The Nominating and Corporate Governance Committee of the Board approved Melco Resorts Sustainability Report 2023 on 24th April, 2024.	
2-15	Conflicts of interest	MRE Annual Report 2023 – Form 20-F – P.63-66; 163-165 Conflicts of interest covered in detail in the Code of Business Conduct and Ethics.	
2-16	Communication of critical concerns	Ethics & Integrity MRE Annual Report 2023 – Form 20-F – P.152-157 Melco did not have any critical concerns raised in 2023.	
2-17	Collective knowledge of the highest governance body	MRE Annual Report 2023 – Form 20-F – P.152-157 Corporate Governance Structure	
2-18	Evaluation of the performance of the highest governance body	MRE Annual Report 2023 – Form 20-F – P.156	
2-19	Remuneration policies	MRE Annual Report 2023 – Form 20-F – P.151-152; 155	
2-20	Process to determine remuneration	MRE Annual Report 2023 – Form 20-F – P.151-152; 155	
2-21	Annual total compensation ratio		Confidentiality constraints. Information is considered private.

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<b>GRI 2: General Disclosures 2021</b>			
<b>4. Strategy, Policies and Practices</b>			
2-22	Statement on sustainable development strategy	Chairman & CEO's Statement	
2-23	Policy commitments	Sustainability Risk Management Restoring our World Inspiring our Communities Sustaining our Supply Chain Our Policies and Statements Ethics & Integrity The precautionary principle informs Melco's risk assessment, property design, construction and operations and planning processes.	
2-24	Embedding policy commitments	Sustainability Risk Management Restoring our World Inspiring our Communities Sustaining our Supply Chain Our Policies and Statements Ethics & Integrity	
2-25	Processes to remediate negative impacts	Sustainability Risk Management Evolving Risks and Opportunities Restoring our World Inspiring our Communities Sustaining our Supply Chain Empowering our Business	
2-26	Mechanisms for seeking advice and raising concerns	Ethics & Integrity Our Policies and Statements	
2-27	Compliance with laws and regulations	Restoring our World Inspiring our Communities Sustaining our Supply Chain Empowering our Business No significant instances of non-compliance with laws and regulations occurred during the reporting period.	
2-28	Membership associations	Melco Resorts joined the Sustainable Hospitality Alliance in November 2023.  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. Melco Resorts joined the membership-based business association in 2021.  Melco Resorts joined the Global Tourism Plastics Initiative in 2020.  Melco Resorts has been a member of the European Casino Association since 2019.	

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<b>GRI 2: General Disclosures 2021</b>			
<b>5. Stakeholder Engagement</b>			
2-29	Approach to stakeholder engagement	Understanding What Matters Most Assessing Materiality As part of identifying its stakeholders, the Company applied the GRI Reporting Principle of stakeholder inclusiveness.	
2-30	Collective bargaining agreements	Other than the rank-and-file employees of the table games division of City of Dreams Manila, representing 4.7% 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.	
<b>GRI 3: Material Topics 2021</b>			
3-1	Process to determine material topics	Understanding What Matters Most Assessing Materiality	
3-2	List of material topics	Assessing Materiality There have been no significant changes from previous reporting periods in the list of material topics and topic boundaries. To begin alignment with IFRS S1 – <i>General Requirements for Disclosure of Sustainability-related Financial Information</i> and IFRS S2 – <i>Climate-related Disclosures</i> , we evolved our assessment process to address both the GRI and IFRS approaches to determine our material topics through a Assessing Materiality lens.	
<b>Report Section: Restoring our World</b>			
<b>Material Topic: Energy &amp; Climate Resilience</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Evolving Risks and Opportunities Restoring our World – Strategy and Management Approach Energy & Climate Resilience Our Policies and Statements TCFD Content Index	
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organization	Energy & Climate Resilience Performance Metrics	
302-3	Energy intensity	Energy & Climate Resilience Performance Metrics The ratio uses energy consumption within the organization.	
302-4	Reduction of energy consumption	Restoring our World – Strategy and Management Approach Energy & Climate Resilience Performance Metrics	

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<b>Report Section: Restoring our World</b>			
<b>Material Topic: Energy &amp; Climate Resilience</b>			
<b>GRI 305: Emissions 2016</b>			
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 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, R407c, R410a, R23, R32, R141b and R417a). 2019 is the base year for target setting as that was the first year that third-party verification was undertaken of Melco's Scope 1 inventory. 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 (GWPs) of the Sixth Assessment Report (AR6) 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. 2019 is the base year for target setting as that was the first year that third-party verification was undertaken of Melco's Scope 2 inventory. Our Scope 2 market-based emissions are neutral since 2018 from the purchase of EACs for 100% of our global electricity consumption. Melco's GHG inventory is calculated using an operational control approach. The inventory aligns with the GHG Protocol published by WBCSD and WRI, and refers to the GWPs of the AR6 of the IPCC.	
305-3	Other indirect (Scope 3) GHG emissions	Energy & Climate Resilience Performance Metrics In 2023, Scope 3 emissions disclosed arose from downstream leased assets (tenants) and fuel and energy-related activity. Emissions arising from these categories, which were disclosed for the years 2020 and 2021, adopted an updated methodology in 2022. Scope 3 emissions have been tracked against nine categories that are relevant to our business since 2022, which was adopted as the base year for tracking these emissions. The inventory aligns with the GHG Protocol published by WBCSD and WRI, and refers to the GWPs of the AR6 of the IPCC.	
305-4	GHG emissions intensity	Energy & Climate Resilience Performance Metrics	
305-5	Reduction of GHG emissions	Energy & Climate Resilience Performance Metrics	

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<b>Report Section: Restoring our World</b>			
<b>Material Topics: Energy &amp; Climate Resilience / Material Use &amp; Waste</b>			
<b>GRI 304: Biodiversity 2016<sup>94</sup></b>			
304-2	Significant impacts of activities, products and services on biodiversity	Energy & Climate Resilience Material Use & Waste Sustaining our Supply Chain	
<b>Material Topic: Material Use &amp; Waste</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Evolving Risks and Opportunities Restoring our World – Strategy and Management Approach Material Use & Waste Our Policies and Statements	
<b>GRI 301: Materials 2016</b>			
301-2	Recycled input materials used	Sustainable Design Material Use & Waste	Information unavailable. It is not feasible to quantify the percentage of recycled input materials used.
<b>GRI 303: Water and Effluents 2018</b>			
303-1	Interactions with water as a shared resource	Material Use & Waste	
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	

94. The updated Topic Standard, GRI 101: Biodiversity 2024, will be effective January 1st, 2026.

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<b>Report Section: Restoring our World</b>			
<b>Material Topic: Material Use &amp; Waste</b>			
<b>GRI 306: Waste 2020</b>			
306-1	Waste generation and significant waste-related impacts	Material Use & Waste	
306-2	Management of significant waste-related impacts	Material Use & Waste	
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	
<b>Report Section: Inspiring our Communities</b>			
<b>Material Topic: Engaging our People</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Inspiring our Communities – Strategy and Management Approach Engaging our People Our Policies and Statements	
<b>GRI 202: Market Presence 2016</b>			
202-2	Proportion of senior management hired from the local community	Performance Metrics	
<b>GRI 401: Employment 2016</b>			
401-1	New employee hires and employee turnover	Performance Metrics	

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<b>Report Section: Inspiring our Communities</b>			
<b>Material Topic: Engaging our People</b>			
<b>GRI 404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee	Performance Highlights Engaging our People Performance Metrics	
404-2	Programs for upgrading employee skills and transition assistance programs	Engaging our People	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	All permanent employees, excluding newly-hired employees that did not complete their probationary period, received annual performance reviews.	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Inspiring our Communities Performance Metrics	
<b>GRI 406: Non-discrimination 2016</b>			
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.	
<b>Material Topic: Safety, Health &amp; Wellbeing</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Inspiring our Communities – Strategy and Management Approach Safety, Health & Wellbeing Our Policies and Statements	

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<b>Report Section: Inspiring our Communities</b>			
<b>Material Topic: Safety, Health &amp; Wellbeing</b>			
<b>GRI 403: Occupational Health &amp; Safety 2018</b>			
403-1	Occupational health and safety management system	Safety, Health & Wellbeing Melco's safety and health management system covers all of our 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.	
403-3	Occupational health services	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.	
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	

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<b>Report Section: Inspiring our Communities</b>			
<b>Material Topic: Safety, Health &amp; Wellbeing</b>			
<b>GRI 403: Occupational Health &amp; Safety 2018</b>			
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 Performance Metrics There were no cases of high-consequence work-related injuries or of colleague or worker fatalities on Melco properties in 2023. The main types of injuries included slips, trips and falls, cuts and abrasions, striking against 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.
<b>GRI 416: Customer Health &amp; Safety 2016</b>			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Ethics & Integrity No significant incidents of non-compliance with regulations concerning health and safety impacts occurred during the reporting period.	
<b>Material Topic: Responsible Gaming</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Inspiring our Communities – Strategy and Management Approach Responsible Gaming	
<b>GRI 417: Marketing &amp; Labeling 2016</b>			
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	Incidents of non-compliance concerning marketing communications	Responsible Gaming Community Investment & Engagement Melco has not had any incidents of non-compliance with requirements or codes concerning marketing communications.	

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<b>Report Section: Inspiring our Communities</b>			
<b>Material Topic: Community Investment &amp; Engagement</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Inspiring our Communities – Strategy and Management Approach Community Investment & Engagement Our Policies and Statements	
<b>GRI 413: Local Communities 2016</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	Community Investment & Engagement	
<b>Material Topics: Engaging our People / Ethical &amp; Sustainable Supply Chain</b>			
<b>GRI 408: Child Labor 2016</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	Ethical & Sustainable Supply Chain	
<b>GRI 409: Forced or Compulsory Labor 2016</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Ethical & Sustainable Supply Chain Engaging our People	
<b>Report Section: Sustaining our Supply Chain</b>			
<b>Material Topic: Ethical &amp; Sustainable Supply Chain</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Sustaining our Supply Chain – Strategy and Management Approach Ethical & Sustainable Supply Chain Our Policies and Statements	
<b>GRI 204: Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	Ethical & Sustainable Supply Chain Disclosure item 2-6 of this Content Index Our usage of "local" is in accordance with local government definitions.	

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<b>Report Section: Sustaining our Supply Chain</b>			
<b>Material Topic: Ethical &amp; Sustainable Supply Chain</b>			
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	Ethical & Sustainable Supply Chain 100% of new suppliers must acknowledge acceptance of our Supplier Code of Conduct, including its environmental requirements. Suppliers' environmental performance is assessed and compliance with the Supplier Code of Conduct is required.	
308-2	Negative environmental impacts in the supply chain and actions taken	Our Impact along the Value Chain Ethical & Sustainable Supply Chain	Information unavailable/incomplete. The number and percentage of suppliers assessed have yet to be quantified.
<b>GRI 414: Supplier Social Assessment 2016</b>			
414-1	New suppliers that were screened using social criteria	Ethical & Sustainable Supply Chain 100% of new suppliers must acknowledge acceptance of our Supplier Code of Conduct, including its social requirements. Suppliers' social performance is assessed and compliance with the Supplier Code of Conduct is required.	
414-2	Negative social impacts in the supply chain and actions taken	Our Impact along the Value Chain Ethical & Sustainable Supply Chain	Information unavailable/incomplete. The number and percentage of suppliers assessed have yet to be quantified.
<b>Report Section: Empowering our Business</b>			
<b>Material Topic: Ethics &amp; Integrity</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Empowering our Business – Strategy and Management Approach Privacy & Cybersecurity Our Policies and Statements	
<b>GRI 205: Anti-corruption 2016</b>			
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 acceptance of Melco's Code of Conduct for Suppliers and related training is provided.	

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<b>Report Section: Empowering our Business</b>			
<b>Material Topic: Ethics &amp; Integrity</b>			
<b>GRI 205: Anti-corruption 2016</b>			
205-3	Confirmed incidents of corruption and actions taken	Ethics & Integrity No confirmed incidents of corruption in the reporting year.	
<b>GRI 206: Anti-competitive Behavior 2016</b>			
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.	
<b>Material Topic: Privacy &amp; Cybersecurity</b>			
<b>GRI 3: Material Topics 2021</b>			
3-3	Management of material topics	Assessing Materiality Our Impact along the Value Chain Sustainability Risk Management Empowering our Business – Strategy and Management Approach Privacy & Cybersecurity Our Policies and Statements	
<b>GRI 418: Customer Privacy 2016</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy & Cybersecurity Melco did not have any substantiated complaints concerning breaches of customer privacy or losses of customer data during the reporting period.	
<b>Other Disclosure Items</b>			
<b>GRI 201: Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	Performance Metrics MRE Annual Report 2023 – Form 20-F – P:131; 158-160	
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Risk Management Evolving Risks and Opportunities Our Risk Universe Energy & Climate Resilience TCFD Content Index	Information unavailable. Financial implications from climate change scenarios based on risk classifications have yet to be assessed.
<b>GRI 410: Security Practices 2016</b>			
410-1	Security personnel trained in human rights policies or procedures	Safety, Health & Wellbeing Ethical & Sustainable Supply Chain 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.	

APPENDICES

# TCFD Content Index

QUICK ACCESS TO SECTIONS

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
Melco's oversight and management of climate-related risks and opportunities.	Melco's actual and potential impacts of climate-related risks and opportunities across the value chain of our business, our strategy, and our financial planning.	How Melco effectively identifies, evaluates and manages climate-related risks to our business, suppliers and communities.	The metrics and targets used to assess and manage relevant climate-related risks and opportunities material to Melco.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
TCFD DESCRIPTION	OUR RESPONSE		
<b>GOVERNANCE</b>			
<b>a. Describe the board's oversight of climate-related risks and opportunities.</b>	<b>Board</b>  <b>Board of Directors</b> The Board has strategic oversight and ultimate responsibility for sustainability governance including climate-related risks. The Board receives quarterly reports on climate-related risks and opportunities and our Chairman & CEO, who sits on the Board, oversees the Company's Roadmap and Action Plan for decarbonization, including GHG emission reduction, and strategy for assessing, mitigating and adapting to climate-related risks and identifying opportunities. Refer to <a href="#">Corporate Governance Structure section on page 092</a> for more details.  <b>Audit and Risk Committee</b> The Audit and Risk Committee supports the Board in the management of risk and is responsible for overseeing and monitoring the effectiveness of the risk management and internal control processes during the year, including climate-related risks.  <b>Nominating and Corporate Governance Committee (NCGC)</b> The NCGC assists the Board in assessing climate-related issues by overseeing strategy and evaluating emergent risks and opportunities, and the Company's progress against its environmental goals, including the policies and programs instrumental in achieving short- and long-term climate-related targets. This report is reviewed by the NCGC, and provides a review of climate-related risks and outlines progress towards environmental goals.		
	<b>b. Describe management's role in assessing and managing climate-related risks and opportunities.</b>	<b>Management Level</b>  <b>Executive Sustainability Committee</b> The Executive Sustainability Committee comprises the Chairman & CEO, CFO, CRO, President, Property Presidents, SVP Project and Facilities, Supply Chain VP, Chief of Staff to Chairman & CEO and Sustainability Team, and provides quarterly updates to the Board on progress towards the Company's Carbon Neutral, Zero Waste and sustainable sourcing goals including reviewing any related capital expenditures annually and raising any significant strategic or operational climate-related issues that may impact the Company's growth and performance objectives. The Committee sponsors Working Groups across all corporate functions and all resorts that drive and measure progress towards achieving our ambitious goals.  <b>Working Groups</b> Oversight of our actions falls under the purview of three Working Groups: the Carbon Neutral Working Group, Zero Waste Working Group and Sustainable Sourcing Working Group, which report to our Executive Sustainability Committee. The Working Groups meet monthly to map our actions and measure our progress while evaluating our policies and systems with a view towards continual improvement. Within all budgets, each business unit across properties is responsible for working towards our long-term goals, such as energy- and water-efficiency measures, waste reduction and sustainable and responsible sourcing.  <b>Senior Sustainability Advisor</b> The Senior Sustainability Advisor works with the Executive Sustainability Committee, Working Groups and the Sustainability Team to set climate-related strategies and implement actions towards our goals, and offers advice and provides regular updates to the CEO on the Company's progress.  <b>Chief Risk Officer (CRO)</b> The CRO provides a regular update to the CEO and the Audit and Risk Committee on significant strategic risks, including climate-related risks and opportunities. The CRO participates in annual Sustainability Materiality Assessments and includes any significant climate-related risks identified in the Company-wide risk register.	

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
TCFD DESCRIPTION	OUR RESPONSE		
<b>STRATEGY</b>			
<p>Climate-related risks and opportunities (CRROs) were first identified through an in-depth workshop with key stakeholders within the Company, which has been detailed below. Following the risk identification stage, a prioritization assessment was completed to understand which CRROs are most significant to the business. The CRROs, which are reviewed annually, will be reviewed and updated as needed in the second quarter of 2024. The full table of prioritized CRROs is listed on <a href="#">page 132-134</a>.</p>			
<p><b>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</b></p>	<p><b>Risk and Opportunity Identification</b></p> <p>In 2022, Melco began working with an independent sustainability consultancy to assess the potential CRRO areas that may impact the Company. An in-depth, climate-related risk and opportunity workshop was held for key representatives from business units across all of our properties to provide insights and input to the assessment.</p> <p>A comprehensive list of potential CRROs was first developed using information collected from external research, the internal workshop and interviews with stakeholders from across the business. The longest development considered all risk categories outlined by the TCFD<sup>95</sup>.</p> <p><b>Time Horizon</b></p> <p>CRROs considered as part of the identification analysis have been reviewed over a time horizon up to 2050. Time periods considered as part of the analysis were separated into the following:</p> <ul style="list-style-type: none"> <li>→ Short term – 0-2 years</li> <li>→ Medium term – 2-5 years</li> <li>→ Long term – 5-11 years and onwards</li> </ul>		
<p><b>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</b></p>	<p>From identifying potential CRROs within specific time horizons and looking at the velocity and likelihood of each area, Melco has determined where the impact could occur across the value chain of the business as well as the potential financial impact to the organization.</p> <p>Assessing the potential impact has helped the business identify those prioritized CRRO areas and the prioritization analysis is detailed below. The table on <a href="#">page 132</a> lists the prioritized CRRO areas identified as part of the work completed by the Company's business units.</p> <p><b>Prioritization Analysis</b></p> <p>Following the risk identification stage, a prioritization assessment was completed to understand which CRROs are most significant to the business.</p> <p>CRROs have been assessed on three main criteria:</p> <ul style="list-style-type: none"> <li>→ <b>Velocity:</b> the speed of development of the external root cause that is driving the CRRO.</li> <li>→ <b>Likelihood:</b> the likelihood is considered by consistency of outcome when comparing a Stress Scenario with a Current Policy Scenario for each CRRO, and determining how closely the projections are in alignment with each other. (For more information on the scenarios applied, please refer to disclosure Strategy (c) on the next page)</li> <li>→ <b>Financial Impact:</b> estimate of the order of magnitude for how the identified CRROs could impact the business.</li> </ul>		

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
TCFD DESCRIPTION	OUR RESPONSE		
<p><b>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</b></p>	<p><b>Climate Scenario Selection</b></p> <p>As part of the prioritization analysis, the CRROs were analyzed using two scenarios: Current Policy and a Stress Scenario.</p> <p>The Current Policy Scenario considers temperature increases likely to range between 2.5-3°C, with significant resultant impacts to global climate systems.</p> <p>The Stress Scenario depends on whether the CRRO is a transition or a physical CRRO. For transition CRROs, a low-carbon pathway aligned to limiting peak global temperatures to at least below 2°C was considered. For physical CRROs, a high-emission pathway is used, aligned to RCP 8.5, where global temperatures increase significantly and reach 4°C above pre-industrial levels.</p> <p>Scenarios to support the Stress Scenario analysis are based on the following data sources:</p> <ul style="list-style-type: none"> <li>→ <b>Current Policy Scenario</b> <ul style="list-style-type: none"> <li>• NGFS (Current Policies)</li> <li>• IEA World Energy Outlook (Stated Policies Scenario)</li> <li>• Climate Impact Explorer (RCP 4.5)</li> <li>• KNMI Climate Change Atlas (RCP 4.5)</li> <li>• WRI Water Risk Atlas (RCP 4.5)</li> <li>• WRI Aquaduct Floods (RCP 4.5)</li> </ul> </li> <li>→ <b>Transition Stress Scenario</b> <ul style="list-style-type: none"> <li>• NGFS (Net Zero 2050)</li> <li>• IEA World Energy Outlook (Sustainable Development Scenario)</li> </ul> </li> <li>→ <b>Physical Stress Scenario (all RCP 8.5)</b> <ul style="list-style-type: none"> <li>• Climate Impact Explorer</li> <li>• KNMI Climate Change Atlas</li> <li>• WRI Water Risk Atlas</li> <li>• WRI Aquaduct Floods</li> </ul> </li> </ul> <p>Upon considering different climate scenarios and impact to the business, we have determined what the company's response should be as well as mitigating measures to reducing risks.</p> <p>In 2023 and expanding on earlier assessments of the most significant CRROs likely to face Melco, we applied a model to quantify the financial 'value-at-stake' under climate scenarios based on current policies and stress scenarios. We engaged all relevant teams across the business to contribute to the assumptions and calculations to determine a 'net value-at-stake' and appropriate steps for our targeted risk mitigation plan.</p> <p><b>Glossary</b></p> <p><i>NGFS</i> Network for Greening the Financial System  <i>IEA</i> International Energy Agency  <i>KNMI</i> The Royal Netherlands Meteorological Institute  <i>WRI</i> World Resources Institute</p>		

95. IFRS S2 subsumed TCFD in 2023; Melco's climate-related disclosures continue to respond to the TCFD recommendations for the 2023 reporting year.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
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**Summary of Key Identified CRROs, Potential Impacts and Mitigating Actions**

The following table lists the prioritized CRRO areas identified as a result of the assessment as well as related time horizons, value chain affected areas and the Company's response and mitigating action for each CRRO.

**Scope 1 GHG emissions**

Scope 1 emissions arise from sources that an organization owns or controls directly. For example, burning fuel in fossil-fuel powered vehicles in its fleet.

**Scope 2 GHG emissions**

Scope 2 are emissions that arise indirectly from the generation of energy that is purchased and consumed by a company. For example, when the electricity or energy it buys for heating and/or cooling buildings, is being produced on its behalf.

**Scope 3 GHG emissions**

Scope 3 encompasses emissions that are not produced by the company itself, and are not arising from the activities of assets owned or controlled by them, but by those that it's indirectly responsible for, up and down its value chain. An example of this is when the company buys, uses and disposes of products from suppliers. Scope 3 emissions include all sources that are not within its scope 1 and 2 boundaries.

**Transition Risk Areas**

**Regulatory Pressures and Carbon Pricing**

Melco's integrated resorts are energy intensive and therefore Scope 2 emissions comprise a significant portion of the Company's carbon footprint.

Melco therefore has high exposure to net-zero transition related policies and carbon prices that could result in energy inflationary pressures.

Fuel usage relating to Scope 1 emissions could also be exposed to potential carbon pricing regulatory mechanisms in the future.

Implicit carbon costs could also affect the Company where investments are required to meet building efficiency requirements and emissions regulations that are introduced as part of net-zero transition plans.

**Time Horizon**



**Value Chain Affected Area (unmitigated impact)**

Operational costs and capital expenditure – *low moderate impact*

**Melco's Response and Mitigation Actions**

Melco performed a quantitative scenario analysis to assess its exposure to carbon pricing. The assessment reviewed Melco's exposure over a 10-year time horizon and was identified as low to moderate risk.

To mitigate Melco's exposure to such regulation, Melco will be:

- Pursuing our strategy for Carbon Neutral resorts, which will involve implementing further energy-efficiency initiatives and reducing reliance on fossil-fuel-based energy sources through further investment in cleaner energy sources (i.e. solar photovoltaics (PVs), power purchase agreements (PPAs).
- Continuing to monitor the introduction of further regulations including building efficiency regulatory requirements.
- Aligning future developments and retrofits to BREEAM/latest green building standards.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
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**Resource Procurement**

Scope 3 categories 1 & 2 (Purchased Goods and Services and Capital Goods, respectively) are material contributions to emissions, as a result of the embodied carbon associated with energy-intensive goods and construction materials and activities.

Melco has exposure to potential commodity price increase pressures resulting from net-zero transition related regulations.

**Time Horizon**



**Value Chain Affected Area (unmitigated impact)**

Operational costs and capital expenditure – *insignificant impact*

**Melco's Response and Mitigation Actions**

Melco assessed its future growth strategy and determined that the exposure relating to carbon-intensive building materials is low. The Company will continue to monitor the risk to resource procurement alongside our growth strategy as this develops.

The Company also aligned recent integrated resort expansions to BREEAM building standards. The Company will aspire to follow this approach for any future developments.

By aspiring to attain BREEAM International certification, this will ensure embodied carbon is factored into design and construction considerations for new developments and this will reduce the risk in this area.

**Physical Risk Areas**

*Acute*

**Extreme Weather Events**

The increase in frequency and intensity of extreme weather events, such as typhoons, could pose considerable impact to Melco.

Melco has integrated resorts located in island regions that are in close proximity to coastal waters. The properties in Macau and Manila are both subject to typhoons, which exposes the integrated resorts to potential impacts including damage to property, loss of revenues as a result of service disruption and increased employee management costs to ensure procedures are in place to effectively manage such events.

Melco obtains insurance coverage for such events. However, as an enhanced warming climate change scenario could lead to increased severity and frequency of extreme weather events, this could leave Melco vulnerable to increased insurance costs or inability to obtain sufficient coverage.

**Time Horizon**



**Value Chain Affected Area (unmitigated impact)**

Operational costs and lost revenues – *moderate impact*

**Melco's Response and Mitigation Actions**

To mitigate Melco's exposure to extreme weather events, we will:

- Invest in resilience, such as onsite energy storage systems and ensuring all integrated resorts are designed to reduce the impact of weather events.
- Avoid high-risk areas for future developments.
- Review insurance agreements and consider cost/benefit assessment of investing in resilience versus the increased costs of insurance.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
<b>Physical Risk Areas</b>			
<i>Chronic</i>			
<p><b>Chronic Temperature Increases</b></p> <p>Increases in temperatures are likely to require increased energy needs for our integrated resorts to be kept at desired cooling levels to maintain guest comfort and satisfaction.</p> <p><b>Time Horizon</b></p>  <p><b>Value Chain Affected Area (unmitigated impact)</b></p> <p>Operational costs – <i>insignificant impact</i></p>		<p><b>Melco's Response and Mitigation Actions</b></p> <p>→ Melco performed a scenario analysis, looking at the potential impacts of both increased temperatures and water stress. Climate scenario modelling has been applied, looking at projections for both variables under high (RCP 8.5) warming and current policy (RCP 4.5) scenarios. For increased temperatures, considerations have been made based on the current cost of energy and the forecast in increased energy consumption under a stress scenario. When assessing water stress, we have analyzed the potential impact this could have on water procurement costs for the business. Both assessments have indicated an increase in operational costs that is insignificant when compared to other costs. The analysis has therefore shown that impacts to Melco are immaterial over a long-term time horizon.</p> <p>→ The implementation of planned energy- and water-efficiency measures will help further reduce risk exposure in these areas as well as build further resilience.</p>	
<p><b>Water Stress</b></p> <p>Global warming is likely to increase pressures on water supplies that could result in increased water procurement costs for the Company.</p> <p>Macau is considered a medium water stress region, whereas both Cyprus and the Philippines are regarded as low stress regions. Climate is anticipated to raise the vulnerability to water stress in these regions.</p> <p><b>Time Horizon</b></p>  <p><b>Value Chain Affected Area (unmitigated impact)</b></p> <p>Operational costs – <i>insignificant impact</i></p>			
<b>Opportunities</b>			
<p><b>Capital Flow Opportunities</b></p> <p><b>Strategic Actions to be Undertaken</b></p> <p>There are increasing opportunities for Melco to reduce the cost of capital through instruments such as green bonds, which would be linked to the implementation of carbon reduction/cleaner energy initiatives and build resilience.</p> <p><b>Actions</b></p> <p>→ Due diligence of capital investments that involves a carbon emission assessment.</p> <p>→ Investment in low-carbon/low-energy technologies to unlock potential favorable green financing opportunities.</p>			
<p><b>Renewable Energy and Onsite Generation Opportunities</b></p> <p><b>Strategic Actions to be Undertaken</b></p> <p>Sourcing renewable energy and expanding onsite solar generation presents an opportunity for Melco to decarbonize its operations as well as mitigate the risks relating to rising fossil-fuel-based energy prices and disrupted energy supply from severe weather events.</p> <p><b>Actions</b></p> <p>→ Assess potential investment opportunities to reduce exposure to risks based on energy usage and costs savings analysis.</p>			

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
<b>TCFD DESCRIPTION</b>		<b>OUR RESPONSE</b>	
<b>RISK MANAGEMENT</b>			
<p><b>a. Describe the organization's processes for identifying and assessing climate-related risks.</b></p>		<p>The Board oversees our Enterprise Risk Management (ERM) process through the Audit and Risk Committee, and while our CRO is operationally responsible for the process, all colleagues are supported to participate in the identification and assessment of existing, new and emerging risks, including climate-related risks. Please refer to <a href="#">Sustainability Risk Management section of this report on page 022</a> for the full disclosure on our risk management processes.</p> <p>In 2023, we expanded our risk assessment approach. To look deeper, we worked with our independent consultant to quantify the financial 'value-at-stake' to our operations in Macau, Manila and Cyprus under climate scenarios based on current policies and stress scenarios. The assessment identified carbon pricing, linked to energy consumption, as the most significant potential impact. Other notable risks include the costs associated with water and energy usage, adapting to adverse climatic events, cooling needs, workforce adaptation, sourcing construction materials, and managing energy and resources. Additionally, risks related to increased insurance and financing costs were identified.</p> <p>We engaged all relevant teams across the business—finance, risk, property service and transportation functions—to contribute to the assumptions and calculations to determine a 'net value-at-stake' and to build ownership for implementing appropriate steps under a targeted risk mitigation plan.</p>	
<p><b>b. Describe the organization's processes for managing climate-related risks.</b></p>		<p>The Board oversees the ERM process through the Audit and Risk Committee. Existing and emerging risks, including climate-related risks and their potential impacts and mitigation measures, are regularly discussed with the Executive Management team. The conclusion of those discussions is presented to the Audit and Risk Committee every quarter alongside a risk register that is informed by the 4-Ts of Risk Management: Treat, Tolerate, Transfer or Terminate.</p> <p>To ensure effective management of the CRRO analysis completed to date, we will additionally regularly monitor and review CRROs with our facility management teams in our monthly Working Group meetings and quarterly Executive Sustainability Committee meetings. Our daily operational risks related to climate change, carbon and energy management are managed through our ISO 14001 Environment Management System and ISO 50001 Energy Management System certified system.</p> <p>Building in the results of the financial 'value-at-stake' assessment conducted in 2023, we will evolve our mitigation plan to ensure compliance with transition-related measures, such as carbon pricing and emission trading scheme regulations, and to mitigate these risks. For example, to prepare for the next stage of the EU's Emission Trading Scheme in 2027, City of Dreams Mediterranean is focused on renewable energy generation, and energy reduction and efficiency measures, to mitigate the potential additional costs to Melco arising from the consumption of fossil-fuel based energy sources for buildings and vehicles.</p>	
<p><b>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</b></p>		<p>The Audit and Risk Committee oversees and monitors the Company's risk management policies, procedures and practices, and internal control systems, including climate-related risks along with financial, operational and compliance controls.</p>	

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
TCFD DESCRIPTION	OUR RESPONSE		
<b>METRICS &amp; TARGETS</b>			
<b>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risks management processes.</b>	<p>We publish key metrics on energy, water usage and waste management in our sustainability report annually. Monitoring and reporting these metrics help us to identify areas with high climate-related risks to further improve our performance.</p> <p>Measuring our energy and water usage helps to assess potential carbon pricing exposure and the extent of potential impacts arising from temperature increases and water-related risks. Please refer to <a href="#">page 110</a> to see Performance Metrics on energy, water and waste.</p> <p>Where we have not set targets for specific CRROs, we are working to install the required systems to collect and monitor data so we can report progress against these in future disclosures.</p>		
<b>b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</b>	<p>Please refer to <a href="#">page 110</a> of the report to see our disclosure for Scope 1, 2, and 3 GHG emissions.</p>		
<b>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</b>	<p><b>Our Goals and Targets</b></p> <p>In preparation for the transition to a low-carbon economy, we have established goals and targets, supported by initiatives for carbon reduction. These will help the organization minimize exposure to climate-related risks. Please refer to <a href="#">page O30, Restoring our World</a>, for details on our approach and actions taken for energy, water and waste management.</p> <p>Our goals include:</p> <ul style="list-style-type: none"> <li>→ Achieving carbon-neutral resorts by 2030</li> <li>→ Achieving zero waste across our resorts by 2030</li> <li>→ Contributing to circular economy leadership in Asia</li> <li>→ Sourcing sustainable goods and services</li> <li>→ Reducing our water footprint</li> </ul> <p>In support of these Group-level goals, we have set the following aligned targets for our properties, all based on our baseline year of 2019:</p> <ul style="list-style-type: none"> <li>→ 5% tCO<sub>2</sub>e/m<sup>2</sup> intensity reduction in Scope 1 and 2 GHG emissions by 2030, with ambitions for 22% reduction</li> <li>→ 3% kWh/m<sup>2</sup> intensity reduction in fuel and electricity consumption by 2030, with ambitions to achieve between 22% to 28% reduction at the property level</li> <li>→ 19% m<sup>3</sup>/m<sup>2</sup> intensity reduction in water consumption by 2030</li> <li>→ 5% tonnes/m<sup>2</sup> intensity reduction in non-hazardous waste generation by 2030, with ambitions for 24% reduction</li> </ul> <p>Where we have not set targets for specific CRROs, we are working to install the required systems to collect and monitor data so we can report progress against these in future disclosures. Going forward, we will continue to seek technological innovations and facilitate the transition to a lower-carbon environment by adopting more advanced renewable energy systems and explore the feasibility of adopting SBTi targets.</p>		

# 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.



38/F, The Centrium, 60 Wyndham Street,  
Central, Hong Kong

TEL: +852 2598 3600

[www.melco-resorts.com](http://www.melco-resorts.com)