



## CORPORATE GOVERNANCE GUIDELINES

### I. PURPOSE

The day to day business and affairs of Studio City International Holdings Limited (“**SCIH**”) and its subsidiaries (which, unless the context otherwise requires, are collectively referred to as the “**Company**” in these guidelines) are conducted by its employees, management, and its Property President (“**Property President**”). These guidelines reflect practices that the board of directors (the “**Board**”) has developed to facilitate the effective management of the business and affairs of the Company under the Board’s direction and high standard of corporate governance. These guidelines are developed by the Board taking into consideration applicable corporate governance standards of the New York Stock Exchange (the “**NYSE**”) with the intention of strengthening our corporate governance practice. The Board will conduct an annual review of these guidelines. Upon review, these guidelines are subject to future amendment, if the Board deems changes necessary or advisable in order to achieve effective management of the business and affairs of the Company, to meet applicable legal and regulatory requirements, or to ensure the practicality and workability of these guidelines.

SCIH is an indirect subsidiary of Melco International Development Limited (“**Melco International**”), a company listed on the Hong Kong Stock Exchange. In addition to the NYSE’s corporate governance standards, SCIH will comply with the appropriate requirements that are applicable to Melco International’s subsidiaries under the relevant exchange listing rules.

### II. THE ROLE OF THE BOARD OF DIRECTORS

The directors’ main responsibility is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. The Board advises and counsels the Company’s senior management and monitors the performance of such management and the affairs of the Company.

In addition to its general oversight of management and the affairs of the Company, the Board also performs a number of specific functions, either directly or through its committees, including:

- (1) selecting, evaluating and compensating the Property President and Property Chief Financial Officer (the “**Property CFO**”) and overseeing Property President and Property CFO succession planning;
- (2) providing counsel and oversight on the selection, evaluation, development and compensation of senior management;

- (3) reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- (4) assessing major risks facing the Company and reviewing options for their mitigation; and
- (5) ensuring processes are in place for maintaining the integrity of the Company: the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

### **III. DIRECTORS GUIDED BY BEST PRACTICES**

To perform the Board’s responsibilities and functions, the directors shall set and abide by high standards of responsibility and ethics, so as to ensure that the Company is committed to business success through maintenance of such high standards.

The governance structure in the Company shall be designed to be a working structure for principled actions, effective decision-making and appropriate monitoring of both compliance and performance.

Effective directors engage in careful review, as well as constructive analysis and evaluation. Our directors know that their job requires them to ask in-depth questions of management and to take actions necessary to get accurate reports on status and results of operations and development. Our directors also know that effective oversight requires giving credit and recognition to management where effectiveness has been demonstrated.

Our directors also rely on the advice, reports and opinions of management, counsel and our expert advisers. In doing so the Board evaluates the qualifications of those it relies upon for information and advice, and also looks to the process used by managers and advisers in reaching their recommendations.

Our Board prides itself on keeping up to date on information related to best governance practices. We, working together with management and our advisers, look to the knowledge and information of others in the governance debate for additional information on how to manage our affairs. We particularly note the efforts by the various exchanges as well as the U.S. Securities and Exchange Commission (“SEC”) to promote better governance. We intend to continually monitor the way we govern ourselves, including reviewing whether there are alternatives or new ideas which would strengthen our governance structures.

### **IV. DIRECTOR QUALIFICATIONS**

At least 25% of our Board members shall meet the criteria for independence established by the NYSE. Directors who are required to meet such NYSE independence criteria will be nominated by the Nominating and Corporate Governance Committee of the Board, in accordance with the charter and principles of that committee.

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills, knowledge and characteristics required of Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, skills, age and experience and the general needs of the Board.

In the case of the Chairman for the Audit and Risk Committee, special focus shall be on such Board member's qualifications meeting the definition of "audit committee financial expert" as promulgated by the SEC under the U.S. Securities Exchange Act of 1934, as well as extensive experience gained in NYSE or other US-listed companies. The Board attaches a particular preference and focus on experience gained from NYSE or other US-listed companies' audit committee.

The Board currently is structured to have up to 11 directors. The Board reviews from time to time the appropriateness of its size. The Board would consider expanding its size to accommodate appropriate and suitable candidates. The Board, through the Nominating and Corporate Governance Committee, will have the opportunity to review the appropriateness of the continued service of directors who change their position or responsibility that they held when they were elected to the Board. Following such review, the Nominating and Corporate Governance Committee will discuss any concerns they may have with the Chairman.

Each Board member must ensure that other existing and anticipated future commitments do not materially interfere with such member's service as director. Directors should advise the Nominating and Corporate Governance Committee of any invitations to join the Board of any other public company or as an officer of a major shareholder or other company with a material association with the Company, prior to accepting another directorship or joining as an officer of such other companies.

Board members who join the Board on the basis of their having met the NYSE independence criteria must ensure that they do not conduct themselves in a manner so as to compromise their independence, in particular, in the case of the members of the Audit and Risk Committee, so as to ensure that the Company is not in violation of the relevant rules and regulations. A Board member who joins the Board on the basis of such member having met the NYSE independence criteria, and whose independence is compromised must notify the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee immediately, so as to facilitate the taking of remedial actions by the Company without delay.

These guidelines do not affect any shareholder's right to nominate and appoint and maintain directors under the Company's memorandum and articles of association or other similar or relevant documents.

## **V. ROLE OF THE CHAIRMAN**

The Board elects its Chairman who will preside over Board meetings as a chairman of the meetings. The Chairman shall be a member of the Board and may or may not be an officer or employee of the Company. The principal duty of the Chairman is to lead and oversee the Board. The Chairman shall facilitate an open flow of information between management and the Board members, and should lead a critical evaluation of the Company's management, practices and adherence to the Company's strategic plan and objectives. In accordance with the Company's memorandum and articles of association, the Chairman shall preside at all meetings of the Board and the shareholders. The Chairman, in consultation with the Property President (except where the Property President is also the Chairman), shall establish an agenda for each meeting of the Board. The Chairman shall also have charge of all arrangements for the organisation of and the conduct of the meetings of the Board.

## **VI. DIRECTOR RESPONSIBILITIES**

A fundamental duty of the directors is to exercise their business judgment to act in what they genuinely consider to be the best interests of the Company. In fulfilling that responsibility, the directors should be able to rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial and other advisors. The directors should have the benefit of directors' and officers' insurance, paid by the Company, and to indemnification to the fullest extent allowed under the Company's memorandum and articles of association, Hong Kong law, Cayman Island law and other applicable laws, rules and regulations. Other key duties include (but are not limited to) the directors exercising their powers for the purposes for which they are conferred, avoiding conflicts of interest and of duty and acting with skill, care and diligence.

The Board may establish regular meetings at such places as it may decide in accordance with a schedule to be determined in good time before the start of each calendar year. The Board generally schedules Board meetings to be held four to six times each year. In addition to regular scheduled meetings, ad hoc meetings will be held to consider matters as they arise. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings, and to spend the time needed and meet as often as necessary to properly discharge their obligations. Information and data that is important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors prior to the meeting, so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the materials.

Particularly sensitive subject matters may be discussed at the meeting without advance distribution of written materials. The Chairman presiding as chairman of the Board meetings will establish the agenda for each Board meeting as set out in Section V. above and which the Company Secretary will arrange for distribution in advance to the Board. Each Board member is free to suggest the inclusion of items on the agenda. The Board will review the Company's long-term strategic plans and the challenges faced by the Company in executing on these plans during and in at least one Board meeting per year.

Attendance at meetings of the Board shall be restricted to the directors, the Company Secretary and members of the management team designated by the Chairman. The Chairman may also invite experts, external advisors or other parties to attend part or all of any given meeting of the Board.

Directors may participate in Board and its committee meetings via electronic means, provided all persons participating can hear each other. The notice of or invitation to the meeting shall specify the audio or audio-visual electronic communication facility that is available for participation in the meetings through electronic mode, as well as the necessary information to enable directors and other invited or approved participants to access such facility.

Any director or other authorized persons intending to participate in a Board or Board committee meeting through electronic mode shall endeavour to give prior notice of no less than one (1) business day to the Chairman's office via the Company Secretary. Whenever there are persons participating in a meeting through electronic mode, the Chairman shall, at the start of the meeting and whenever the meeting resumes after a suspension or adjournment, make a roll call to confirm the identities of the persons so participating, to ensure that they can communicate clearly with the other participants and to verify that no unauthorised person is participating in the meeting.

The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information and papers received in connection with such director's service to the Company. The Board understands that a failure of any Board member to maintain a high standard of confidentiality may cause substantial harm to the interest of the Company and its shareholders. The breach of confidentiality by a director shall be reviewed by the Board, if the breach is determined to have material adverse effect on the Company, the director involved is expected to resign. For the avoidance of doubt, nothing in this document shall limit the ability of New Cotai, LLC's ("**New Cotai**") Board designees to share information as permitted by the Amended and Restated Shareholders' Agreement (the "**Shareholders' Agreement**"), dated as of [•], 2018, by and among MCE Cotai Investments Limited, New Cotai, Melco Resorts & Entertainment Limited and SCIH.

Each Board member should act ethically at all times and adhere to Company policies, including, without limitation, the Code of Business Conduct and Ethics (the "**Code**"). The Board must approve any waiver of the Code for senior executives or directors. If an actual or potential conflict of interest arises for a director, the director will promptly inform the Chairman of the Board who will bring the matter to the attention of the Board. If a significant conflict exists and cannot be resolved, the director is expected to resign. Each director will excuse himself or herself from any discussion or decision affecting his or her personal business or professional interests. The Board shall resolve any ethical or conflict of interest issue involving the Property President, and the Property President shall resolve any ethical or conflict of interest issue involving any other officer of the Company and inform the Board of his action.

The Board’s policy is to have separate, regularly scheduled meeting times or “executive sessions” for the independent directors. Such meetings should occur at least on an annual basis. Attendance at executive sessions shall be limited to directors who meet the criteria for independence established by the NYSE.

The Board believes that whilst generally management speaks for the Company, there may be situations where it is appropriate for the Board’s view to be articulated, in which case, following consultation with management, the Chairman will speak for the Company. Individual Board members may occasionally meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the advance knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, at the request of management.

The Board recognizes that it is inappropriate for individual directors to communicate separately with investors on behalf of the Company, except with the full knowledge and at the request of management. Directors who receive enquiries regarding the Company should direct the investor to the Chief Financial Officer. If directors who are officers or directors of our major shareholders are asked questions about the Company as an investment of the major shareholders, they should handle the queries in accordance with our Guidelines for Corporate Communications. For the avoidance of doubt, nothing in this document shall limit the ability of any New Cotai Board designee to communicate with third parties in any capacity outside of such designee’s capacity as a director as permitted by the Shareholders’ Agreement.

## **VII. BOARD DOCUMENTS**

The Company Secretary will arrange for the transmission and distribution of papers for Board meetings (the “**Board Documents**”).

The Board has adopted a “paperless meeting” approach and no physical or hard copy of Board Documents will be distributed. The relevant Board Documents will be distributed by emails in advance of any meeting of the Board in accordance with the established timeline as approved by the Chairman, and be made accessible through uploads on the Boardpad application.

Directors will have full access to Board Documents. Access to Board Documents by any other person is restricted and on a “need to know” basis provided in a controlled manner.

Controlled and restricted access to Board Documents will be implemented by way of written guidelines, policies or ad hoc specific authorisations to be approved by the Chairman or his delegates from time to time.

## **VIII. BOARD COMMITTEES**

A Nominating and Corporate Governance Committee, Audit and Risk Committee and Compensation Committee of the Board shall exist at all times. All of the members of these committees will meet the criteria for independence established by the NYSE,

except as otherwise provided in each committee's charter. The members of these committees will also meet the other membership criteria specified in the respective charters for these committees. Committee members will be appointed by the Board upon recommendation by the Nominating and Corporate Governance Committee, in accordance with the charter and principles of that committee. There will, from time to time, be occasions on which the Board may want to rotate committee members, but the Board does not believe that a formal policy of rotation is mandated.

Each committee shall have its own charter. The charter will set forth the principles, policies, objectives and responsibilities of the committees in addition to the qualifications for committee membership, procedures for committee member nomination and removal, committee organization and functioning and how the committee will communicate with the Board.

The Chairman of each committee will, in consultation with the appropriate committee members and members of management, and in accordance with the committee's charter, determine the frequency and length of committee meetings and develop the committee's agenda.

The Chairman of each committee shall discharge his responsibilities vigorously and take a leadership role in the performance of the duties set out in the committee charter. The Company will provide the necessary administrative support to each committee, however, the duties and responsibilities of each committee and its Chairman should be discharged by the committee members and the Chairman personally and should not be delegated to any employee of the Company. This is particularly important to demonstrate the expertise, experience and diligence of each committee member.

The meeting schedule for each committee will be furnished to the Board. The Board and each committee shall have the authority to obtain advice, reports or opinions from internal and external counsel and expert advisors and shall have the power to hire independent legal, financial and other advisors as they may deem necessary; in any such case, the Board will notify the Property President in advance.

The Board may, from time to time, form new committee(s) as it deems appropriate.

## **IX. DIRECTOR COMPENSATION**

The form and amount of director compensation will be determined by the Compensation Committee in accordance with the policies, principles and criteria set forth in its charter. The Compensation Committee will conduct an annual review of directors' compensation.

## **X. PROPERTY PRESIDENT EVALUATION AND COMPENSATION**

The Compensation Committee will conduct an annual review of the Property President's performance, in accordance with the charter and principles of that committee. The Board will review the committee's report to ensure that the current Property President is providing the best leadership for the Company, from a short,

intermediate and long-term perspective. The Property President's compensation will be determined by the Compensation Committee in accordance with the policies, principles and criteria set forth in the charter for such committee.

## **XI. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Company will have an orientation program for new directors, and new directors must participate in the program within six months of election. The orientation program will include presentations that review the Company's business strategies, its financial and accounting systems and risk management controls, its code of business conduct and methods and compliance programs. The orientation will include an introduction to the Company's senior management, visits to its corporate headquarters, and a meeting with the Company's independent auditor. Incumbent directors are also invited to attend the orientation program. The Company encourages all directors to participate in continuing education for directors.

## **XII. DIRECTOR ACCESS TO OFFICERS AND EMPLOYEES**

The Board welcomes and requests the attendance of senior officers at each Board meeting, except in closed door sessions where sensitive matters may be discussed. The Board also encourages management to schedule managers to present at Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, or (b) have future potential that management believes should be given exposure to the Board.

The Board has access to all Company officers and employees in order to ensure that directors can ask all questions and glean all information necessary to fulfill their duties. Any meetings or contacts that a director desires to initiate shall be arranged through the Property President, or in accordance with a communication process adopted by the Board in consultation with the Property President, or through the Chairman with advance notice to the Property President (except where the Property President is also the Chairman). The directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the Company and should copy the Property President and the Chairman with any written communications, to the extent not inappropriate.

The Board shall ensure that all information and other requests from shareholders' representatives are channeled through the Chairman, who will deal with such request as appropriate. The Board shall ensure that no personnel or consultant of any shareholder shall be involved in the Company's operation, excluding a shareholder Board designee's service as a director on the Board, unless approved by the Property President or the Board, and no service shall be provided by any shareholder to the Company unless approved by the Property President or the Board. Services to be provided by, or arrangements to be entered into with, any shareholder or its affiliates which are considered related party transactions are required to be approved by the Audit and Risk Committee or the Board in advance of the Company's payments for such services or arrangements. The Board shall ensure that fees and expenses not previously agreed to by the Company shall not be charged by any shareholder to the Company. The Board



authorizes the Audit and Risk Committee to delegate its approval power in relation to related party transactions to the Chairman of the Audit and Risk Committee.

The Board has through internal policies delegated the management of the Company's business to the executive management team led by the Property President. The Board has entrusted the operation of the Company's business to its Property President and his executive management team, and they shall have full executive powers to operate within the delegated authorities, which include the day-to-day operation of the Company's business, strategic planning, budgeting, financial reporting and risk management. The Property President shall be accountable to the Board. The Board will continue to review, approve and monitor fundamental financial and business strategies and major corporate actions, and the affairs of the Company.

### **XIII. PROCEDURE FOR FILLING BOARD VACANCIES**

On an on-going basis, the Board shall monitor the potential of Board vacancy arising. The Board shall be notified of possible Board vacancy at the earliest possible time. Subject to the provisions of, and the rights of New Cotai under, the Shareholders' Agreement, as soon as the Board is notified of such possible vacancy, the procedure for filing vacancies as set out below shall be followed without delay:

- (1) When a vacancy occurs on the Board (either as the result of the death, disability, retirement or resignation of an existing director), or when the Board increases the number of directors, the Nominating and Corporate Governance Committee (the "**Nominating Committee**") will, in consultation with the Chairman of the Board and Property President, identify one or more potential candidates to fill the vacancy;
- (2) Background information on each candidate will be gathered and distributed to the members of the Nominating Committee;
- (3) The Nominating Committee will screen recommended candidates; determine each candidate's level of interest, availability, and suitability for service on the Board; and determine whether to recommend one or more candidates to the Board;
- (4) The candidates' names and biographical information will be distributed to the other directors at or in advance of the meeting preceding the meeting at which the candidate will be recommended by the Nominating Committee to the Board;
- (5) The Board will act on the recommendations of the Nominating Committee, and if the Board approves such recommendations, the Board will determine the priority for extending any invitation to join the Board; and
- (6) The Chairman of the Board, or his designee, will extend any invitation to join the Board and, upon acceptance, the Board will take the necessary steps to elect the candidate to the Board.

#### **XIV. STANDARDS FOR THE DETERMINATION OF DIRECTOR INDEPENDENCE**

Our standards for the determination of director independence are established in accordance with the relevant NYSE Rules. The requirements for “independent director” are set out in the NYSE Rules, which will guide the Board’s determination of director independence.

#### **XV. SELF EVALUATION OF THE BOARD**

The Board understands that it is vital to engage in an evaluation of its performance on an annual basis. The Nominating and Corporate Governance Committee shall recommend to the Board the manner in which such evaluation shall take place. The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Board shall review and consider in detail and with great care any report of evaluation, and Board members shall actively pursue practices that improve its governance and shall take measures and remedial actions necessary to rectify and strengthen all weaknesses identified in such evaluation report.

#### **XVI. AMENDMENT**

The Board will review and amend this Policy from time to time and may adopt changes as appropriate at the relevant time.

Issue No. 1

Approved by: Board of Directors

Approval Date: 17 October 2018

Effective Date: 22 October 2018

Certified to be a true copy by Company Secretary

Signature: \_\_\_\_\_ [signed by Tim Sung] \_\_\_\_\_

#### **REVISION HISTORY**

<b>ISSUE</b>	<b>DATE APPROVED</b>	<b>APPROVED BY</b>	<b>PAGES REVISED</b>	<b>DMS VR.</b>
1	17 October 2018	Board	N/A	3444-4927-0279v.7