



**Gammon Construction Limited**  
**Sustainability-linked Finance Framework**  
**December 2025**

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## 1. Introduction

Headquartered in Hong Kong, Gammon Construction Limited, Gammon China Limited and all its subsidiaries (collectively “Gammon” or “the Group”), is a 50/50 joint venture between Balfour Beatty, a leading international infrastructure group, and Jardine Matheson, the Asian-based conglomerate. Established since 1958, Gammon has been delivering high-quality projects in Asia. The company’s integrated business focuses on civil, building, foundations, electrical and mechanical, facades and interiors works and design, and the construction services division provides considerable plant and steel fabrication and concrete production capabilities. Gammon has a mission of to build for a better quality of life and living environment in a safe and sustainable manner, has a reputation for delivering high-quality projects in the region.

## 2. Gammon Sustainability Strategy – United Ambitions

Gammon is committed to operating a socially responsible business that is able to deliver its clients’ projects to their satisfaction while minimising negative impacts on, and creating positive change for, society and the environment. Hence, Gammon has developed a strategy, the “**United Ambitions**”, with three focus areas: Climate & Nature, Resources & Circularity, and People & Wellness.



## 2.1 Core Principles

Driven by our purpose, our goal is to lead new standards in construction that positively impact people and planet. We can achieve this through three core principles:

### Uniting Ambitions

Influencing how and where our efforts and resources are used and providing us with focus and motivation.



### Accelerating Actions

Driving transformative change by pioneering innovation and engaging with the industry and society for collaboration.

### Demonstrating Accountability

Fostering transparency, credibility and trust, tracking our performance and guiding us to our destination.

## 2.2 Focus Areas

Focus Areas	Priorities
 <p><b>CLIMATE &amp; NATURE</b></p> <p>—</p> <p><i>Drive transformative change contributing to a net zero, nature positive and equitable future.</i></p>	<p><b>Decarbonisation, climate adaptation and resilience</b> Decarbonise and build business resilience by adapting to climate challenges.</p> <p><b>Energy efficiency and transformation</b> Enhance energy efficiency and transition to cleaner energy.</p> <p><b>Nature and biodiversity</b> Contribute towards a nature-positive future by accelerating our actions to halt and reverse biodiversity loss.</p>
 <p><b>RESOURCES &amp; CIRCULARITY</b></p> <p>—</p> <p><i>Promote sustainable resource management by embracing circular design and construction, minimising waste, and prioritising responsible procurement.</i></p>	<p><b>Waste and resource circularity</b> Advance resource-efficient operations and uphold circularity principles.</p> <p><b>Sustainable products and services</b> Build a collaborative value chain to drive supply of and demand for sustainable products and services.</p> <p><b>Water efficiency and conservation</b> Pursue zero wasted water to avoid resource wastage.</p>



PEOPLE  
& WELLNESS

—  
*Cultivating a safe, inclusive and  
people-centric workforce.*

**Health, safety and wellness**

Promote zero harm and foster people wellness.

**Talent attraction, development and retention**

Recognise, respect and reward talent and support their personal growth.

**Diversity, equity and inclusion**

Foster a diverse, equitable and inclusive environment where all individuals feel valued and empowered.

For more details of our objectives and targets, please refer to our sustainability strategy website: <https://www.gammonconstruction.com/en/sustainability-framework.php>

### 3. Gammon Construction Limited Sustainability-linked Finance Framework

The Group established the Gammon Construction Limited Sustainability-linked Finance Framework (the “Framework”) with the intention to link Gammon’s key sustainability objectives with financial characteristics of transaction launched under the Framework.

Gammon identified Key Performance Indicators (“KPI(s)”) that are relevant, core and material to Gammon’s overall business and of high strategic significance to the Group’s current and/or future operations. Each KPI represents a focus area of Gammon’s “United Ambitions” Sustainability Strategy. For each of these KPIs, Gammon has set ambitious Sustainability Performance Targets (“SPT(s)”), setting new standards and driving transition towards a more sustainable future.

The Group may launch sustainability-linked loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letter of credit) (collectively Sustainability-Linked Finance Instruments “SLFI(s)”) under this Framework.

The Framework is aligned with the Sustainability-Linked Loan Principles (“SLLP”) 2025<sup>1</sup> jointly published by the Loan Market Association (“LMA”), the Asia Pacific Loan Market Association (“APLMA”) and the Loan Syndications and Trading Association (“LSTA”).

The following five components form the basis of the Framework:

1. Selection of Key Performance Indicators (KPIs);
2. Calibration of Sustainability Performance Targets (SPTs);
3. Financial Characteristics;
4. Reporting; and
5. Verification

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<sup>1</sup> Sustainability-linked Loan Principles 2025:  
[https://www.lma.eu.com/application/files/6317/4298/0865/Sustainability-Linked\\_Loan\\_Principles\\_-\\_26\\_March\\_2025.pdf](https://www.lma.eu.com/application/files/6317/4298/0865/Sustainability-Linked_Loan_Principles_-_26_March_2025.pdf)

### 3.1 Selection of Key Performance Indicators (KPIs)

Gammon has identified four potential KPIs to be used in potential sustainable financing, each KPI represents a focus area of Gammon's "United Ambitions" Sustainability Strategy:

	Key Performance Indicators (KPIs)	"United Ambitions" Sustainability Strategy Focus Area
KPI 1	Absolute Scope 1 & 2 GHG emissions	Climate & Nature
KPI 2	Absolute Scope 3 GHG emissions Category 1. (purchased goods and services)	Climate & Nature
KPI 3	Waste diversion rate	Resources & Circularity
KPI 4	Accident incident rate per 1,000 workers	People & Wellness

The applicable KPI(s) and SPT(s) for a given SLFI will be specified in the relevant documentation of the specific transaction.

Considering the materiality of KPIs, Gammon identifies KPI 1 and 2 as "Core KPIs". Gammon is committed to incorporate all Core KPIs for every SLFI launched under the Framework, while KPI 3 and/or KPI 4 may be adopted as Supplementary KPI in selected SLFI(s).

#### KPI 1: Absolute Scope 1 & 2 GHG Emissions

#### Relevant Focus Area under Gammon's Sustainability Strategy

Climate & Nature

#### Definition, scope and methodology

The KPI covers all Scope 1 and 2 GHG emissions generated by Gammon's activities as follows:

- Direct GHG emissions (Scope 1) from sources inside organisational boundaries and that are owned or controlled by the Group.
- Indirect GHG emissions (Scope 2) from fuel combustion associated with the production of final energy and utilities

The calculation, regarding the KPI, covers all the greenhouse gas emissions from the Group's operations in Hong Kong, Macau, mainland China and Singapore both directly and indirectly, including the supply chain. Joint venture projects are included. Subcontractors' data is excluded where it is not available.

Gammon quantifies direct GHG emissions separately for CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, NF<sub>3</sub>, SF<sub>6</sub> and other appropriate GHG groups (HFCs, PFCs, etc.) in tonnes of CO<sub>2</sub>e. Calculation methodology follows ISO 14064 standard, GHG Protocol standards and guidance, latest IPCC report for Global Warming Potential and the latest emission factors available in the industries.

Gammon's greenhouse gas emission inventory has been verified as meeting the requirements of ISO 14064-1 by an independent verifier based on an equity share approach. Please refer to the verification opinion in Gammon's annual sustainability reports for more details.

## Historical Performance

Scope 1 & 2 GHG Emissions (tCO <sub>2</sub> e)	2021 (Base Year)	2022	2023	2024
	90,892	99,578	97,331	87,223

## Rationale

Climate change continues to represent one of the main environmental challenges faced by humanity today and requires urgent action in terms of mitigation and the adaptation of infrastructures to curb its consequences. According to the World Green Building Council, buildings are responsible for 39% of global energy related carbon emissions: 28% from operational emissions, from energy needed to heat, cool and power them, and the remaining 11% from materials and construction. The construction and engineering activities are energy intensive and have a consequent environmental impact. Therefore, carbon reduction serves as a core topic under the Group's sustainability strategy with indicators, targets and regular monitoring to minimise our negative impacts. In 2023, Gammon became the first construction and engineering company in Greater China to receive validation from the SBTi for its near-term science-based emissions reduction targets. Gammon is committed to reducing absolute Scope 1 and 2 GHG emissions by 55% by 2033 from a 2021 base year, which is in line with a 1.5°C climate change trajectory.

### KPI 2: Absolute Scope 3 GHG Emissions Category 1 (Purchased Goods and Services)

## Relevant Focus Area under Gammon's Sustainability Strategy

Climate & Nature

### Definition, scope and methodology

The KPI covers all absolute Scope 3 GHG emissions from purchased goods and services (Category 1) in Hong Kong, Macau, mainland China and Singapore both directly and indirectly, including all upstream emissions from the production of products purchased or acquired by Gammon. Products include both goods (tangible products) and services (intangible products). Joint venture projects are included. Subcontractors' data is excluded where it is not available.

Gammon quantifies direct GHG emissions separately for CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, NF<sub>3</sub>, SF<sub>6</sub> and other appropriate GHG groups (HFCs, PFCs, etc.) in tonnes of CO<sub>2</sub>e. Calculation methodology follows ISO 14064 standard, Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, latest IPCC report for Global Warming Potential and the latest emission factors available in the industries. Equity share approach is used.

For more details of ISO 14064-1 independent verification for Scope 3 emissions, please refer to the verification opinion in Gammon's annual sustainability reports.

## Historical Performance

Scope 3 GHG Emissions Cat 1. (purchased goods and services) (tCO <sub>2</sub> e)	2021 (Base Year)	2022	2023	2024
	1,285,691	1,329,945	1,752,433	1,461,135

## Rationale

According to the World Green Building Council, the upfront emissions from materials and products used to construct buildings and infrastructure, and those installed later during maintenance and renovation, usually represent a significantly greater source of embodied carbon than all other stages in the lifecycle. Globally, cement and steel are two of the most important sources of material-related emissions in construction. Cement manufacture is responsible for around 7% of global carbon emissions, with steel also contributing 7-9% of the global total, of which around half can be attributed to buildings and construction. Concrete and steel are the two most widely used materials in construction in Hong Kong.

In 2021, scope 3 emissions represented 94% of Gammon's total carbon emissions, in which, 93% of the scope 3 emissions came from category 1 – purchased goods and services, showing the significance of scope 3 emissions reduction to address our environmental impacts. As part of Gammon's validated SBT targets, we are committed to reducing absolute Scope 3 GHG emissions from purchased goods and services by 33% by 2033 from a 2021 base year. Following the usual SBTi approach, Scope 3 emissions reduction target adopts a well-below 2°C scenario which reflects the lower level of influence Gammon has over its supply chain emissions, compared to Scope 1 & 2 emissions.

### KPI 3: Waste Diversion Rate

## Relevant Focus Area under Gammon's Sustainability Strategy

Resources & Circularity

### Definition, scope and methodology

The KPI covers all waste generated from Gammon's operations, except wastes generated from sites where Gammon is a subcontractor only as these are handled by the main contractor on site. Waste quantities determined from EPD Construction Waste Disposal Charging Scheme, receipts from waste management service providers or recyclers.

Definition and methodology follow latest GRI Standards (GRI 306: Waste). Waste disposal includes incineration, landfilling, and other disposal operations.

Waste diversion rate = total weight of waste diverted from disposal / (total weight of waste diverted from disposal + total weight of waste directed to disposal) \* 100%

## Historical Performance

Waste Diversion Rate (%)	2021	2022	2023	2024
	94%	85%	89%	94%

## Rationale

Hong Kong continued to be challenged by waste reduction, both upstream and downstream, as is the rest of the construction industry. In 2022, a total of 18.2 million tonnes of construction waste (including demolition waste) were generated. This accounted for 75% of the overall amount of solid waste in the city and represented 3 times of the municipal solid waste generated from homes and businesses. The quantity of construction waste disposed of at landfill in the recent five years also increased by 14% from 2019 to 2023. Waste diversion rate is an important indicator to show Gammon's efforts in diverting waste from disposal. All construction waste disposal in Hong Kong is tracked through a Government trip ticket system for inert and non-inert materials. All inert excavated materials (which make up the majority of the waste) of the Group are directly re-used for backfilling on site, transferred to other sites or re-used through the Government or public fill sites. Limited opportunities and high costs for recycling are combined with heavily constrained sites making non-inert waste separation difficult. While the Group continues to look for cost-efficient reuse/recycling opportunities, more important is waste avoidance.

### KPI 4: Accident Incident Rate per 1,000 Workers

## Relevant Focus Area under Gammon's Sustainability Strategy

People & Wellness

### Definition, scope and methodology

Accident Incident Rate ("AIR") covers of all employees and workers.

AIR is total number of reportable accidents / average workforce\*1000 (excluding first aid cases). Reportable accident is defined as an incident resulting in more than 3 days of sick leave.

### Historical Performance

Accident Incident Rate ("AIR")	2021	2022	2023	2024
	3.4	3.6	4.1	3.5

## Rationale

According to the Research Office of Legislative Council Secretariat, in Hong Kong, construction safety has been a recurring concern in the community, given the average outbreak of 3,308 construction accidents causing 18 deaths each year during 2014-2023. Local fatality rate in the construction sector was 17.8 per 100 000 workers in 2023, amongst the highest across advanced economies. Despite enhanced publicity campaign and increased penalty after the amendment of the Occupational Safety and Health Ordinance in April 2023, there was no obvious sign of improvement in 2024. Besides, in the stakeholder engagement process of formulating the Group's sustainability strategy, "Occupational Health and Safety" was considered as the most important topic by both internal and external stakeholders, from perspectives of environmental/social impact materiality and financial materiality respectively.

To protect people and those working for Gammon, the Group abides by all the legal and regulatory requirements in the countries where we operate. However, for Gammon, this is considered to be the bare minimum. As stated in the Group's Code of Conduct, Gammon's vision is to have a workplace without

injury or accident and our business adopts a 'Zero Harm' approach in the planning and implementation of all projects and operations. No exception is allowed.

AIR is a common indicator adopted by Labour Department and construction industry in Hong Kong to monitor construction safety performance. Therefore, Accident Incident Rate is a key KPI tracked under Gammon's sustainability strategy, with targets and action plans.

### **3.2 Calibration of sustainability performance targets (SPTs)**

All Sustainability Performance Targets are contributing to Gammon's "United Ambitions" Sustainability Strategy.

Applicable SPTs will be detailed in the relevant documentation of the specific SLFI, as applicable (e.g. Facility Agreement of any Sustainability-Linked Loan).

The SPTs included in the Framework allow Gammon to have annual testing date for its SLFI within 2033.

#### **KPI 1: Absolute Scope 1 & 2 GHG Emissions**

##### **Medium-term Goal**

Reduce absolute scope 1 and 2 GHG emissions 55% by 2033 from a 2021 base year.

##### **Baseline Performance**

Base year: 2021

Baseline performance: 90,892 tCO<sub>2</sub>e

##### **Strategy to achieve SPTs**

Our Scope 1 and 2 decarbonisation strategy is minimising energy demand at source by adopting high-productivity construction and optimising site operations (e.g. we installed sensors on plant and equipment to monitor their operations efficiency). Besides, Gammon continues to phase out diesel by early site electrification and deployment of electric plant and vehicles (e.g. we mandated all new passenger car purchases to be EV starting from 2023). The Group also use cleaner energy (e.g. solar energy, B100 pure biodiesel, renewable diesel/hydrotreated vegetable oil (HVO)). For more details of Gammon's decarbonisation strategy, please refer to Gammon's annual sustainability reports.

#### **KPI 2: Absolute Scope 3 GHG Emissions Category 1. (Purchased Goods and Services)**

##### **Medium-term Goal**

Reduce absolute Scope 3 GHG emissions from purchased goods and services 33% by 2033 from a 2021 base year.

##### **Baseline Performance**

Base year: 2021

Baseline performance: 1,285,691 tCO<sub>2</sub>e

### **Strategy to achieve the SPTs**

Since Scope 3 emissions are dominated by emissions from construction materials (such as steel and concrete) with high embodied carbon emissions. Therefore, Gammon's approach is to optimise material usage at source through better design and construction methods, produce even lower carbon concrete mixes, procure lower carbon steel and rebar, and select alternative materials with a lower carbon footprint.

### KPI 3: Waste Diversion Rate

#### **Medium-term Goal**

Achieve 90% waste diversion rate by 2033.

#### **Baseline Performance**

No formal baseline established, as the target is to maintain at least 90% waste diversion rate every year.

#### **Strategy to achieve SPTs**

Gammon minimises waste generation and encourages waste sorting, reusing and recycling through offsite construction, improved site management and circularity practices.

### KPI 4: Accident Incident Rate per 1,000 Workers

#### **Medium-term Goal**

5% reduction in the accident incident rate (AIR) per reporting year<sup>#</sup>

<sup>#</sup> *Note: SPT is rounded off to one decimal place*

#### **Baseline Performance**

No formal baseline established, as the target represents continuous annual improvement rather than improvement from a fixed baseline.

#### **Strategy to achieve SPTs**

Gammon continued to remove the risk of serious and fatal injuries from our business through modern methods of construction (e.g. offsite, mechanisation, and automation), detailed work sequencing, and planning for safe access. The Group also ensures readiness for climate change induced extreme weather events.

### 3.3 Characteristics of Sustainability-Linked Finance Instruments

Depending on Gammon's performance in relation to the applicable SPT as per the SPT Observation Date, the financial characteristics of the relevant SLFI(s) will change ("Trigger Event"). The Trigger Event may result in a margin adjustment or other alternative mechanism.

Such adjustment mechanism will be stipulated on the documentation of relevant SLFI(s), in addition to referencing this Framework.

Considering the materiality of four KPIs under the Framework, Gammon identifies KPI 1 and 2 as "Core KPIs". For any SLFI(s) launched under the Framework, Gammon is committed to:

- Incorporate Core KPIs in all potential SLFI(s) structure, while KPI 3 and/or KPI 4 may be adopted as Supplementary KPI; and
- Assign financial impact associated to each KPI based on an order of priority, with Core KPIs outweighing Supplementary KPI(s).

#### Sustainability Amendment Event

Sustainability Amendment Event means any disposals, acquisitions, or any amalgamation, demerger, merger, consolidation, corporate restructuring, or any other exceptional event that could reasonably be expected to materially affect any KPI and/or any SPT, provided with a verification report issued by an external auditor confirming if any changes to any Methodology and/or Definition and Scope as detailed under Section 3.1 of the Framework.

Upon the occurrence of a Sustainability Amendment Event, Gammon shall provide details of the effect of such Sustainability Amendment Event on KPIs, SPTs and/or any related terms, and if relevant, propose amendments to any calculation methodology, KPIs, SPTs, and related terms taking into account the effect of the Sustainability Amendment Event as soon as reasonably practicable to relevant stakeholders in respective relevant SLFI(s). Gammon and relevant stakeholders shall then enter into good faith negotiations to agree relevant amendments in respective relevant SLFI(s).

For the avoidance of doubt, the Framework is set as a foundational document, subsequent actions upon the occurrence of Sustainability Amendment Event may vary subject to the requirement as stated in relevant documentation of the specific SLFI, as applicable (e.g. Facility Agreement of any Sustainability-Linked Loan).

### 3.4 Reporting

To ensure relevant stakeholders to receive updated and adequate information on Gammon's sustainability strategy and the progress on the SPT(s) in relation to the respective KPIs, Gammon is committed to provide an update on the SPT progress of each applicable KPI(s) at least on an annual basis and in case for any potential adjustment of any outstanding SLFI's financial and/or structural characteristics until the last KPI test date of any outstanding SLFI.

The report will form the basis for evaluating the impact on financial characteristics as outlined in Section 3.3 as well as in the documentation of respective SLFI. The reporting will include following:

- For each applicable KPI, its Baseline, Methodology and Definition and Scope;
- For each applicable KPI, its annual performance, as per the relevant reporting period;
- For each applicable KPI, a statement to confirm if Gammon has achieved or not the respective SPT, as per the relevant reporting period; and
- Information on Sustainability Amendment Event, if any.

Furthermore, Gammon intends, where feasible and relevant, to report on the following:

- Information on any relevant updates to Gammon's sustainability strategy and/or governance;
- Qualitative and/or quantitative explanations of the evolution of the performance on the KPIs; and
- Illustration of the positive sustainability benefits of the performance improvement.

### 3.5 Verification

The Gammon Construction Limited Sustainability-linked Finance Framework has been reviewed by Moody's Ratings who provided a Second Party Opinion ("SPO"), confirming the Framework is in alignment to core components of the Sustainability-Linked Loan Principles 2025.

For each reporting, Gammon's performance on KPIs defined in the Framework will be verified by a qualified external reviewer with relevant expertise on a standalone basis or as part of Gammon's Sustainability Report assurance process.