

Sustainability Strategy

Responsible Growth – 25*by*25

25*by*25



Contents

Page

1. Introduction from the Chief Executive	1
2. The Gammon Way and business priorities	2
3. Focus areas and approaches	4
4. Supporting the Global Goals	5
5. Objectives and targets	6
6. Strengthening governance	12
7. Communication and engagement	13
8. Glossary	14

1. Introduction from the Chief Executive



In our 2017 Sustainability Report, we showed the progress we have made on our Sustainability Roadmap 2020. Given the many achievements and new initiatives in our industry, we felt it was the right time to refresh our sustainability strategy and give new focus and targets that look to 2025 and beyond. We started this process in with a strategy development workshop as part of Sustainability Month, where we also looked at how we could contribute to the UN Sustainable Development Goals.

In 2018 we released this strategy for sustainability along with the goals and targets we aim to deliver. The strategy is integrated with our priorities of digital transformation and digital project delivery, integration of 10D BIM and improving efficiency with techniques such as design for manufacture and assembly approaches (DfMA) and offsite construction.. With the ongoing skills shortage, we must work harder to create an inclusive culture, attract and retain staff and workers, care for their wellbeing, and give them multiple and new skill sets. We must also employ methods that reduce energy, resource use and waste and ensure we are adapting and resilient to the effects of climate change. We continue our Zero Harm journey to mitigate risks at the earliest stage and have already commenced Zero Waste programmes for projects and offices to stimulate deep cuts in waste in all its forms.

Along with safety, environment and people, our emphasis on value chain recognises the critical importance of collaborating with clients, architects, consultants, subcontractors, suppliers and the wider industry in achieving the modernisation of our industry that we so desperately need. We cannot make significant improvements in productivity, safety and environmental performance without our many partners and we hope we can work together even more closely in the future.

We hope our strategy charts a course for **responsible growth** that decouples business growth from negative environmental and social impacts and leaves a positive and lasting legacy for society in line with our mission 'to build for a better quality of life and living environment in a safe and sustainable manner'.



Kevin O'Brien
Chief Executive
Gammon Construction Limited

2. The Gammon Way and business priorities

Gammon does not treat sustainability and business operations as separate. We are committed to operating a socially responsible business that is able to deliver our clients' projects to their satisfaction while minimising negative impacts on, and creating positive change for, society and the environment.

But sustainability is a complex subject. In order to focus efforts across the business, the sustainability strategy is aligned to the Gammon Way and key priorities we see for the business in the coming years. The Gammon Way is our philosophy that defines our work ethic and guides our workforce. It comprises our Mission, Vision and Core Values, which are as follows:

Our Mission To build for a better quality of life and living environment in a safe and sustainable manner.

Our Vision To be the contractor of choice in Hong Kong, China and Southeast Asia.

At Gammon, our ultimate goal is to deliver a high level of quality to our customers. This means not only the quality of our built products and service outcomes, but also in the way they are delivered: reliably, safely and responsibly.

We believe we can best deliver the level of quality to which we aspire by concentrating on our three **core values** of **Safety**, **Integrity** and **Excellence**.

Business priorities

The key priorities for the business in the next few years will be:

- **Engaging with and enhancing the wellbeing of our people and helping communities**

We are responsible for some 20,000 people who work in our business and on our sites. As a responsible business we must also look after their wellbeing as well as consider the wider community and how we can contribute to reducing societal pressures and improving lives.

- **Reducing resource use and waste and being ready for climate change**

We also appreciate that the construction industry uses a huge amount of resources and we are responsible for significant waste. We must reduce the environmental pressures we put on already stressed natural systems as well as play our part in reducing contributions to global warming. We must also adapt and be resilient to climate change and the impacts of inevitable increases in extreme weather events.



- **Expanding the use of and developing our skills in **building information modelling (BIM)**, not only in 3D but in all its potential dimensions to improve planning, quantification, sustainability, client facility management, collaboration, robotics and artificial intelligence**

We call this 10D BIM. These are enablers for great projects that will ultimately improve safety, quality, efficiency, and reduce environmental impacts. We will work to ensure our employees and our value chain are BIM-ready to take the fullest advantage of the opportunities that 10D BIM presents.

- **Optimising **offsite construction** and related standardisation, modularisation, mechanisation and design for manufacture and assembly (DfMA)**

Adopting offsite construction and other modern methods of construction will be essential in order to address labour shortage and productivity issues as well as reduce environmental impacts and improve overall safety, particularly at our project sites. Working together with the whole value chain and integrating BIM into the process will be essential to get the best very best results from offsite construction.

- **Continuation of our **digital transformation** journey and adoption of **integrated digital project delivery (IDPD)** to allow active collaboration of the value chain in a digital environment**

IDPD brings together the design, planning, management, and tracking of the whole project to ensure its efficient delivery. Again BIM forms the backbone of this approach and early contractor involvement can ensure that the many potential benefits of improved safety, reduced environmental impacts, improved productivity, lower costs and reduced risks can all be achieved.

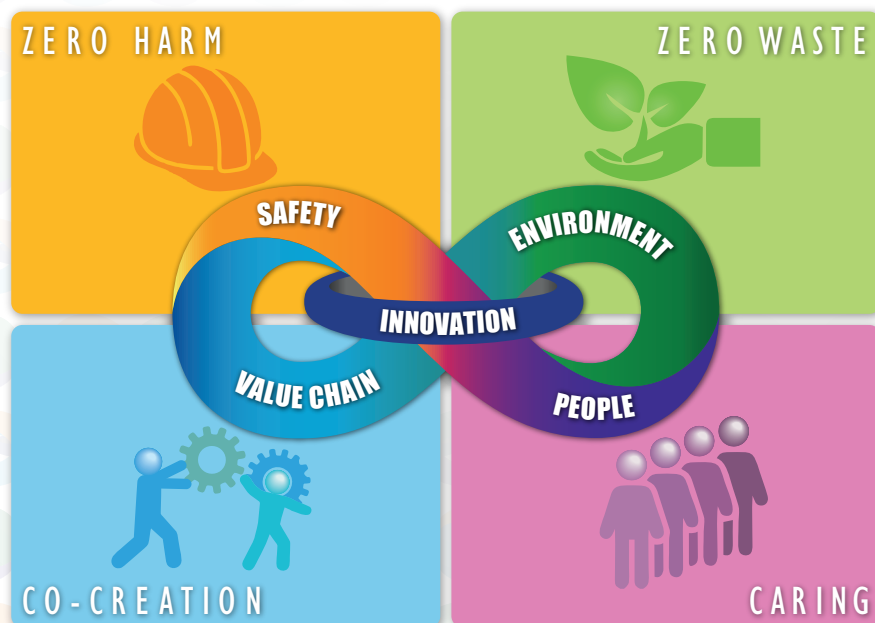
3. Focus areas and approaches

When integrating sustainability into any business operations, there are multiple touch points across functional areas and activities. Gammon is no different. We therefore wish to simplify from the above priorities and issues, and you will see that four aspects frequently appear: **safety, environment, value chain** and **people**.

We have therefore taken these four aspects as **focus areas** from which to take corresponding **approaches** to achieve our overall strategic goal of **responsible growth**. As can be seen from our business priorities, achieving this goal will rely heavily on **innovation** and **digital transformation** which inspire new ways of thinking as well as better construction methods and materials.

We have derived the four approaches from our focus areas to indicate our overall intent:

Our Framework



People – Caring
(referring to our fundamental wish to care for our employees and the community)

Safety – Zero Harm
(referring to our long-established intent to ensure Zero Harm)

Value Chain – Co-Creation
(referring to the importance of collaboration up and down our value chain)

Environment – Zero Waste
(referring our aspiration for zero waste in energy, water and resources)

In order to drive improvement across the business, nurturing and encouraging creativity will continue to be essential. Innovative thinking and digital transformation therefore forms an integral part of the strategy. We have brought the four **focus areas** and **innovation** together in a framework that centres on an infinity symbol that signifies the essence of sustainability, as shown below.

4. Supporting the Global Goals

Following our mapping exercise, internal workshop and from our engagement with external stakeholders, we have selected six of the United Nations' Sustainable Development Goals (the Global Goals or SDGs) to contribute towards in the coming years as follows:



We believe Gammon has a role to play in contributing to the achievement of the following select targets:

- **3.9** Reduce harmful impacts from air pollution emissions
- **7.2** Increase substantially the share of renewable energy in the global energy mix
- **8.6** Substantially reduce the proportion of youth not in employment, education or training
- **8.8** Protect labour rights and promote safe and secure working environments for all workers
- **9.5** Enhance technological capabilities and encourage innovation & R+D
- **12.5** Reduce waste generation through prevention, reduction, recycling and reuse
- **17.17** Encourage public-private and civil society partnerships

We have therefore integrated these into the objectives and targets as shown below.

5. Objectives and Targets

Under each approach, we have set a range of objectives with actions and numerical targets topped by a key target. The baseline year taken for most targets is 2016 (or as indicated). The key target for each focus area is summarised below:



By 2025 achieve ...

25%
reduction in turnover
within the first year
for new joiners

25%
reduction in the
number of accidents
on our sites

25%
reduction
in
carbon intensity

25%
increase
in
offsite construction

As these targets are for a 25% improvement by 2025, we call our strategy simply:

Responsible Growth – 25by25



People – Caring

Key target for 2025: 25% reduction in turnover within the first year for new joiners

EMPLOYEES

Objectives	Actions	Target by 2025
1. Increase staff retention, particularly for new joiners by enhancing work experiences	Further enhance working conditions and employee wellbeing, strengthen mentoring and opportunities for employees. Consider flexible working arrangements for employees. Locate new joiners on projects in their home district as much as possible.	25% reduction in staff turnover rate within the 1st year of joining the group
2. Attract, retain and support life-long careers for workers and apprentices	Promote construction industry as a career at high schools and with parents / teachers / career counsellors. Improve working conditions, package and recognition. Provide upskilling / multi-skilling training to ensure life-long careers: <ul style="list-style-type: none"> • Unskilled to semi-skilled • Semi-skilled to skilled • Semi / Skilled to multi-skilled 	25% increase in the % of workers who have been upskilled from unskilled to semi skilled and semi-skilled to skilled ¹ 25% increase in the % of workers who are multi-skilled ² (HK only)
3. Monitor and improve staff satisfaction / happiness and wellbeing	Conduct yearly or biennial staff satisfaction / happiness survey. Further develop healthcare and wellbeing programmes.	75% of staff satisfied / happy based on overall mean
4. Develop a culture of fairness, inclusion and respect	Understand issues related to diversity and inclusion and develop an agenda and plan to address e.g. awareness and training, network, and other initiatives	5% of monthly paid staff in apprenticeships or training ³ Establish at least two employee-led networks

¹ Based on the CIC Construction Tradesman Collaborative Training Scheme (CTS) and CIC Advanced Construction Manpower Training Scheme (ACMTS) participants as a percentage of the total HK workers (daily and monthly) from Dec 2016 to Dec 2025).

² Based on the % of HK workers (daily and monthly) with more than one officially recognised trade certificate / total number of HK workers at Dec 2025, using an August 2016 baseline.

³ Measured from 2021 to 2025 every year at year's end.

Baseline is 2016 or as indicated.

Target for objective no.4 by 2020 achieved: Develop an agenda for diversity and inclusion. New target established in 2021.

COMMUNITY

Objectives	Actions	Target by 2025
1. Promote employee volunteering and engagement to provide a positive benefit to communities	Increase level of support for staff to encourage more volunteering in line with corporate objectives e.g. web platform, volunteering allowance, etc.	25% increase in volunteer hours / person (during work hours) compared with 2018 baseline
	Establish a charity fund for match funding to match exact funds (1 to 1) raised directly by employees for donation to their supported charities	Increase 'Dollars for doers' donations by 25%, compared to 2021 baseline
2. Improve value and impact of charity / community activities	Establish social impact objectives for corporate social investment. Track achievement against social impact objectives and extent of positive impact on employees.	25% of all employees engaged on the colleague volunteering digital platform
3. Create shared value (using skills and expertise to address a social need while enhancing competitiveness)	Provide learn and earn opportunities to economically disadvantaged and other marginalised social groups by attracting and training those from low income families, NEETs ⁴ , and other marginalised members of society. Identify and pursue other shared value opportunities.	25% increase in newly recruited workers from districts with the highest levels of poverty ⁵ (HK only)



⁴ Youth (aged 16-24 years) not in education, employment or training.

⁵ Based on HKSAR Government's HK Poverty Situation Report 2016 these districts are Sham Shui Po, Kwun Tong, Kwai Tsing, Yuen Long and North Districts.

Baseline is 2016 or as indicated.

'Dollars for doers' programme established. Colleague Volunteering Programme established to focus on aligning with pillars of JAardines sustainability framework.



Safety – Zero Harm

Key target for 2025: 25% reduction in the number of accidents on our sites

Objectives	Actions	Target by 2025
1. Improve safety on our sites and our methods to reduce the number of accidents	Undertake more modular, standardised and offsite construction to reduce accidents on site and the risk of heatstroke from climate change induced warming. Enhance resilience measures to reduce risks and injuries from increases in extreme weather events.	25% reduction in the number of reportable accidents ⁶ on site / \$ value of turnover
2. Achieve zero fatalities		Zero
3. Achieve zero permanently disabling injuries	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.	Zero
4. Achieve zero injuries to our workers	Ensure readiness for climate change induced extreme weather events.	Zero
5. Achieve zero injuries to members of the public		Zero



⁶ Reportable accidents are defined as those accidents involving injuries resulting in more than 3 days sick leave. It includes both Gammon employees and non-employees for whom we are responsible on our work sites.

Baseline is 2016 or as indicated.



Environment – Zero Waste

Key target for 2025: 25% reduction in carbon intensity



Objectives	Actions	Target by 2025
1. Reduce carbon emissions to mitigate the impacts of climate change	Reduce carbon emissions from the business through offsite construction, early electrification, more efficient plant and operation practices	25% reduction in carbon intensity (kg CO ₂ e ⁷ / HK\$1 million turnover and days worked)
2. Pursue zero waste to landfill to minimise resource wastage	Reduce landfill (or incinerator) waste intensity through offsite construction, improved site management and changes along the supply chain	25% reduction in landfill (or incinerator) waste intensity tonnes / \$ value of turnover
3. Pursue zero wasted energy to reduce air quality impacts and carbon emissions	Reduce energy use through offsite construction, energy efficient site offices and power use, more efficient plant (with lower air-quality emissions) and operation practices	25% reduction in energy intensity (MJ) / \$ value of turnover
4. Pursue zero wasted water to avoid resource wastage	Reduce water use through improved efficiency, offsite construction, increased recycling, reuse and improved site practices	25% reduction in water intensity (m ³) / \$ value of turnover
5. Increase renewable energy generation to reduce fossil fuel reliance and carbon emissions	Implement solar photovoltaic panels where feasible (e.g. develop modular PV panel solutions as shading structures for sites and take advantage of the HKSAR Feed-in Tariff process for grid connected sites)	50% increase in renewable energy generation on project sites based on installed capacity in 2018

⁷ Carbon emissions based on Scope 1 (direct fuel use) and Scope 2 (indirect) emissions. Baseline is 2016 or as indicated.



Value Chain – Co-creation

Key target for 2025: 25% increase in off-site construction



Objectives	Actions	Target by 2025
1. Increase offsite construction to increase efficiency in resource use, improve safety and programme	Work with suppliers, subcontractors, clients, architects and engineers to undertake more offsite construction, drive responsible consumption and production and use of DfMA	25% reduction in on-site hours worked / \$ value of turnover
2. Improve management and project delivery efficiency through integrated digital project delivery	Promote to clients, architects and consultants through demonstrated benefits of integrated digital project delivery. Increase number of projects managed and tracked through a Common Data Environment. Increase competence and numbers of users in BIM and other dimensions of BIM (up to 10D)	25% of all projects delivered through integrated and collaborative digital project delivery system (using a Common Data Environment) with digital progress monitoring
3. Increase production and use of more sustainable materials to reduce pressure on finite natural resources	Promote consumption of more sustainable materials from more sustainable sources Promote production and use of lower carbon concrete mixes ('Platinum' grade of CIC Green Product Certification) produced as a proportion of overall concrete volume	25% of procurement spend on more sustainable materials ⁷ 25% of concrete quantity produced is certified or equivalent to the 'Platinum' grade of CIC Green Product Certification
4. Collaborate with the value chain to support SDGs	Develop / participate in a partnership together with our value chain that will make a positive impact on the SDGs.	By 2022 support six events under the Power Up Coalition 2025 target to be confirmed

⁷ Defined as products with recognised 'green' labels e.g. for carbon or overall environmental performance, water or energy efficiency, or having high recycled content, regional sourcing etc.

Baseline is 2016 or as indicated.

Target for objective no.4 by 2020 achieved with the initiation of the "Power Up Coalition" with the Business Environment Council.

6. Strengthening governance

Strong governance is key to achieving our sustainability ambitions.

Our new strategy links very closely to the core values in our Gammon Way:

Safety – actively challenging the construction process to reduce and remove risk for our people and the community through our Zero Harm programme and by promoting modern methods of efficient construction to our value chain

Excellence – striving to exceed expectations and driving excellence in environmental performance through Zero Waste programmes and innovation in DfMA and digitalisation

Integrity – doing what's right, being an ethical, transparent and socially responsible company, declaring our impacts and efforts to reduce them and demonstrating good governance

Our previous Sustainability Action Plan, as part of our Sustainability Roadmap 2020, was reviewed every six months by executive directors responsible for each of the six individual aspects. In order to more effectively address broader sustainability issues across the business under the new strategy, we feel we can further strengthen our sustainability governance practices by:

- Establishing a new **Sustainability Action Group (SAG)**⁸; and
- Reviewing and updating our Code of Conduct and the associated communication methods.

Sustainability governance will therefore be addressed through the following means:

- Executive directors (ExCo) at the Safety and Environmental Action Committee will be responsible for overall direction and guidance;
- Sustainability Action Group will report back to ExCo on initiatives and progress on the 25 by 25 strategy targets and actions (e.g. review of code of conduct, diversity and inclusion plan, corporate social initiative objectives, employee care, climate change readiness, sustainability risks and opportunities etc.)
- Operations Environmental Committee will address project site-based operational issues.

⁸ Chaired by a Director and with senior representation from legal, safety, human resources, innovation, procurement, corporate communications, Finance, Risk Management and Integrated Data Technologies and sustainability teams.

7. Communication and engagement

The final and essential ingredient in the strategy is its communication so that actions can be driven across every part of the business in order to deliver on our 25 by 25 commitments. We will communicate with and encourage our employees, engage with our stakeholders, provide training and raise awareness across our staff and value chain, and promote successes as well as areas for improvement. Our progress will be reported annually in our Sustainability Report.

Context
Focus areas and approaches
Objectives, actions, 2025 targets
Governance
The Gammon Way

Vision Mission Values


Business Priorities

1. People and communities
2. Resource use and climate change
3. 10D BIM
4. Offsite construction and DfMA
5. Digital transformation and IDPD


25%

 reduction
in number of
accidents
by 2025

25%

 increase
in offsite
construction
by 2025

25%

 reduction
in carbon
intensity
by 2025

25%

 reduction
in turnover
within
first year of
joining
by 2025

Responsible Growth – 25 by 25

Glossary

Carbon intensity

Carbon intensity is the level of Green House Gas (GHG) emissions per unit of economic activity or per unit of energy consumed (on site hours worked). In Gammon, it is measured in kilogrammes of carbon dioxide equivalent per HK\$1 million turnover.

CO₂e

“CO₂e” or “Carbon dioxide equivalent” is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO₂e signifies the amount of CO₂ which would have the equivalent global warming impact.

Common Data Environment (CDE)

Single source of information for any given project, used to collect, manage and disseminate all relevant approved project documents for multi-disciplinary teams in a managed and collaborative process.

Design for Manufacture and Assembly Approaches (DfMA)

DfMA is the combination of two methodologies – Design for Manufacture, which means the design for ease of manufacture of elements of a project (preferably using a computerised process) and Design for Assembly which means the design of those elements to enable ease of assembly on site.

Integrated Digital Project Delivery (IDPD)

IDPD integrates and digitalises all processes of the project lifecycle, from design, planning, quantity surveying, manufacturing, logistics, construction, assembly, digital project management, supervision, inspection & commissioning, and asset management. It integrates different digital technologies and is normally centred on BIM.

Diversity

Diversity is any dimension that can be used to differentiate groups and people from one another. In a nutshell, it’s about empowering people by respecting and appreciating what makes them different, in terms of age, gender, ethnicity, religion, disability, sexual orientation, education, and national origin.

Fairness

Impartial and just treatment or behaviour without favouritism or discrimination.

Inclusion

Inclusion is an organisational effort and practices in which different groups or individuals having different backgrounds are culturally and socially accepted, welcomed, and equally treated. These differences could be self-evident, such as national origin, age, race and ethnicity, religion/belief, gender, physical or mental ability, marital status and socioeconomic status or they could be more inherent, such as educational background, training, sector experience, organisational tenure, even personality.

Marginalised social groups

Marginalised social groups are people that are confined to the lower or peripheral edge of the society. They are often denied involvement in mainstream economic, political, cultural and social activities.

Matching fund

Matching funds are funds that are set to be paid in equal amount to funds being donated.

Modular Integrated Construction (MiC)

MiC is the process of manufacturing free-standing integrated modules (often volumetric units completed with finishes, fixtures and fittings) in a prefabrication factory, and then transported to site for installing.

Multi-skilled worker

A multi-skilled worker is one who holds more than one trade test certificate issued by the Construction Industry Council (CIC) or former Construction Industry Training Authority (CITA) or Vocational Training Council (VTC), or other qualifications as specified by the Construction Workers Registration Ordinance (e.g. other recognised registration, certificates or licenses, etc.). (HK definition only)

Offsite

Offsite construction refers to the planning, design, fabrication, and assembly of building elements at a location other than their final installed location to support the rapid and efficient construction of a permanent structure.

Resilient (to climate change)

The ability to adapt, evolve, absorb stresses and maintain function under extreme weather events due to climate change.

Responsible consumption and production

Responsible consumption and production
Responsible consumption and production is about “doing more with less”. Sustainable procurement and production methods involve consideration of life cycle impacts, resource and energy efficiency, biodiversity impacts, social issues, and good governance.

Skilled / Semi-skilled worker

A skilled worker is one who holds a trade test certificate (or intermediate certificate for semi-skilled) issued by the Construction Industry Council (CIC) or former Construction Industry Training Authority (CITA) or Vocational Training Council (VTC), or other qualifications as specified by the Construction Workers Registration Ordinance (e.g. other recognised registration, certificates or licenses, etc.).

Or

For those not holding qualifications listed above, possesses not less than 6 years (or 2 years for semi-skilled) of experience to personally carry out construction work of a particular trade with documentary proof. (HK definition only)

Turnover rate

Turnover rate is the percentage of employees in a workforce that leave during a certain period of time.

UN Sustainable Development Goals

Sustainable Development Goals (SDGs) or Global Goals are a collection of 17 goals (with their associated targets and indicators) set by the United Nations General Assembly in 2015. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

Zero Harm

Zero Harm is our ultimate goal for safety and is the name we give to our safety philosophy. For us, Zero Harm means no injury, ill health or incident caused by our work activities.

Zero Waste programmes

These are aspirational initiatives in Gammon to dramatically reduce waste in all its forms, e.g. waste to landfill/incinerator, wasted energy, wasted water, wasted effort, and wasted resources. The programmes are applicable to both projects and permanent facilities.

If you have comments or suggestions on any part of the strategy or Gammon’s commitment to sustainability, please email: environment@gammonconstruction.com
www.gammonconstruction.com

First issued July 2018, 3rd revision – May 2022

