

2024 MANAGEMENT APPROACH



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Responsible Business

Corporate governance

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The highest governance body of Gammon is the Board of Directors (the Board), which is chaired by the Chief Executive and comprised of Executive Directors and Directors.

The overall management of Gammon's business is vested in the Board, with the day-to-day business managed by the Executive Committee (ExCom), which is composed of all Executive Directors and selected Directors and also chaired by the Chief Executive. The Board reports to the Board of the Holding Company of Gammon China Limited (the HoldCo), the joint venture holding company set up by the shareholders to oversee Gammon's business. Executive Directors also sit on the HoldCo Board, together with the shareholders' representatives.

In addition, the shareholders are engaged in the HoldCo's Risk Management and Compliance Committee (RMCC) which meets four times a year to review the business from a risk and compliance perspective. Other members of the RMCC are selected members of ExCom, our Group General Counsel, the Group Risk and Opportunities Manager and relevant staff as required. In 2022, a Remuneration Committee (RemCom) was established under the HoldCo Board.

To ensure transparency and avoid conflicts of interest, the Chief Executive oversees the entire business but is not responsible for any individual business division. Conflicts of interest are required to be declared based on our 🕀 Code of Conduct and are actively managed through rigorous corruption risk assessments.

There are no independent directors on the Board, as all Executive Directors and Directors are full-time employees of Gammon with specifically defined responsibilities and authority within Gammon's operations. The organisation chart showing these responsibilities is presented on the next page. The ExCom is responsible for the strategy, policies, risk management and financial performance of the business, and is directly accountable to the Board. As all Directors are full-time staff members, there are no significant positions held by them outside Gammon and no independent directors or directors from under-represented social groups or external stakeholders. All directors have specific competencies related to Gammon's operations and impacts. Details of these can be found on the company website (Figure Www.gammonconstruction.com/en/management.php). The positions are permanent with no specific period of tenure, other than normal retirement at the age of 60, with the option of renewal.





Notes

Lambeth provides engineering design services Entasis provides external façades and general construction works Into G provides interior fit-out and contracting Digital G provides technology innovations **Construction Services** includes plant and equipment, steel fabrication and concrete technology **IDT, Digital & BIM** includes Integrated Data Technologies, Digital / CDE / BIM and digital innovations



The ExCom holds overall authority over Gammon's corporate governance, overseeing the compilation and implementation of required standards and controls defined within our Business Management System (BMS). The BMS serves a comprehensive framework of mandatory internal controls across all aspects of our business - including projects and head/regional offices in Hong Kong, Macau, Singapore and mainland China. Its main principles of corporate governance are outlined in the group-wide section of the BMS, covering mandatory requirements such as Gammon's Code of Conduct, delegation and limits of authority, control of documented information, information risk and security policies, and corporate communications protocols. Beyond governance, the BMS extends to mandatory controls for project-based activities, head and regional office functions, and pre-contract activities. The BMS is continually reviewed and updated to incorporate improvement and respond to the latest internal and external developments. To uphold compliance across all areas, Gammon's operations are subject to regular audits from our internal assurance team, as well as external audits carried out directly by our shareholders or specialist companies. This rigorous oversight ensures alignment with our governance standards at every level of the organisation.

Gammon is a private construction company, jointly owned by Jardine Matheson and Balfour Beatty. As a privately held entity, we are not bound by the reporting requirements stipulated in the Listing Rules for public listed companies. All information and data in this report are presented on a voluntary basis, reflecting our commitment to transparency.

Business Management System (BMS)

Gammon places great importance on 'compliance of our products and services' and 'customer health and safety'. These priorities are embedded within our Code of Conduct and BMS. A core principle of our business is to adhere to the legal and regulatory requirements in the jurisdictions in which we operate. To ensure operational compliance, we have established policies and procedures, alongside systems addressing financial, taxation and human resources management. These systems equip employees with the knowledge and tools needed to comply with all accountability standards, laws, rules, and regulations. We are committed to continually improving these management systems, ensuring employees receive the necessary available information or instructions to meet applicable standards, laws and regulations.

Occupational health and safety are also key pillars of our BMS. We have implemented an occupational health and safety management system across our operations in Hong Kong and Singapore, adhering to the Factories and Industrial Undertakings (Safety Management) Regulation in Hong Kong and the Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009 in Singapore. To monitor the occupational health and safety performance – including accident statistics, iDRA figures, zero harm induction training status – we use a common data platform, called ACE Dashboard, which provides real-time insights. Additionally, we have an in-house process called System Assurance Validation (SAV) to ensure compliance with our internal system and procedures.

Gammon's risk management processes aligns with ISO 31000 Risk Management Standard, covering all employees and workers – including subcontractors – across construction sites, workshops, storage facilities and fabrication yards.

Our BMS integrates several key management systems:

- Quality Management System: Independently certified against ISO 9001:2015.
- Environmental Management System: Independently certified against ISO 14001:2015. As part of the Environmental Management System, environmental aspects, risks and impacts are assessed for every project. Mitigation and improvement measures are implemented to avoid or ameliorate potential issues.
- Energy Management System: Independently certified for selected project types against ISO 50001:2018.

Gammon strives to go beyond compliance by driving proactive improvements, such as reducing water consumption, minimising waste, saving energy, and cutting material use on site. High-productivity construction methods and reusable temporary works are incentivised as part of our in-house Green and Caring Site Commitment (G&CSC) scheme. New projects are required to develop a Zero Waste Plan to identify and address the largest sources of waste, energy and water consumption, while maximising carbon reduction potential (refer to Sustainability Report 2018, page 12).

To monitor and manage our environmental performance, Gammon uses a bespoke data system that integrates site inputs, as well as automated links to selected business systems – such as Finance and Procurement – and a Smart Waste Accounting system that retrieves construction waste data from the Hong Kong Government's system. Our MyACE dashboard system displays environmental data by month for better monitoring across the business. Additionally, the Sustainability Dashboard (S-Dash) consolidates data related to environment, social, cost and safety into an intuitive single summary available through MyACE, enabling deeper data analysis and performance comparison between projects and divisions.

Our Soil Laboratory at the Gammon Technology Park in Tseung Kwan O is certified to ISO/IEC 17025:2017 and is a HOKLAS-accredited laboratory for construction materials and calibration tests, as listed in the HOKLAS Directory.

Our Steel Fabrication Department's plant in Dongguan, along with Lambeth, achieved CE Marking in 2017, certified at Execution Class 4 under the BS EN 1090-1:2009+A1:2011 standard. Gammon's concrete batching facilities are certified against QSPSC:2014, and we are one of the first companies globally to have our information management using BIM certified against ISO 19650-1:2018 and ISO 19650-2:2018. We have also earned the BSI Kitemark[™] for our BIM practices. These standards, systems and associated audits – alongside our in-house system assurance validation process and project assurance programmes – enable us to evaluate the effectiveness of our BMS and management approaches, and identify opportunities for improvement. Business performance, successes and areas of improvement are typically communicated by senior management to the management teams through regular meetings and briefings, fostering open dialogue. Management teams cascade these findings to employees across all levels, supplemented by corporate communications and staff circular emails.



Hong Kong Laboratory Accreditation Scheme (HOKLAS)



BSI Kitemark[™] Certification



Our BMS integrates several key ISO management systems



Managing risk GRI 2-23

Risk management is embedded across every facet of our business, from tenders and projects to supporting departments and enterprise-level activities. Our approach is guided by a structured framework encompassing roles and responsibilities, processes, communication protocols, reporting mechanisms, and the internal controls - components that are integral to the BMS. To track performance and anticipate risks, we use operational-level KPIs and enterprise-level key risk indicators which serve as an early warning system and measure our performance. This system is reflected in our project and enterprise risk registers, which categorise risks using a colour rating system that aligns with Gammon's risk appetite - from critical, concerned, cautious to comfortable.

At a governance level, ExCom plays a pivotal role. The ExCom holds quarterly RMCC Meetings to review risk trends, emerging risks and the top ten enterprise risks. Key areas of focus include people and resources, supply chain, safety, finance, reputation, project delivery, cyber security, business disruption, market situation and climate change. By assessing Gammon's risk profile, we can report to the Board rigorously and respond to changes in a timely manner. On the operational front, project KPIs facilitate regular reviews, enabling teams to take action to ensure alignment with planned delivery. Our Internal Assurance team conducts audits of project risk control measures and compliance, evaluating the effectiveness of the Project Delivery System. Their findings are presented using a traffic-light grading system to provide clear, actionable insights.

In addition to business, health and safety-related risks, we pay particular attention to environmental risks. This commitment is outlined in our Code of Conduct, which states: "We shall adopt a precautionary approach in our operations and conduct an environmental review for every new undertaking to identify the significance of impacts associated with the activities under our control. A risk management process will also be applied whereby actions will be taken to identify those potential threats of serious or irreversible environmental damage and to deal with them using best available technology taking into account what is technically feasible and economically viable within our influence and customer requirements." To ensure the resilience and sustainability of Gammon's operations, we have detailed plans and procedures in place for extreme weather events, business continuity planning and crisis management to ensure our preparedness to navigate potential challenges and uncertainties.

Sustainability governance

Roles and responsibilities

GRI 2-22

The Board has delegated oversight of Gammon's economic, environmental and societal inpacts to the ExCom. ExCom is responsible for decision-making on sustainability matters, which are reviewed during weekly ExCom Meetings, monthly Directors Meetings, and weekly Safety and Environmental Assurance Committee (SEAC) Meetings. The SEAC is led by the Director for Health & Safety, Sustainability, Systems & Audit, ensuring a focused and robust governance of our sustainability approach. At the operations level, sustainability actions are primarily driven and supported by the Group Sustainability Manager, the Environment & Sustainability Team, the Operations Environmental Committee, and the Sustainability Action Group, as illustrated in the framework below.



ExCom is responsible for setting annual sustainability targets and conducting performance reviews. Day-to-day operational activities to achieve these objectives and targets are carried out across business units, with support provided by the Environment and Sustainability Team and other supporting functions as required. Gammon's approach draws from the five principles and ten practical recommendations outlined in the United Nations High-Level Expert Group report, "Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions"¹, on the Net Zero Emissions Commitments of Non-State Entities. These principles ensure that Gammon's decarbonisation strategies are fully aligned with validated science-based targets (SBT), emphasising integrity, transparency, and accountability. We are committed to establishing clear standards and criteria, while avoiding any false claims, ambiguity and greenwashing.

Sustainability aspects and impacts are regularly reported to the Board and discussed during RMCC meetings. Both shareholders, Balfour Beatty and Jardine Matheson, review Gammon's sustainability performance every six months, assessing progress against key metrics. As part of these reviews, Gammon works with a third-party company and employs a rigorous approach of measuring, reporting and verification of our GHG and other parameters to ensure data quality and integrity.

1. Image: https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf

Sustainability strategy GRI 2-22

Sustainability is deeply embedded in Gammon's business operations and is integral to everything we do. We are dedicated to running a socially responsible and profitable business that delivers projects to our customers' satisfaction while also minimising negative impacts and driving positive change for society and the environment.

Our sustainability strategy, United Ambitions, focuses on three key areas – Climate & Nature, Resources & Circularity, and People & Wellness. Our strategy is guided by our ambitious Science Based Targets initiative (SBTi) commitments, and considers current and future standards and guidelines, market trends and risks. It is also closely aligned with the Gammon Way, the philosophy that defines our work ethic and guides our workforce.

Driven by our purpose, Gammon's goal is to lead new standards in construction that positively impact people and the planet. To achieve this, we have established a set of core principles, along with clear objectives, actions and targets for each focus area within our strategy.



G Gammon

Focus areas



Climate & Nature

Drive transformative change contributing to a net zero, nature positive and equitable future.

Priorities



Decarbonisation, climate adaptation and resilience

Decarbonise and build business resilience by adapting to climate challenges.



Energy efficiency and transformation

Enhance energy efficiency and transition to cleaner energy.



Nature and biodiversity

Contribute towards a nature-positive future by accelerating our actions to halt and reverse biodiversity loss.



Resources & Circularity

Promote sustainable resource management by embracing circular design and construction, minimising waste, and prioritising responsible procurement.



Waste and resource circularity

Advance resource-efficient operations and uphold circularity principles.



Sustainable products and services

Build a collaborative value chain to drive supply of and demand for sustainable products and services.



Water efficiency and conservation

Pursue zero wasted water to avoid resource wastage.



People & Wellness

Cultivating a safe, inclusive and peoplecentric 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, actions and targets, please refer to our sustainability strategy website:
Https://www.gammonconstruction.com/en/sustainability-framework.php



Engaging the industry GRI 2-28

Just as the saying goes, "If you want to go far, go together". Sustainability is not a solitary endeavor – it requires collaboration with stakeholders to drive meaningful changes. Engaging with our people, customers, government bodies, industry associations, consultants, academia, supply chain and the wider industry is essential to turning our goals into a reality.

To create lasting impact, we must be proactive, advocate for change, challenge industry norms, and strive for more sustainable progress. Gammon staff hold memberships in a variety of external industry, professional, business and governmental organisations. Through these roles, our staff provide governance, advisory support, and active participation in committees and initiatives. These memberships enable Gammon to demonstrate leadership, share knowledge, promote best practices, and positively influence the industry while advancing towards our sustainability objectives. For further details, Appendix H provides a comprehensive list of external organisations, associations and relevant industry bodies with which we engage to help shape the future of the industry.

In addition to association memberships, Gammon actively advocates for change through speaking engagements at external and internal events, such as safety, sustainability and innovation/digital construction conferences, exhibitions, workshops and presentations. We aim to inspire our value chain by participating in reputable award schemes (see Appendix F) to celebrate achievements and promote excellence. To support our clients' sustainability aspirations, we ensure that Gammon has the inhouse expertise and capabilities to deliver impactful solutions for our clients. For example, we are proud to have contributed to the development of green, healthy and smart buildings in Hong Kong and Singapore (see Appendix G for an updated list).

Gammon also regularly provides feedback and insights for government consultations, academic research projects and consultancy studies. Additionally, we support non-government organisations, including universities, in their research and development efforts, further contributing to the advancement of sustainability knowledge. As part of our commitment to driving sustainability in our community, Gammon subscribes to and endorses a range of externally developed economic, environmental and social charters, principles and other initiatives. These are voluntary initiatives applied in Hong Kong. Details of our active participation are listed in the table on the next page for reference.

Date	Principles/Charters/Initiatives	Organisation	
2011	WBCSD Manifesto for Energy Efficiency in Buildings	World Business Council for Sustainable Development / Business Environment Council	<u> </u>
2017	Pledge to Adopt the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation	Constitutional and mainland Affairs Bureau	<u>www.cmab.gov.hk/en/issues/code_of_practice.htm</u>
2017	Pledge to Support the Development of Qualified Environmental Professionals	Hong Kong Institute of Qualified Environmental Professionals Limited	<u> </u>
2019	BEC Net-Zero Carbon Charter (Originally named the BEC Low Carbon Charter in 2019)	Business Environment Council	⊕ bec.org.hk/en/bec-net-zero-carbon-charter#eid1394
2021	Power Up Coalition	Business Environment Council	<u>bec.org.hk/en/node/1269</u>
2021	Racial Diversity and Inclusion Charter for Employers	Equal Opportunities Commission	www.eoc.org.hk/en/news-and-events/events-and-programmes/ eoc-events/inclusion-charter
Annually	Biz-Green Dress Day	Hong Kong Green Building Council & Construction Industry Council	<u> www.hkgbc.org.hk/eng/engagement/public-initiatives/hkgbw/</u> <u> hkgbw-2024/hkgbw-2024.jsp</u>
Annually	Earth Hour	World Wide Fund For Nature Hong Kong	<u> earthhour.wwf.org.hk/en</u>



Innovation

GRI 3-3

Innovative solutions are vital for accelerating progress towards our sustainability strategy. By fostering learning, collaboration and scalable experimentation, innovations drive new ways of thinking, optimise resource management and productivity, and unlock new technologies to address current and future needs.

To ensure a systematic approach to innovation management, Gammon has established an innovation management system that is aligned with ISO 56002: 2019 Innovation Management System guidelines. This approach supports our long-term sustainability and business objectives. Through a collaborative approach to project management, Gammon builds long-term relationships with regional clients, stakeholders and partners, while prioritising investment in its people to foster a culture of innovation and create development pathways for employees.

Our guiding principles are rooted in driving improvements aligned with the business strategy of becoming a safer, more sustainable and highly productive construction organisation. Our strategy:

- ZeroHarmAl Transforming operations by shifting from reactive responses to proactive decision-making, enabled by transparent, datadriven reporting and paperless processes.
- People 360° Unlocking workforce potential by fostering comprehensive understanding of our team and subcontractors, leveraging Al-driven workflows, and empowering employees with innovative, self-service tools to drive optimisation and continuous learning.
- ESG Byte Harnessing data to assess sustainability impacts across projects, the organisation and customers, while championing environmentally conscious and socially responsible practices, supported by AI and robust information governance.
- ConstructionX Advancing project delivery through innovative technologies, including AI, data-driven automation, robotics and cloudconnected systems, ensuring predictive, efficient and scalable construction methods.



Gammon

Building sustainability capacity across all levels GRI 2-17

To strengthen sustainability awareness and capacity throughout Gammon, we provide comprehensive training tailored to employees' roles and work levels. Mandatory training for all staff cover fundamental sustainability principles, Gammon's sustainability strategy, carbon management and good site practices. Senior managers and directors are required to receive advanced training, including specialised sessions on topics such as Carbon Essentials and Science-Based Targets. Gammon also organises regular events and sharing sessions by in-house specialists and industry experts. These sessions cover a wide range of topics, including climate change, nature and biodiversity, circularity, DEI, cybersecurity and business ethics. By engaging with these topics, our Board and staff remain informed about the latest sustainability trends, developments and best practices.

Green and sustainable finance GRI 3-3

Green and sustainable finance plays a key role in aligning Gammon's financing strategies with its green and sustainability commitments. Gammon is fortunate to operate its business without requiring significant ongoing financing. However, where performance bonds (guarantees) are required due to contract specifications, Gammon actively seeks green and sustainable financial products whenever possible. This approach not only reinforces the sustainability performance of our business, but also helps reduce associated banking charges.

In 2024, the Gammon Finance Team continued its close collaboration with the Environment and Sustainability Team and various financial institutions to further enhance our sustainable finance efforts. This included converting part of existing revolving loan facilities – as well as newly established ones – into sustainability-linked loan facilities for general working capital, with a total size of HKD780 million. The team also facilitated several green and social performance bonds for building and foundation projects across both public and private sectors, amounting to a total size of HKD145 million.

In line with the Sustainability-Linked Loan Principles, all these financial instruments are directly aligned with Gammon's sustainability performance targets. The selected key performance indicators include absolute carbon emissions reduction, waste diversion rate, and accident incident rate.



Business ethics and anti-corruption

GRI 2-23, 2-24, 3-3

As part of our BMS, Gammon integrates a set of core values that define our work ethic and steer our workforce in navigating today's dynamic and challenging world. These core values – Safety, Integrity and Excellence – have been encapsulated in a philosophy known as The Gammon Way. This philosophy also defines Gammon's Mission and Vision. Our Mission is 'to build for a better quality of life and living environment in a safe and sustainable manner' and our vision is 'to be the smart and digital contractor of choice in Hong Kong, China and Southeast Asia'.

At Gammon, delivering high-quality projects to our customers is paramount. This commitment extends beyond the quality of our built products and service outcomes to include the way of delivery – one that prioritises reliability, safety, and accountability. We believe that achieving such excellence is grounded in upholding our three core values.

Our Code of Conduct outlines the following key principles, to which all employees are required to adhere:

- To uphold a high standard of integrity, ethics and environmental responsibility across all our business practices and operations;
- To abide by the legal and regulatory requirements in the countries where we operate;
- To observe the rights of our employees and people in the communities in which we operate; and
- To create the means to make the Code of Conduct an integral part of our daily practice.

The Gammon Way, along with our core values and our Code of Conduct, is communicated thoroughly to all employees during their induction, as detailed in the Training section below. The Group General Counsel is responsible for overseeing governance and the Code of Conduct. The Code of Conduct is publicly available on our website in both English and Traditional Chinese. Members of the organisation can seek advice from the Group General Counsel, Legal Team or ExCom on applications of the policies and practices for responsible business conduct.





Managing impacts and addressing grievances GRI 2-16, 2-25, 2-26

We are firmly committed to operating a responsible business and taking proactive measures to cooperate on, remediate or mitigate any significant negative impact we have caused or contributed to. Our Code of Conduct outlines our commitments to safeguard the rights of our employees and provides a clear mechanism to raise grievances related to business conduct or human rights. Besides reaching out to our Corporate Communications or Legal Teams directly, our sub-contractors, suppliers, Gammon employees and other stakeholders have the option to contact us confidentially via email at: ☐ concerns@gammonconstruction.com to raise any
 concerns they may have. These communications are handled with discretion by our Legal Team. Additionally, Gammon employees can utilise our independent and confidential 'Speak Out'

whistleblowing service, managed by an independent third-party service provider, to report any issues anonymously. Details of this whistleblowing service are available on the company intranet and in the Employee Handbook. During their onboarding process, all Gammon employees are made fully aware of the grievance mechanisms at their disposal.

When a whistleblowing complaint or grievance is raised, a rigorous investigation is conducted. Following the investigation, a detailed report is compiled, outlining the findings as well as any follow-up or remedial actions recommended, where applicable. The report is subsequently reviewed and addressed by relevant directors. All whistleblowing cases are reported to the RMCC to ensure accountability and transparency.



Gammon

Integrity risk management (GRI 205-1)

Integrity stands as one of Gammon's core values, underscoring a commitment that is deeply embedded in our organisational culture. As a result, anti-corruption practices are rigorously enforced and priotised as a fundamental part of our Code of Conduct, which all employees are required to uphold. Our Group General Counsel and our Executive Directors are responsible for formulating, approving and evaluating our anti-corruption policies, procedures and grievance mechanisms.

Our business risk management programme incorporates integrity risks through a dedicated risk assessment aligned with ICAC guidelines for corporate integrity and governance. This assessment spans key operational areas such as procurement, staff administration, tendering, recruitment of workers and prefabrication work conducted offsite. Corruption risk assessments are conducted across 100% of our operations in all locations, ensuring a comprehensive review of risks associated with various activities, for example, bidding for work, subcontractor and supplier selections, payment and approvals processes. These assessments also account for variations in risk levels both within and outside Hong Kong. Additionally, our shareholders mandate adherence to their ethics and compliance programmes, which include robust anti-corruption measures. Significant corruption risks identified through the risk assessments are addressed systematically in the company procedures. Key risks include:

- Collusion among multiple parties including staff, supply chain, other clients and / or competitors – to defraud the company, engage in professional misconduct or disclose sensitive information, such as tender prices, financial data, innovation, intellectual property, or other information for competitive advantage.
- Employees soliciting or accepting any advantages from clients, consultants, contractors, subcontractors, suppliers or any person in connection with company business.
- Conflict of interest where an employee's judgement may be compromised by personal vested interest.
- Non-compliance with fair competition practices or anti-trust laws, for example, bid rigging, price fixing, market sharing, abuse of a strong market position or other anti-competitive behaviours.

Training on anti-corruption and Code of Conduct (GRI 205-2)

Employees are required to attend general training on our Code of Conduct, covering topics such as anti-bribery, anti-corruption and other ethical matters. This training is part of employees' induction training, delivered during their orientation camp or via e-learning modules. Refresher training is periodically provided through e-learning to monthly paid staff, ensuring continued awareness and compliance. Additionally, bespoke training on the Code of Conduct tailored to relevant needs and circumstances is conducted as needed.

We also mandate our subcontractors and suppliers to comply with our Code of Conduct. They are provided with either a full copy of our Code of Conduct or an abbreviated version, along with instructions or briefings where deemed appropriate. Training activities are evaluated regularly to ensure effectiveness in fostering ethical compliance.

Training materials are reviewed and updated periodically, or whenever amendments occur in the Code of Conduct, anti-corruption or associated practices and legislation. Furthermore, targeted briefings are conducted for key personnel involved in approvals, commercial aspects, procurement and estimating, reflecting the critical nature of these responsibilities.

Gammon

Data protection and cybersecurity GRI 3-3, (GRI 418-1)

Gammon strictly adheres to all the legal and regulatory requirements in the jurisdictions where we operate with regard to customer and other data privacy and security. We have established an Information Risk and Security Policy and an Acceptable Use Policy, which include clear guidelines to protect our customer's privacy.

Implementation guidance for these policies is fully integrated into our BMS. Key measures include control of documented information, information security classification and handling, web and internet usage protocals, mobile device management and cyber incident response protocols.

To protect the interests of Gammon employees, customers and stakeholders, a Data Protection Committee has been established to enforce policies and controls across all levels of business and projects. This ensures a systematic approach to managing data protection and cybersecurity risks. The total number of substantiated complaints regarding breach of data security – including customer privacy – and the total number of identified leaks, thefts or losses of customer data are disclosed in the KPI table in Appendix A.

Human rights and collective bargaining GRI 2-30, 3-3

The majority of Gammon's employees are based in Hong Kong, Macau, mainland China and Singapore. In Hong Kong or Macau, there is no statutory recognition of collective bargaining agreements. In mainland China and Singapore, collective bargaining agreements are recognised by law. Should such agreements become applicable to the construction industry, Gammon will ensure full compliance.

To the best of our knowledge, no Gammon employees are currently covered by collective bargaining agreements in mainland China and Singapore. Employees have the freedom to join any union of their choice, and Gammon does not interfere with this right. For privacy reasons, the Company does not track or maintain records of union membership among employees.

Community investment and engagement GRI 3-3

The Company does make donations to charitable organisations from time to time. To ensure that charitable donations and sponsorships are not used as a disguise for bribery, the Code of Conduct prescribes that the Company must ensure that charitable contributions and sponsorships are not used as a subterfuge for bribery. All charitable contributions and sponsorships are subject to Chief Executive's approval (or in accordance with the Group Delegation and Limits of Authority) with clear expressions of intent, must be transparent to interested parties including all employees, be fully accounted for and made in accordance with applicable law.

The Company further prohibits direct or indirect contributions to political parties, party officials, candidates or organisations or individuals engaged in politics, as a subterfuge for bribery.

Further guidance on charitable donations and sponsorships is provided in our Corporate Communications procedures within the BMS. Guidance is provided on the focus areas that Gammon wishes to support, the funding criteria, organisations that Gammon will not support, submissions of proposals for funding, and the assessment and approval process. The issue of gifts and hospitality is also included in our corruption risk assessment.

Climate & Nature

Gammon is committed to driving transformative change in pursuit of a net zero, nature-positive and equitable future. Climate & Nature is one of the key focus areas of our latest sustainability strategy, reflecting our dedication to addressing the urgent challenges posed by climate change and biodiversity loss.

Decarbonisation

GRI 305, 3-3

In 2023, Gammon became the first construction and engineering company in Greater China to receive validation from the Science Based Targets initiative (SBTi) for its near-term science-based emissions reduction targets. We have pledged to reduce absolute Scope 1 and 2 GHG emissions by 55% by 2033, using 2021 as the base year. This commitment aligns with a 1.5°C climate change trajectory. Additionally, we aim to reduce absolute Scope 3 GHG emissions from purchased goods and services by 33% over the same timeframe. Following SBTi's approach, Scope 3 emissions reductions adopt a well-below 2°C scenario, reflecting the more limited control we have over our supply chain emissions. Our decarbanisation actions are guided by the ISO Net Zero Guidelines – accelerating the transition to net zero (IWA 42:2022(E)). These guidelines prioritise the ongoing prevention, reduction and elimination of emissions within an organisation's direct control and value chain for both interim and long-term net zero targets. Removals are only utilised once all possible emissions reduction actions have implemented to minimise eventual residual emissions. Where feasible, Gammon also seeks to act as a solution provider within our upstream and downstream value chains, enabling actions that lead to avoided emissions across society. These avoided emissions are not counted towards the organisation's interim or longterm net zero targets and are treated separately. We advocate for high productivity construction, such as design for manufacture and assembly (DfMA), modular integrated construction (MiC) and multi-trade integrated mechanical, electrical and plumbing (MiMEP), to lower fuel usage and material wastage by reducing onsite construction activities. Innovations and digital technology play a critical role in optimising site operations. For example, tracking plant usage with Trackunit digital sensors allows us to reduce idling and improve plant utilisation rates. As part of our carbon reduction strategy in this hard-to-abate sector, we are phasing out traditional diesel and transitioning to electricity or other clean energy sources. We are working towards early grid connection through cross-value chain engagement, while benefitting from ongoing grid decarbonisation efforts.

For fugitive emissions, Gammon prioritises the use of low-global warming potential refrigerants and ensures that equipment containing refrigerants is recycled by designated collectors for incineration, preventing release into the atmosphere. The growing demand for value chain decarbonisation has led to heightened expectations from our clients both in terms of tender requirements and routine disclosures regarding GHG emissions transparency. To address these needs, we explore and adopt lean, standardised and circular design and construction methods to reduce material use at the design stage. These strategies facilitate more efficient use of resources and energy while minimising waste throughout the project life cycle. We also continue to develop and utilise lower carbon materials, collaborating with our value chain partners. Examples include lower carbon cement, concrete, steel and materials with higher recycled content or alternative materials, such as concrete with GGBS sustainable mix or CO₂-injecting CarbonCure technology. We believe these efforts will also support our clients in achieving their own decarbonisation goals.

Every year, Gammon conducts a detailed inventory of its GHG emissions in accordance with ISO 14064-1: 2018 (Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals). This inventory is independently verified under a reasonable level of assurance to ensure a high level of data accuracy (see Appendix B). To further enhance the quality of our inventory, we collaborate with supply chain partners to collect supplier-specific data.



GHG emissions inventory verified by SGS as an Accredited Verification Service under Hong Kong Certification Body Accreditation Scheme for verification of greenhouse gas statements at organisation level





Climate adaptation and resilience (GRI 201-2)

Climate risk governance

As we know, climate change is introducing a new range of risks and opportunities for businesses across all sectors. Guided by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) from the Financial Stability Board, Gammon continues to review and develop actions and mitigation measures to strengthen our abilities to manage climate-related risks and capture opportunities during the transition to a low carbon economy. In particular, we have further integrated and formalised the management of climate changerelated risks and opportunities within our overall risk management process. Gammon has established a TCFD working group comprising representatives from sustainability, finance and risk management disciplines. This working group is led by our Finance Director and operates under the oversight of the Gammon ExCom.

As noted earlier, the HoldCo Board convenes quarterly through the RMCC, where enterprise risks – including climate risks – are reviewed. Climaterelated risks and opportunities are communicated via the Key Risks and Corporate Risk heat map, with detailed updates included in a report on TCFD/ Taskforce on Nature-related Financial Disclosures (TNFD) for the RMCC.

Ahead of the RMCC meeting, a quarterly Risk Committee Meeting (RCM) is held, during which ExCom and other Directors assess and discuss corporate risks, as well as review emerging risks. Updates on climate change-related matters are provided by the TCFD working group, covering topics such as client specifications, new or changing policies and regulations, emerging sustainability trends, technological solutions, potential future carbon pricing, and development in China's National Carbon Emission Trading System. Following these discussions, Directors integrate the guidance and recommendations into their respective business and operations strategies. Feedback on climate-related risk management is subsequently incorporated into the TCFD/TNFD report for the RMCC.

Risk identification and assessment

Gammon maintains a separate climate change risk sub-register, which is reviewed annually against mitigation measures, with action plans continually developed by the business, divisions and departments through their respective business strategies and budget plans. Targets related to energy and carbon emissions have been incorporated under Gammon's latest United Ambitions sustainability strategy. These climate change risks are integrated into enterprise risks for ongoing reviews, with physical risks typically stated in project registers.

In 2024, we continued monitoring signals for previously identified risks and opportunities, along with the corresponding actions. No new risks or opportunities have been identified during this period. Adverse weather and its impacts remain a critical area of focus in our business, particularly in light of record-breaking hot weather and typhoons in November. To address the increased risk of heat stress, we continue to adhere to the Hong Kong Labour Department's 'Guidance Notes on Prevention of Heat Stroke at Work' to ensure safety in our workplace. In addition, we have placed strong emphasis on the implementation of robust temporary drainage plans and typhoon preparedness measures to mitigate weather-related disruptions.



Strategy

While a broad range of risks have been identified, this section focuses on summarising the priorities. Additional likely impacts, mitigation actions and opportunities have also been outlined. We further detail some of the approaches that Gammon plans to adopt in the coming years across business strategy, site operations and financial planning to reduce our risk exposure and to capture these opportunities.

The TCFD working group has engaged in discussions with both shareholders to collaborate and contribute insights for their TCFD reporting. This collaboration is expected to continue on a regular basis.

Scenario analysis

Scenario analysis is a well-established method for developing strategic plans to identify and prepare for climate risks arising from a range of plausible future states. Gammon has previously explored two scenarios to assess potential impacts of climate transition across its operations in Hong Kong, Macau, mainland China and Singapore. These scenarios remain valid and are as follows:

- A high emissions 'Brown' scenario: This scenario assumes that only current policies and nationally determined contributions are implemented, with limited investment and climate action. It reflects potential setbacks in climate policies and action, and the prevalence of the business-asusual mindset. Under this scenario, the physical impact of climate change would likely be ongoing, severe, unpredictable and exacerbated by feedback loops and systemic collapse of the ecosystem. Businesses would primarily focus on climate adaptation, with limited risk arising from the transition.
- A lower emissions 'Turquoise' scenario: This scenario aims to limit the increase in global mean temperature to 2°C. It assumes a gradual reduction in CO₂ emissions through an accelerated global push for decarbonisation in the current decade, driven by governments and businesses. Key measures include immediate and smooth policy action to decarbonise energy supply, accelerate electrification to phase out diesel, switch to low-carbon fuels in industry, transport and buildings, deploy bioenergy with carbon capture and storage, and increase afforestation and reforestation.

The impacts of these climate change scenarios were assessed against Gammon's business operations over the short-, medium- and long-term – specifically in 2030, 2040 and 2050. Findings from these analysis were used to review and update Gammon's climate-change risk and opportunities register. A summary of the top physical and transition risks and opportunities is listed on the following pages.



Physical risks

Climate-related physical risks have been identified at a regional level across locations where Gammon has key assets and projects, including Hong Kong, Singapore and Guangdong. Each region was assessed qualitatively based on climate projections for risks such as extreme heat, sea level rise, wildfires, water scarcity, extreme rainfall / flooding, and typhoons. Focusing on the more severe medium-term to longterm impacts, the following priority risks were identified:

Risks and Impacts	Mitigation Actions
Extreme wind, rainfall and typhoons Increased severity and frequency of extreme weather events pose significant risks to project timelines and delivery. These events could result in delays caused by damage to temporary or completed works, power outages, damage to roads and infrastructure, and damage to plant and equipment. There is the possibility of regional transport routes becoming impassable, impacting the delivery of materials.	 a. Conduct site reviews to identify high-risk projects and implement enhanced designs and contingency plans. b. Perform pre-checks and apply mitigating actions, including assessing plant, equipment, drainage plans and temporary works prior to the arrival of T8+ typhoons. c. Design temporary works, such as drainage system, to withstand extreme weather conditions, including high waves and windspeed. d. Continuously enhance high-risk assets and leased properties to improve resilience against extreme weather conditions.
Extreme heat Rising temperatures in southern China present additional risks for on-site operatives, including heat stroke and heat exhaustion. Prolonged periods of hot days and nights exacerbate these safety concerns.	 a. Actively promote modern methods of construction (e.g. offsite fabrication and MiC etc.) to reduce on-site exposure to heat risks. b. Adhere to the 'Guidance Notes on Prevention of Heat Stroke at Work' c. Ensure adequate ventilation and cooling systems are provided. d. Introduce extended / additional rest periods during the hottest times of the day or during periods of persistently extreme temperatures to minimise heat-related risks. e. Conduct physical checks for workers to ensure they are fit for work, alongside on-going health monitoring.



Transition risks

In accordance with the transition risk categories outlined in the TCFD recommendations – including policy and legal changes, market and technology shifts, and reputational risks – Gammon has identified the following priority risks, which are likely to occur over the short to medium-term.

Risks and Impacts	Mitigation Actions
Carbon price Potential increase in material costs due to mainland China / EU's Emission Trading Scheme, as well as Carbon Border Adjustment Mechanism. This risk may further be driven by supply chain changes, evolving policies or regulations to meet carbon neutrality and net zero carbon demands.	 a. Collaborate with the supply chain to support and promote the transition to lower carbon materials. b. Reduce the procurement of new structural steel temporary works elements and increase reuse where possible (e.g. strutting, modular steel towers, etc.). c. Source low carbon materials alternatives (e.g. low carbon certified rebar). d. Invest in research and development projects to develop innovative solutions to drive low-carbon and sustainable material consumption. e. Explore methods to lower the carbon footprint of concrete mixes, including the use of GGBS and CarbonCure technology. f. Promote and implement offsite construction methods, BIM, digital twins and collaborative working practices to enhance construction efficiency, reduce abortive work, and minimise wasted energy.
Reputational Risk Potential damage to Gammon's reputation due to missed climate change targets and goals, resulting in failure to meet our stated commitments.	 a. Set realistic yet ambitious targets and goals, supported by comprehensive transition plans. b. Monitor progress regularly, ensuring accuracy and transparency in data reporting. c. Engage with the value chain to promote and facilitate the transition to lower-carbon energy and material sources. d. Develop phased replacement plan aligned with anticipated ramp-up of non-fossil fueled plant and equipment production e. Source low-carbon materials such as steel, rebar, concrete and alternative materials



Opportunities

The transition to a low-carbon economy presents significant opportunities, and Gammon has identified the following priorities for the short- to medium-term:

Opportunities	Actions
Low-carbon building market Expanding revenue streams by focusing on green, sustainable, low-carbon infrastructure and buildings.	 a. Continue to demonstrate leadership in delivering certified green building projects. b. Provide supply and installation services of photovoltaic (PV) solar systems tailored to client needs. c. Develop and offer lower-carbon high-performance concrete minerarity CIC Cores Product Certification for direct.
Potential energy and construction savings Leveraging low-carbon alternatives to reduce energy consumption, minimise	 a. Reduce energy and material consumption at source through optimised design and construction methods, delivering cost savings and sustainability benefits. b. Maximise reuse of structural steel, e.g. Excavation and lateral.
reduce energy consumption, minimise waste, increase material re-use, and reduce costs.	support (ELS) for cofferdams to minimise the need of new purchases. c. Prioritise offsite MiC fabrication in energy-efficient
	environment. d. Adopt alternative energy solutions e.g. solar panels on site offices, integrated with Feed-in Tariff programmes.
	e. Explore cost-effective alternative energy sources for diesel- powered plant and equipment, including the efficiency gains of electric motors and idling avoidance.
	f. Accelerate the early electrification of construction sites.



Metrics and targets

Reducing carbon emissions and energy consumption is key to Gammon's climate-related transition strategy and long-term resilience. We are firmly committed to the continual improvement of our environmental performance, guided by carefully considered metrics. Gammon's greenhouse gas emissions have been verified in accordance with ISO 14064-1 since 2012, demonstrating our commitment to transparency and accountability.

In 2023, Gammon's near-term science-based emissions reduction targets for Scope 1, 2 and 3 absolute emissions received validation from the Science Based Targets initiative (SBTi). These targets include a commitment to reduce absolute Scope 1 and 2 GHG emissions by 55% by 2033, using 2021 as a base year; in addition, to reduce absolute Scope 3 GHG emissions from purchased goods and services by 33% within the same timeframe. With reference to the 'Implementing the Recommendations of the Taskforce on Climaterelated Financial Disclosures' report, Gammon aligns with the 'Materials and Buildings' nonfinancial group. We have selected the most relevant performance metrics to present in Appendix A of this report, as follows:

- Total energy consumed, categorised by source (non-renewable and renewable) (see data under GRI 302-1)
- Energy consumed outside the organisation (see GRI 302-2)
- Total energy intensity by revenue (see GRI 302-3)
- Scope 1, 2 and 3 greenhouse gas emissions (see GRI 305-1, GRI 305-2, and GRI 305-3) and
- Greenhouse gas emissions intensity based on revenue (see GRI 305-4).



Energy efficiency and transformation GRI 3-3, 302

'Energy efficiency and transformation' were identified as material issues during our stakeholder engagement. The majority of the energy consumed by Gammon comes from B5 biodiesel (HK) and diesel (Singapore) to power plant and equipment during construction operations, particularly foundation projects and heavy civil engineering works. Electricity is the next largest significant energy type in both temporary project sites and permanent operations, while a smaller proportion of energy is consumed for transport (e.g. concrete mixer trucks, site vehicles, crane lorries etc.).

To guide our energy sourcing from a decarbonisation perspective, we reference Balfour Beatty's fuel hierarchy.

Balfour Beatty's fuel hierarchy¹



1. Learn more about fuel hierarchy:

Https://www.theconstructionindex.co.uk/news/view/fuel-for-thought



Considering practicality and efficiency, our preferred approach is to achieve early grid connection with local power companies rather than relying on diesel generators. Early grid connection not only supports Gammon's decarbonisation targets but also aligns with the Hong Kong Government's commitment of carbon neutrality by 2050, as outlined in its Climate Action Plan 2050, including goals for a net-zero carbon electricity supply. Similarly, Singapore is committed to achieve net zero by 2050, and mainland China also has set a target to become carbon neutral by 2060, making this principle applicable across our geographies.

At the initial stage of many projects, insufficient electricity supply or delays in grid connection often hinder construction schedules. It is common for processing times to extend to several months or even a year to secure adequate power, obtain approvals, and construct temporary transformer rooms – especially in remote or newly developed areas requiring high power. To address this, we advocate for early applications for sufficient electricity supply by our clients, leveraging initiatives such as the Power Up Coalition (referenced in previous reports). This approach reduces dependency on diesel generators and enables broader adoption of electric plant and vehicles in future construction projects. Where electricity supply is unavailable or insufficient, we adopt battery energy storage systems (BESS) as interim measures, particularly for applications requiring large intermittent power supplies. These systems are typically utilised for tower cranes, passenger and material hoists. Since 2013, Gammon has also been using B5 biodiesel, fully converting all of our site plant and equipment to B5 by 2015. Our preference is to source B5 biodiesel locally in Hong Kong through the re-processing of waste cooking oils. In 2024, Gammon initiated a trial of the use of B100 pure biodiesel in diesel generators at a foundation project with an aim to evaluate generators reliability and efficiency. Where the use of electricity or BESS is not feasible, temporary power is meticulously planned on our sites. This includes accurately sizing generators and other equipment, conducting regular reviews, and ensuring preventative maintenance to ensure plant's operational efficiently.



100% B5 BIODIESEL use in our plant and equipment (HK) Gammon is committed to adopting highproductivity construction to minimise energy use in building projects. However, full electrification for construction sites remains challenging for foundation and heavy civil works. We actively monitor emerging technologies and alternative energy sources, such as hydrogen and hydrotreated vegetable oil (HVO), with the aim of transitioning to cleaner energy solutions as soon as they become practical and scalable.

Our vision for an emission-free site of the future (see right) is centred on a blend of solutions. Electricity will likely serve as the primary energy source, complemented by alternative, lower carbon energy sources for hard-to-abate heavy machinery. Additionally, advancement and innovations in construction methods and the adoption of lighterweight structures are expected to contribute to reduced energy consumption and improved efficiency in the future.



Gammon prioritises energy efficiency across its operations, widely implementing LED lighting at construction sites and offices. This is complemented by timer switches, smart metering, occupancy sensor controls, and smart controls integrated across projects. Where feasible, we utilise renewable energy sources, such as solar photovoltaics (PV), solar heating and some wind turbines, particularly for lighting, fans and hot water for showers.

To further enhance efficiency, all new electrical appliances purchased by Gammon carry Grade 1 or 2 energy efficiency labels. Many container offices are insulated or shaded to reduce solar gain and thermal transfer, ensuring optimal energy performance. These measures are actively promoted and rewarded through Gammon's internal G&CSC scheme. Project teams are encouraged to participate in external programmes such as the Environmental Campaign Committee's Energywi\$e initiative. In addition, Gammon has set energy efficiency targets for our concrete batching facilities and steel fabrication plant – Pristine, along with electricity intensity targets for offices as part of our G&CSC scheme.

Renewable energy remains a resolution we are pursuing to reduce reliance on fossil fuel. We actively seek opportunities to expand the use of PV systems, particularly for our own premises and projects with durations spanning several years and where grid connection is already established or feasible. In Hong Kong, Gammon has installed several solar PV arrays that are connected to the grid and benefit from the Feed-in Tariff programme. The largest installation is located on the roof of the Gammon Technology Park in Tseung Kwan O, with smaller arrays implemented across several project sites.

Nature and biodiversity GRI 3-3, 101-1

The built environment sector accounts for nearly 40% of global CO_2 emissions while contributing to 30% of global biodiversity loss. As a contractor, Gammon's projects – encompassing raw material sourcing, design and construction – are deeply intertwined with ecosystems. In alignment with the Kunming-Montreal Global Biodiversity Framework, Gammon is committed to accelerating our actions to halt and reverse biodiversity loss, contributing towards a nature-positive future.

Assessing our nature-related issues GRI 101-4, 101-5, 101-6, 101-8

To establish credible, realistic and impactful nature targets, Gammon has conducted assessments following the Taskforce on Nature-related Financial Disclosures (TNFD) LEAP (Locate, Evaluate, Assess and Prepare) approach. This framework enables us to better understand our nature-related impacts, dependencies, risks and opportunities. We plan to continue to expand these assessments to cover a wider range of projects and materials that are included in the SBTN High Impact Commodity List, such as cement, steel and timber.

Locate	Evaluate	Assess	Prepare
our interface with ecologically sensitive locations	our dependencies and impacts on nature	our nature- related risks and opportunities	to respond to nature- related risks and opportunities and to report on our material nature-related issues

Gammon embeds biodiversity considerations into decision-making and risk management processes, ensuring nature-related risks and opportunities are systematically addressed at both enterprise and project levels. Updates on nature-related risks and opportunities are shared during quarterly Risk Committee Meetings (RCM) and included in the Task Force on Climate-Related Financial Disclosures (TCFD) and TNFD reports for the Risk Management and Compliance Committee (RMCC). The insights gained from TNFD assessments enable us to incorporate nature-related risks and opportunities into risk mechanisms across different levels of our operations.

Management of biodiversity impacts GRI 101-2

To address biodiversity impacts, Gammon follows the 'protect, enhance and create' hierarchy, which is integrated into our construction practices. Measures are implemented to address our impacts related to resources exploitation (e.g., fuel, water, materials), GHG emissions, water, noise and air pollution, waste generation, habitats or species protection. For designated projects under the Environmental Impact Assessment (EIA) Ordinance in Hong Kong, we apply ecological mitigation measures to address impacts identified from the EIA.

Examples of mitigation measures include:

Avoidance and minimisation

- Enhanced vessel transit planning to avoid impacts on marine mammals
- Improved slope work design and transplanted trees to avoid tree felling
- Preserved and monitored tree wall to minimise impacts
- Minimised construction phase disturbance through monitoring, noise barriers and restricted construction hours
- Translocated seagrass and coral to lower biodiversity impacts
- Conducted a bat survey before tree felling and demolition works to ensure no bats are affected

Ecological enhancement

- Restored mudflat and replanted mangroves to provide diverse habitats, breeding sites and feeding grounds for a large variety of coastal species
- Transformed redundant marine structures into artificial reef to support marine biodiversity

Habitat creation

- Created artificial wetlands with subsurface flow to treat greywater and stormwater using the roots of the plants
- Implemented microbial and fungal bioremediation on a brownfield site to remove contaminants and reduce health risks, enabling recreational development such as green spaces and parks



Protect

• Avoid and minimise

Enhance

• Regenerate and restore so that nature can recover

Create

• Create new habitats



The extraction and manufacturing of materials for the built environment – including quarrying limestone for cement, dredging sand for aggregate, and refining oil for diesel and asphalt – can degrade biodiversity through habitat loss, pollution and ecosystem disruption. To mitigate these impacts, Gammon optimises design and construction methods to minimise material use. We also prioritise the reuse of existing materials to avoid the impacts of virgin extraction, supported by circularity strategies to extend material lifecycles. Where use of new materials is unavoidable, we source certified sustainable options, such as 100% FSC- or PEFCcertified timber for our formwork and paper.

Value chain engagement is critical to transforming supply chain practices in order to advance our collective biodiversity and nature conservation efforts. To drive this shift, Gammon organises supplier workshops focusing on decarbonisation, biodiversity and nature conservation, and other sustainable sourcing practices.

For additional details, please refer to the "<u>Sustainable</u> products and services" section.

Gammon

Capacity building and engagement for biodiversity

Building internal capacity and fostering awareness about nature and biodiversity are essential to Gammon's sustainability efforts. We incorporate nature and biodiversity modules into existing sustainability training programmes for all employees, including mandatory training, to ensure that these critical topics are understood and prioritised across the organisation.

Externally, we proactively engage with key external stakeholders focused on nature and biodiversity, collaborating to advance industry guidelines and practices. For example, we actively participate in working groups, attend conferences and workshops to contribute to the broader dialogues on nature and biodiversity. As part of these efforts, Gammon participated in the Business for Biodiversity Focus Group under the Hong Kong Biodiversity Expert Group, helping to shape Hong Kong SAR's new Biodiversity Strategy and Action Plan.



Resources & Circularity

'Resources & Circularity' is a topic identified as one of our three key focus areas. We are committed to continue promoting sustainable resource management by embracing circular design and construction, minimising waste, and prioritising responsible procurement.

Waste and resource circularity

Our approach GRI 3-3, 306

At Gammon, we treat every waste stream as a potential resource, optimising resources management through the adoption of the waste management hierarchy.



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This hierarchy starts with the most desirable option: Reduce to minimise waste generation, followed by Reuse to enable materials to be used multiple times, Recycle to convert waste into new products, Recover energy and materials from waste; and, as the last resort, Disposal, which involves sending waste to landfill.

Gammon has developed a comprehensive set of production procedures, including waste management protocols, to guide teams in addressing these aspects effectively. Project teams must ensure waste management risks are identified, assessed and mitigated through appropriate measures that comply with legal requirements, contractual obligations, the commitments set out in Gammon's Health, Safety and Environmental Policy, I Sustainable Procurement Policy, and overarching environmental objectives and targets. Most sites prepare a project-specific Waste Management Plan at the outset to clearly define responsibilities and mitigation measures. These plans extend to suppliers, subcontractors and materials where relevant.

At an individual project level, every new project across all divisions is required to complete a Zero Waste Plan. This plan identifies major potential upstream and downstream waste streams and opportunities to improve efficiency in areas such as solid waste, energy, water and carbon. Each project team is required to forecast the major types / sources of solid waste (destined for landfill or incineration) and select key wastes to focus on, setting targets for reduction and monitoring progress.

Gammon's Waste Management Handbook for the Building Division provides practical and achievable guidelines to help project teams achieve waste reduction targets. The Handbook includes detailed guidance on roles and responsibilities, waste generation timing, monitoring and suggested waste reduction measures. To improve waste diversion rates, Gammon maintains a list of recyclers and shares the information with project teams to facilitate recycling efforts.

Hazardous waste, due to its significant environmental impact, is avoided wherever possible through Gammon's procurement system. Any residual hazardous or chemical waste, such as spent lubricant oil, waste lead-acid battery, and paint-related waste, is handled in strict compliance with local regulations and requirements.

Waste-related data management GRI 306-2

Gammon has developed an internal environmental performance data platform to record and monitor construction projects. In Hong Kong, waste data, such as inert waste diverted to public fill or sorting facilities, and non-inert waste disposed in landfill, is tracked monthly through government official records under the trip ticket system. Under the Construction Waste Charging Scheme, Gammon supports the Environmental Protection Department (EPD) by adopting the C-Easy platform and paperless e-Chit system, to enhance traceability and efficiency, and ensure compliance with waste disposal regulations through systematic tracking and recording.

Other waste types, including timber, chemical and plastic waste diverted from disposal, are measured and recorded by project sites. These waste streams are sent to various local recyclers, such as EcoPark in Tuen Mun.

In Singapore, a high proportion of waste is recycled due to greater availability of sorting or recycling sites, as well as mandatory requirements for construction waste separation, recycling and disposal (e.g. waste to energy incineration). Each recycler provides documented evidence of waste managed through invoices, ensuring accountability and traceability. Data on waste generation and disposal can be found in Appendix A.



Waste process flow

GRI 306-1

Process flow of inputs, activities and outputs that lead or could lead to significant waste-related impacts (HK-based)



- Onsite -----> Limited information available to the organisation
- separation and recycling and fully complies with local regulations. 3. Other recyclables include paper, plastic, WEEE, yard, packaging, waste cooking oil (WCO) and special waste like tyres.
 - 4. Contributed to both diverted from disposal and directed to disposal.

Sustainable products and services GRI 3-3, 301, 306

Our approach to resources management

We adopt the widely accepted '3Rs' philosophy of 'reduce, reuse, recycle', with a strong focus on reducing material use and avoiding waste generation at the offset. This includes optimising designs and construction methods, minimising rework or abortive work where possible.

In many cases, contract award occurs after design and material specification decisions have already been made, making it challenging to implement changes within tight construction programmes. However, Gammon is proactively collaborating with both public and private clients during the tender stage – and earlier through ongoing engagement – to identify opportunities to reduce resource use and embodied carbon, without compromising clients' programme or budget. We aim to influence the industry through institutional involvement, advocacy, communication and the promotion of best practices, driving deeper and more significant change across the industry.

Earlier involvement also enables the early adoption of BIM, using high levels of detail and a collaborative design approach within a common data environment. This ensures sufficient lead time for offsite construction, leaner design, and an integrated digital project delivery approach. Detailed BIM model and 4D work sequencing allow clashes and mistakes detection, visualisation (including virtual reality), and the resolution of designs earlier in the process, reducing total material use and wastage, and improving buildability and safety. BIM also facilitates off-site construction, enabling data to be seamlessly applied into factory processes.

To strengthen sustainable consumption and production practices, Gammon is reviewing definitions for sustainable materials in alignment with the latest recognised standards, such as green taxonomies and product category rules. These reviews will help establish procurement targets for spending on more sustainable materials in future projects.

Low-carbon ready-mix concrete

Gammon's Concrete Technology Department (CTD) remains at the forefront of innovation, continuously exploring sustainable alternatives for concrete mixes. Factors such as raw material types and sources – including recycled content for cement replacements such as pulverised fuel ash (PFA), ground granulated blast-furnace slag (GGBS) or silica fume (see Appendix A) – mix design, and plant production and management systems are considered and studied to reduce the carbon footprint of concretes produced in Hong Kong. We also utilise the ISO 14067:2018 methodology to assess the 'cradle to site' life cycle carbon footprint for our concrete mixes.

Gammon is the first concrete producer to secure Construction Industry Council (CIC) Carbon Labels for ready-mix concrete which has evolved into CIC Green Product Certification Scheme labels. As of 2024, we achieved certifications for 412 mixes, with 92% attaining Platinum or Gold level of CIC Green Product Certification. In 2023, Gammon further cemented its leadership in sustainable construction by becoming the first construction company to receive approval from the Buildings Department for the use of GGBS concrete in foundation works in Hong Kong.

Steel and concrete

Concrete and steel are the two most widely used materials in construction in Hong Kong and are associated with the highest levels of embodied carbon. As such, one of Gammon's key priorities is to optimise designs and construction methods to achieve leaner construction, reduced material use, and increased re-usability. Examples include modular reusable structural steel struts, edge protection and other temporary works required for the construction process. This approach not only minimises the consumption of natural resources and embodied carbon but also contributes to cost efficiency. Detailed data on these construction materials from recent years is provided in Appendix A.

Through various initiatives, we have championed alternative designs that incorporate mechanisation, modularisation (e.g. the re-use of modular struts), standardisation, automation, and offsite prefabrication solutions (e.g. E&M modularisation, precast concrete, MiC and MiMEP for plant rooms). These solutions enhance resource and energy efficiency while reducing waste during installation. We leverage tools such as our MyACE dashboard and Concrete Management System, complemented by BIM, to achieve greater efficiencies in material use and wastage reduction. Additionally, Gammon continues to increase its utilisation of offsite cut-andbend factories established in Hong Kong, yielding positive results. Further, we are actively exploring lower carbon steel options, including supplies sourced from electric arc furnaces, which use higher percentages of recycled steel.

Other materials

In addition to reducing steel and cement usage, Gammon is committed to minimising material impacts through the procurement of more sustainable alternatives. This includes prioritsing materials with higher recycled content, lower embodied carbon, and sustainable sources, as well as adopting design solutions to reduce material quantities. For example, under our Sustainable Timber Procurement Policy and Implementation Guideline, we exclusively use certified sustainable timber - typically FSC or PEFC certified for all our formwork purchases (where required). We also use sustainably certified A4 and A3 paper in all our permanent and site offices, and are actively working towards digitalising our operations to be paperless where possible. Collaborating with our clients, we aim to reduce paper-based submissions to further minimise environmental impact. Gammon promotes circularity by partnering with supply chain partners to upcycle wasted materials for use on our construction sites.

Our commitment extends from the procurement of office equipment under EMSD Voluntary Energy Efficiency Labelling Scheme, covering appliances and equipment used both at home and in the office. Alongside ongoing communication with suppliers and subcontractors, we also host sustainable procurement workshops in Hong Kong and Shenzhen or online to increase their capability in green procurement practices.



Supply chain management and procurement GRI 2-6, 3-3

As one of the largest contractors in Hong Kong, Gammon works with an extensive supplier base that provides a wide range of products and services essential to our business operations. We recognise suppliers are valuable stakeholders within our supply chain and we are committed to collaborating with them to build a better and more sustainable future together. Supply chain engagement was identified as one of the critical priorities during our stakeholder engagement exercise. We believe that fostering and maintaining strong relationships with our suppliers and subcontractors is integral to operating a sustainable business. In addition to maintaining regular dialogue, we organise workshops with our supply chain to communicate our expectations across key areas, and to provide a platform for suppliers to discuss challenges and propose alternative solutions and products. We also invite material and equipment suppliers, as well as subcontractors, to participate in our safety and sustainability conferences, webinars and engagement sessions.

Gammon's supply chain primarily consists of material suppliers, material manufacturers, subcontractors and service providers. Details regarding the total number of suppliers, their regions of origin, and the types of suppliers can be found in the KPI table in Appendix A. Below, we outline how we manage our supply chain and procurement process.

Our procurement process is guided by our Sustainable Procurement Policy, with detailed processes, practices and procedures incorporated into our BMS. Subcontract procurement, management and administration procedures are also clearly defined in our BMS. A comprehensive supply chain management mechanism has been established to monitor various aspects of supplier and subcontractor performance, from product and service quality to ethical standards and compliance. Gammon is committed to acting fairly in business dealings with suppliers and subcontractors, while also purchasing responsibly and ensuring best possible value for money when procuring materials, services, plant and equipment.

Our expectations of suppliers and subcontractors are clearly outlined in tender invitations and supplier contracts. All suppliers and subcontractors are required to operate in accordance with local laws and regulations, as well as Gammon's Code of Conduct. They are encouraged to conduct business with integrity and align with our Health, Safety, Environment and Quality Policy, as well as uphold high standards of corporate governance. Regular training is given to suppliers and subcontractors to ensure they meet our standards.

Risks with our supply chain, like other operation risks, are subject to regular assessment through Gammon's Risk and Opportunity Management Procedure. Please refer to the earlier <u>managing risk</u> section.



Local supply chain spending GRI 204-1

Gammon takes pride in delivering premium products and services to our clients. A key contributor to our success is the strong support from a diverse pool of suppliers and subcontractors. Although the proportion of spending on local suppliers – as identified under GRI 204-1 – was not identified as a material issue during our stakeholder engagement process, we remain committed to including local suppliers into our procurement approach wherever possible. This strategy helps to reduce carbon emissions associated with the transportation of materials and products, supports circularity by upcycling construction waste into useful materials, and contributes to the creation of economic value in local communities. Appendix A provides details of the total number of suppliers and subcontractors we worked with during the year. Of our total supplier spend, approximately 92% is typically allocated to those based in Hong Kong, 3% to those based in mainland China, and 5% to overseas suppliers. Almost all subcontractors are sourced locally within the region where we operate. Additional information on our supply chain can be found in Appendix A.

Supply chain assessment

Gammon has a structured process and database for managing its supply chain. Our Supply Chain Management System includes assessment and approvals of subcontractors and suppliers onto our Approved Subcontractors and Suppliers List, conducting performance appraisals half yearly for active subcontractors and suppliers, monitoring trade key performance indicators with access for our subcontractors and suppliers on the Gammon supply chain extranet, and selection and evaluation of preferred or strategic subcontractors and suppliers. We ask and expect that our supply chain abides by our Code of Conduct at all times. For major material suppliers, we undertake on-site assessments of factories' H&S, workers' training and worker facilities and amenities including staff quarters, washroom hygiene condition, canteen facilities, resting area, recreation area, drinking water, personal protection equipment, etc.

Water efficiency and conservation GRI 3-3, 303-1, 303-2

Water, as an essential resource for human life and business activities, has gained increasing attention in the sustainability field, especially with the Science Based Targets Network (SBTN) identifying water as a key impact area. In addition, our shareholders have been collecting quantitative water information and expect us to identify and address water-related impacts. We fully support these water conservation initiatives. Although Gammon's primary regions of operation are not classified as water-stressed areas according to the World Resources Institute (WRI) Aqueduct Tool¹, we consider water efficiency and conservation to be a material topic.

To identify and assess our water-related impacts, we adopt internationally recognised tools in our processes. According to the CDP Activity Classification System, Gammon is classified under the Infrastructure Industry and Construction Activity Group. The CDP Water Watch assessment² ranks our water impact from High to Very High. Similarly, the Exploring Natural Capital Opportunities, Risks and Exposure tools rate our freshwater use impacts as Medium to Very high materiality, depending on the type of construction activity. Our primary waterrelared impacts includes water utilisation, potential environmental issues, and changes to the water system and quality.

1. <u>+ https://www.wri.org/aqueduct</u>

2.
+ https://www.cdp.net/en/disclose/question-bank/watersecurity/water-watch Gammon's water withdrawal primarily relies on thirdparty freshwater sources, such as the Water Supplies Department (WSD). Water is used across various construction activities, including concreting, drilling, piling, dust control, wheel washing, general cleaning and drinking. Where possible, water is recycled before discharging to drainage or sewage, reducing overall consumption.

Gammon's construction activities are governed by statutory frameworks such as The Water Pollution Control Ordinance (Cap. 358) in Hong Kong. Designated projects require EIA during the planning stage to evaluate the environmental impacts, while other projects conduct assessments based on EIA methodology and process. The public may provide comments during the consultation process.

Effluent discharge standards are set based on the water control zone in which the projects are located, as outlined in the Technical Memorandum Standards for Effluents Discharged into Drainage and Sewerage Systems, Inland and Coastal Waters (Cap. 358, section 21). These standards regulate parameters such as pH, Suspended Solids, Biochemical Oxygen Demand, Chemical Oxygen Demand and E. coli levels. During the construction phase, Gammon's project teams follow procedures and requirements in the Environmental Management Plan (EMP) to minimise potential water quality impacts, particularly related to wastewater discharge. A wastewater discharge licence must be obtained at the project initiation stage. Designated personnel are assigned to oversee operation of the wastewater treatment facilities, ensuring all discharges comply with the standards set by the EPD. Regular removal of sludge or silt is carried out to maintain the efficiency of the wastewater treatment facilities.

Water quality tests are conducted in accordance with the requirements specified in the wastewater discharge licence. These tests include pH monitoring and visual inspection to ensure compliance and minimise environmental impacts. To further reduce water-related impacts, the EMP outlines mitigation measures such as installing channels, earth bunds or sandbag barriers to direct storm water and wastewater to silt removal facilities. From a water resource conservation perspective, Gammon follows WSD's water conservation guidelines and Water Efficiency Labelling Scheme to procure water-efficient products. Reuse initiatives are also implemented, including of treated surface runoff for dust suppression and general cleaning.

Within the framework of Gammon's United Ambitions sustainability strategy, we have set clear objectives and targets to pursue zero wasted water and avoid resource wastage. Water withdrawal data is collected from water bills, stored on our Environmental Performance Data platform, and reported to shareholders. Details on the absolute amount and intensity of our water withdrawal can be found in Appendix A.

People & Wellness

Health, safety and wellness

Commitment to safety GRI 3-3

The safety and well-being of our people is our highest priority, and we are steadfast in our commitment to providing safe and healthy workplaces from the very beginning of every project. This commitment is resolute, and no circumstance shall supersede or undermine our obligation to uphold the principle of Zero Harm. Our focus on health, safety and wellness is reflected through carefully monitored key performance indicators, as detailed in Appendix A.



Occupational health and management approach system

To protect our people and those working at our sites, we comply fully with all legal and regulatory requirements in the jurisdictions where we operate. However, at Gammon, compliance is regarded as the baseline, not the benchmark. As articulated in our Code of Conduct, our vision is to establish a workplace free from injury and accidents, underpinned by a Zero Harm philosophy in the planning and execution of all projects and operations – with no exception.

The Zero Harm philosophy is reinforced by senior management's Bold Commitments, our HSEQ Policy¹ and a comprehensive integrated BMS. The BMS incorporates the requirements of an Occupational Health and Safety Management System (OHSMS), covering 100% of our operations. Our OHSMS is independently certified under ISO 45001:2018 standard, 'Occupational health and safety management systems – Requirements with guidance for use', covering all operational environments, including construction sites, workshops, storage facilities and fabrication yards, and is also applicable to subcontractors operating within these locations.

Gammon initially implemented its OHSMS voluntarily several years ago, recognising the value of a proactive approach to occupational health and safety. The system's scope extends across all works, activities and workplaces controlled by Gammon, addressing the H&S of both our employees and those in workplaces managed by Gammon. It also accounts for any potential H&S impacts associated with our products and services. While safety is a shared responsibility for all employees, Gammon directly employs qualified occupational H&S professionals to support the effective management of occupational H&S across our operations.

1.
<u>
 https://www.gammonconstruction.com/uploaded_files/files/en/HSEQ_EN.pdf</u>

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Complementing the OHSMS, we have established inhouse rules, standards and guidelines – such as our four Golden Rules (see below), Bold Commitments and safety standards – which are regularly reviewed and updated to ensure relevance and effectiveness. These initial measures are aligned or, in many cases, exceeded the mandated requirements. Strict compliance with personal protective equipment on site, as well as adherence to company policies, manuals, procedures and safe working rules, is mandatory for all employees and subcontractor workers. Gammon maintains a zero-tolerance policy towards unsafe work practices, serious safety violations, and the consumption of alcohol or drugs during working hours.





Gammon four Golden Rules

Hazard identification, risk assessment and incident investigation **GRI 403-2**

We operate a process of risk and opportunity management at all levels and in all divisions to address risk. A key part of this process is obviously hazard identification and planning for safety to mitigate potential risks related to H&S.

Planning for safety usually starts during the tendering stage and potential occupational H&S risks are addressed through temporary works design, construction methods, or controlled by procedures for all major activities on site during operation. We use the 'Swiss cheese' model (hierarchy of controls) for safety management to provide four layers of protection, covering: design and engineering; materials, plant and equipment; process; and people. Our focus is always on designing out and avoiding risks completely rather than relying on the other three layers of protection. Therefore, we always try to adopt a 'safety-by-design' approach to reduce safety and health risks throughout the project life cycle. This often includes digitalisation and standardisation where possible so that DfMA can be used and work can be taken offsite into more easily controlled factory working environments.

At the very beginning of a project, HSE hazards that present significant risk in routine and non-routine work activities will be identified at outset and review workshops - the risk is quantified by considering its probability and impact severity and mitigation is examined. The risk is logged in an active register held at project level but should proposed mitigation measures prove to be unsatisfactory, it will be raised to a divisional or ultimately corporate level register. The register is reviewed monthly at subsequent review workshops with a view to removing or lowering the impact of existing risks and to include new risk entries. Project leaders will hold a biweekly Real Risk Meeting on projects to look ahead and identify issues related to programme, method, resources and changes to work plans that will impact safety.

At the operational working level, a Dynamic Risk Assessment (DRA) process is implemented twice per day to identify what might go wrong at the frontline and to ensure risks are eliminated or properly managed in accordance with method statements. Our in-house developed app, Gambot, provides prompts to assist the works supervisor with the digital version of this process, known as iDRA.

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Training and continual process improvement is an integral part of Gammon's approach. Prevention and risk control measures are promoted, including, among others:

- Training and awareness raising on how to reduce injury, prevent disease, avoid heatstroke, manage stress and promote health and wellbeing;
- Providing safe plant, equipment and tools for worker use; and
- Changing engineering design, programme and methods to reduce or eliminate risk during construction.

A safety and quality KPI assessment was introduced to benchmark managers and ensure they drive the correct leadership behaviours. The assessment is carried out on a monthly basis and action areas are identified for individuals, as well as divisions and the company. The results are presented to ExCom monthly to review, identify trends, and provide feedback or direction for improvement.

The risk management and KPI assessment systems, as well as the formal internal and external audits, and our in-house system assurance validation process, project assurance programme and management review process, all contribute to the evaluation of our H&S management system, its effectiveness and how to improve our practices.

Through our four Golden Rules, particularly "Report all unsafe events and conditions", our staff and all workers are empowered to report work-related hazards and for workers to remove themselves from situations they believe could cause injury or ill health. They can inform their supervisors or use our Gambot app to report a 'safety observation'. We have a formal whistleblowing procedure to protect employees and workers against reprisals. This includes Speak Out which is a confidential service managed by an independent third party to help foster an inclusive, safe and caring workplace and allow reporting in situations where it is inappropriate or not possible to disclose a matter of concern to a direct supervisor, People & Culture or our Legal Team.

Should an incident occur on one of our project sites or other premises, we have in place a procedure on 'Reporting and Investigation of Incidents and Complaints'. The procedure details the roles and responsibilities of key staff members and outlines the process of notifications / reporting depending on the severity of the incident. It also describes the incident investigation process including the actual and potential severity rating, detailed observations, and the use of a Human Factors Analysis and Classification System. Finally, the investigation would identify any requirement for a review of the risk assessment and method statement and any recommendations to prevent reoccurrence and improve the safety management system, with followup responsibilities and target completion dates identified. The investigation is submitted to Directors and is normally reviewed by ExCom at the SEAC meeting and improvement measures are presented in divisional meetings. Any significant incidents (related to Gammon or other contractors) are also shared at a weekly core brief for all managers so that lessons can be learned.

Worker training on occupational health and safety

GRI 403-5

All employees and workers in our supply chain are required to complete Zero Harm induction training, which is refreshed every five years. A key component of this training is the Four Golden Rules (Be fit for work, Always receive a briefing before starting work, Report all unsafe events & conditions, Stop work when anything changes), along with tailored guidance addressing the major hazards commonly encountered on construction sites. Additionally, every site conducts induction training for employees or workers upon their first arrival, during which site-specific hazards and mitigation strategies are thoroughly explained. In compliance with statutory training and certification requirements in the jurisdictions where we operate, higher-risk tasks are undertaken exclusively by appropriately trained and certified personnel. Beyond formal certifications, on-the-job training is provided by experienced operatives, who mentor workers and ensure their

competency through hands-on guidance. Bespoke training is also available for specific roles, such as traffic controllers, riggers, scaffolders and temporary work practioners. Employees are encouraged to pursue advanced skills training and obtain trade certificates, equipping them with deeper understanding of occupational safety hazards and preventive measures relevant to their specific trades.

Risk prevention and control measures are actively promoted among our staff and workers in day-today operations through morning assemblies, toolbox talks and pre-work briefings conducted on-site in alignment with DRAs. Furthermore, regular safety promotion campaigns are carried out at project sites, complemented by safety briefings delivered by dedicated safety personnel.

Occupational health services and worker health promotion

GRI 403-3, 403-6

We allocate dedicated resources to ensure the availability of comprehensive occupational health services across our workplaces. These services include registered HSE officers, enrolled site nurses, qualified first aiders, trained mental health first aiders and healthcare leaders, who collectively ensure both statutory requirements and Gammon's voluntary commitments are upheld. Gammon's site nurses and healthcare leaders provide a wide array of health and wellbeing initiatives for employees and subcontractor workers, which include:

- Proactively engaging with staff and workers through regular health visits
- Offering voluntary health checks for employees and subcontractor workers, provided free of charge on-site and during working hours
 - Checks includes blood pressure, blood sugar and cholesterol to aid in prevention and early treatment of non-communicable diseases
 - Follow-up recommendations for any health issues identified
 - Ensuring health data collected is kept confidential, while aggregated data will inform our planning of health promotion
- Referring workers to or providing information about access to health services offered by the Government or Gammon

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- Providing subsidised or discounted medical and dental plans through the company
- Organising health talks and campaigns addressing issues such as smoking cessation and alcohol consumption, including an incentive programme of smoking cessation
- Providing free flu vaccination annually to staff and workers
- Providing advice and updated information on disease outbreaks, epidemic or pandemic
- Conducting health and wellbeing promotional talks covering topics on disease prevention and healthy lifestyle guidance such as:
 - Heat stroke prevention
 - Disease prevention
 - Avoidance of musculoskeletal disorders
 - Stress management and mental health
 - Resilience exercise
 - Financial wellness

Workers for some specific roles, such as plant operators and drivers, are also required to undergo formal health checks, however the majority of health and wellbeing activities remain voluntary and are promoted through morning assemblies, Site Safety Committees, and promotional activities.

All Gammon staff, as well as their spouses and children up to the age of 23, have access to our

professional, independent and confidential employee assistance programme, CareLine. This 24-hour hotline service is staffed by professional counsellors who assist callers in managing stress and emotional disturbances related to work, family, social and other daily issues. CareLine offers services in English, Cantonese or Mandarin and includes face-to-face counselling and referral to clinical psychologists. Additionally, critical incident support and management are available to develop interventions that address emotional reactions and minimise negative consequences of involvement in, or exposure to, critical incidents.

Gammon strives to go beyond compliance and exceed local industry norms regarding worker facilities on site. We provide ventilated or cooled welfare areas, lockers, phone charging, toilets, showers, refrigerators, microwaves, ice machines, snacks, meals and drink vending machines, canteens (where feasible), and in most cases laundry services or machines and recreational facilities for workers on our projects. These efforts are encouraged and incentivised through our in-house Green and Caring Site Commitment Scheme, which motivates sites to lead by example and achieve our highest Green Flag status.

Worker participation, consultation and communication on occupational H&S GRI 403-4

Our leadership is attuned to risks and is committed to fostering a fair and just culture that empowers all stakeholders, including employees and workers, to actively participate in delivering the HSEQ Policy. This approach promotes a mindset and culture focused on the implementation and continuous improvement of health, safety, environmental and quality performance. To enhance workplace safety standards, the full cooperation and commitment of workers and foremen are essential. It is vital they are given the opportunity to participate in the implementation and monitoring of safety arrangements at their place of work.

The creation of Site Safety Committees (SSC), which include representatives from employees, contractors and subcontractors, plays a crucial role in strengthening worker involvement and commitment. These committees ensure that proposed safety measures are practical and effective. Gammon establishes a SSC in each project and convenes regular meetings – typically once per month – to drive improvements in occupational health and safety and address concerns raised. We mandate the attendance of all subcontractors' representatives at these monthly SSC, ensuring that 100% of workers are formally represented through joint managementworker H&S committees. We actively engage all workers through periodic safety engagement events held on sites. These events serve as a platform to review and discuss issues, incidents, risks and preventive measures with workers. Subcontractors are also invited to Gammon's Safety Conference and stakeholder engagement exercises. Additionally, regular toolbox talks and prework field control briefings are delivered by frontline supervisors and engineers to reinforce safe working practices. To ensure accessibility, pictorial method statements are used to visually demonstrate safe task execution and are discussed directly with workers at their actual work locations. Gammon prioritises maintaining close communication between site management teams and subcontractors' managers and supervisors. Various initiatives, such as awards and incentive programmes, are implemented to encourage safe working practices and eliminate risks.

Prevention and mitigation of occupational H&S impacts directly linked by business relationships

GRI 403-7

The prevention of occupational H&S impacts begins at the vendor assessment stage. All suppliers and subcontractors are required to declare their broad practices on safety management and adherence to Gammon's Code of Conduct as part of the process. For major new vendors, a desktop vetting procedure may be conducted to review their history for any past violations or H&S concerns. Where feasible, onsite inspections of factory facilities and working conditions are carried out by Gammon staff for selected suppliers.

During production processes, Gammon's quality control team is present at the supplier's premises to address any H&S concerns and identify opportunities to mitigate risks. Commercial terms may be utilised where necessary to drive improvement of performance by our suppliers. In cases where Gammon has established a strategic relationship with a factory operated by a supplier – where production is planned and supervised by Gammon – our team ensures active oversight of occupational H&S, working closely with the factory management to proactively prevent and mitigate H&S impacts.

Gammon

Talent attraction, development and retention

Our approach

GRI 3-3

Under the topic of People, 'staff attraction, retention and employment' and 'development of our people' were identified in our stakeholder engagement exercise as being material issues for the sustainability of our business. How we responsibly manage and support our people also affects our ability to influence the industry, engage with our supply chain, and make a positive impact on industry-wide issues such as the labour shortage. Here, we outline our management approaches to these essential issues that are critical to the long-term success of the business.



Staff attraction, retention and employment GRI 401-2

We attract talent by being a reputable organisation, with exciting projects, and robust staff welfare and promising development opportunities. Gammon provides employment conditions that meet or exceed the legislative requirements and accepted conventions, ensuring we do not employ forced labour or restrict free movement of our employees. We strictly prohibit discrimination and harassment, and provide equal opportunities with recruitment and career progression based on objective criteria, individual performance and merit. As detailed in the Zero Harm section, we uphold the rights of employees and subcontractors to a safe and healthy workplace.

To attract, motivate and retain talent, we ensure that our remuneration packages, pay levels and fringe benefits are competitive with the industry market for skilled employees. For new hires, we offer competitive packages that reflect their academic and professional qualifications, relevant experience, job scope and responsibilities, and the grades for which they are appointed. Depending on the specific terms and conditions of employment, we provide a range of benefits including public holidays, annual leave, sick leave, maternity leave, paternity leave, jury service leave, study leave, marriage leave, compassionate leave, medical benefits, optional dental scheme, group life insurance, accident insurance, retirement scheme, reimbursement of professional bodies membership fee, and long service awards.

From 2023 onwards, all monthly-paid staff (excluding those based on Singapore) benefit from a five-day work week. The normal retirement age is set at 60. In some cases, Gammon may offer post-retirement employment to individuals who possess specialised knowledge and skills and demonstrate capability and desire to continue contributing to the company.

Our employment practices and procedures are governed by our BMS and are subjected to regular review as part of our BMS review process. Policies are clearly outlined in employee handbooks tailored to different jurisdictions and are accessible to both workers and staff. Details of employee hires and turnover by age group, gender and region are provided in Appendix A.

Training and education

Gammon prioritises the growth and development of our talent by building robust programmes tailored to the diverse needs of employees across various career stages. Our training progammes cover both technical and soft skills training, for example, Leader as Coach training, public speaking workshops, Inclusive Leadership Workshops and Industry Experts' Series.

Our ongoing Scheme Training Programme for graduate engineers is designed to equip participants with the skills and experiences needed to tackle professional challenges, supporting their growth into professional engineers or quantity surveyors. This programme combines structured on-the-job training and practical experiences, including site visits, induction sessions and engagement activities to help broaden their professional networks.

Every year, we organise a team of young engineers to participate in the Tsinghua Innovation Competition, where they share knowledge and experiences with professors and university students at Tsinghua University. This unique opportunity allows participants to deepen their understanding of the construction industry in China through summer school study and site visits. To stay ahead in the ever-evolving construction industry, BIM technology remains integral to our operations. Gammon secured accreditation for the Professional BIM Coordinator Certificate Course and Professional BIM Manager Certificate Course. Additionally, we organise an internal Project Management Programme annually to support leadership development within the company. Participants are able to advance their career by participating in a series of courses and networking activities.

Skilling workers

Gammon has implemented a three-pronged strategy to address labour shortage challenges in Hong Kong and at our steelwork fabrication plant, Pristine: selfperforming, upskilling / multiskilling, and new blood training. Maintaining a stable workforce ensures we have the necessary skilled manpower to take on new projects. By embracing multiskilling, we cultivate a more productive and agile workforce equipped to handle the diverse range of tasks required by our projects. This approach not only mitigates the risks associated with labour shortages in critical skill areas but also empowers workers by equipping them with a broader skill set. These skills enhance employability and support workers in building life-long careers in the industry.

To support workforce development, we work closely with Hong Kong CIC to deliver formal training programmes. We provide training opportunities to both our own employees and subcontractor workers, supporting the talent development of the construction industry in Hong Kong.

Development and support GRI 404-2

Gammon actively supports staff in their pursuit of technical and professional qualifications. Engineering and guantity surveying employees are encouraged to pursue professional memberships with the Institution of Civil Engineers, the Hong Kong Institution of Engineers, the Royal Institution of Chartered Surveyors, and the Hong Kong Institute of Surveyors. Fresh graduates are invited to enroll in the approved training schemes provided by Gammon, which prepare them for professional examinations to become gualified engineers or guantity surveyors. These programmes feature structured on-thejob training, site visits, induction programme and engagement activities to broaden their professional network. Gammon's comprehensive training programme has been recognised as one of the primary reasons new graduates choose the company - and the construction industryvas a career path.

Experienced employees may apply for professional membership via the 'mature' routes. Fresh graduates enrolling in approved training schemes may be required to sign an undertaking with Gammon upon enrolment. This undertaking reflects their commitment to satisfactorily completing the training programme, with Gammon providing financial support for required fees. Completion of the institutional requirements is closely linked to career progression within the company, ensuring alignment of professional growth.

Gammon also supports employees in obtaining professional qualifications across constructionrelated and support disciplines, such as procurement, finance, safety, occupational health, quality, legal, people and culture and environmental management. For example, environmental staff are encouraged through financial support to qualify as members of organisations such as the Chartered Institution of Water and Environmental Management, the Hong Kong Institute of Qualified Environmental Professionals and other relevant professional bodies. Performance and career development reviews are conducted annually for all employees, with data relating to these reviews is detailed in Appendix A.

Craft Apprentices (CAs) and Technician Apprentices (TAs) are provided with financial support to cover their education costs while working for Gammon. They attend relevant courses during part-time day release or evenings. Gammon monitors their performance at work and academic achievements, with promotions within the company contingent on satisfactory performance and job requirements. Upon completion of their apprenticeships, CAs are transferred to monthly or daily paid roles such as mechanics, electricians and levellers, and TAs are promoted to permanent positions as construction supervisors or technicians.

Caring for the health and wellbeing of employees is also an essential part of staff development and retention, as discussed in the earlier sections on Zero Harm. Gammon also supports social and recreational activities through the Gammon Staff Recreation Club, and hosts an active Young Professionals Group which provides opportunities for additional knowledgebased and social activities. Our Diversity, Equity and Inclusion (DEI) Council is committed to fostering the development of employee-led networks or resource groups, including Women in Gammon and Allies Network (WinG) and Multicultural Affinity Group (MAG), to promote inclusivity and belonging across the workforce.



Remuneration policy GRI 2-19, 2-20

The Remuneration Committee (RemCom) consists of representatives from Gammon's shareholders, the Chief Executive and the Executive Director of People and Culture of Gammon. The committee convenes regularly to review and approve remuneration policies for Gammon employees, as well as other matters related to remuneration.

Fixed pay and variable pay

Gammon provides both fixed pay and variable pay to the Board and monthly-paid employees. Directors' variable pay is structured as short-term incentives, while Executive Directors are eligible for both shortterm and long-term incentives. Short-term incentives are linked to financial, safety and personal targets which may include objectives related to sustainability, business optimisation, diversity and inclusion, talent development and succession planning. Long-term incentives are linked to sustained financial return and growth. The target-setting principles for both short and long-term incentives are required to be approved by the RemCom. Termination payments (if of a discretionary nature) will be subject to approval of our shareholders.

Retirement benefits

All employees are enrolled in either Gammon Group Staff Retirement Plan or a Mandatory Provident Fund Scheme, as specified in their employment contracts. Contributions are deducted monthly from their payroll. Different retirement arrangements are provided based on business locations, subject to local legal requirements and eligibility criteria.

Diversity, equity and inclusion GRI 3-3, 405

As stated in our Code of Conduct, discrimination against any job applicant or employee on the grounds of colour, race, religion, age, nationality, sex, marital or family status, ethnic affiliation, pregnancy, sexual orientation, disability or other reason is prohibited. The Company, however, wishes to go beyond these fundamentals and be an employer that is recognised for its strong culture of fairness, inclusion and respect. We believe actively promoting DEI and ensuring equal opportunity is important for a forward-looking business that wishes to retain, support and nurture its talent, whoever they may be. DEI has therefore been included as one of the action areas in our sustainability strategy and has seen a growing level of focus in recent years. The value of diversity and the importance of equity and inclusion were also recognised in our stakeholder engagement exercise as being material issues for Gammon.

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All employees are encouraged to complete our internal e-learning, D&I eLearning, and Cultural Awareness eLearning. These programmes include an introduction to unconscious bias and the behaviours we want to encourage at Gammon. They aim to enhance staff understanding and awareness of the diverse ethnicities, religions and cultures from various nations employed within the business.

Each DEI Council member works towards their own individual target, such as celebrating a minority group's festive day, obtaining funding for DEI events, mentoring female colleagues, giving talks to highschool girls, adopting trials for flexible working and many more. Most importantly, the Council considered the move towards a five-day work week as a way to create a more inclusive work environment, particularly benefitting those who are primary carers for children or elderly family members. WinG and MAG continue to hold one event each quarter in efforts to raise awareness of gender and racial equality. A women's-fit uniform was developed with our supplier and has started to be released on sites.

To raise the awareness of an inclusive workplace, from 2024 we conducted five Inclusive Leadership Workshops for our leadership team and site staff, with around 150 participants enhancing their understanding. Our Intersectionality: When DEI Meets Technology/Al event addressed how identities intersect with disruptive technology, promoting inclusivity in construction, with over 140 participants.

As a Commit partner of The Women's Foundation, we engaged in the Male Allies Programme and are developing an internal programme to elevate DEI awareness. At the Girls Go Tech event, we inspired young girls in STEM careers, while the Inspiring Girls Career Fair empowered 500 secondary school girls to explore engineering, guided by female engineer ambassadors.

Anti-discrimination

Gammon is committed to being an equal opportunities employer, with its Code of Conduct providing explicit rules against discrimination. Discrimination against any job applicant or employee based on colour, race, religion, age, nationality, sex, marital or family status, ethnic affiliation, pregnancy, sexual orientation, disability or other reasons is strictly prohibited. In specific cases, however, the safety regulations relating to certain positions within the construction industry may take precedence.

Recruitment, job transfers and progression, remuneration, training and the awarding of discretionary bonuses (where applicable) are determined solely on objective criteria, fair and unprejudiced judgement, personal performance and merit. Gammon has established clear guidelines covering recruitment, equal opportunities, training, maternity and paternity leave and standard terms and conditions for application within each region. We are also a signatory of the Racial Diversity and Inclusion Charter for Employers by the Hong Kong Equal Opportunities Commission.

Employees can report any discrimination cases through Gammon's reporting channels, including a whistleblowing system called Speak Out, which is managed by an independent third-party service provider. Notably, there were no reported established cases of discrimination during the reporting period.

United Nations Sustainable Development Goals

We are committed to contributing to the United Nations Sustainable Development Goals (SDGs) to address pressing global challenges. In alignment with our sustainability objectives and targets, we have selected the following 13 SDGs where we believe we can make a significant impact through our initiatives:





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We value and encourage dialogue on our sustainability initiatives. Feedback provides insight that helps us to better communicate what is important and of interest to our stakeholders. We encourage questions or comments by contacting: sustainability@gammonconstruction.com

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