



GME Group Holdings Limited

駿傑集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8188)

2021

**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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1 ABOUT THIS REPORT

1.1 Business Review

GME Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**GME**”) is an established subcontractor engaged in civil engineering works operating solely in Hong Kong. The Group is principally engaged in the provision of underground construction services and mainly serves main contractors in public sector infrastructure projects. The Group offers (i) tunnel construction services (including excavation, shotcreting, shutter design and fabrication, tunnel lining services, advanced and structural works); and (ii) utility construction (mainly construction and refurbishment of underground public utility works such as road and drainage works) and others (mainly structural works related to tunnel construction and construction of service buildings and support structure for the public). For the year ended 31 December 2021 (the “**Reporting Period**”), the Group was mainly involved in structural works for underground construction.

The Group’s revenue increased from approximately HK\$134,572,000 for the year ended 31 December 2020 to approximately HK\$443,548,000 for the year ended 31 December 2021, representing an increase of approximately HK\$308,976,000 or 229.6%. The Group’s profit and total comprehensive income attributable to the owners of the Company (the “**Net Profit**”) for the year ended 31 December 2021 was approximately HK\$10,451,000 (2020: approximately HK\$1,008,000, representing an increase of approximately HK\$9,443,000). Such significant increase in revenue and Net Profit were mainly attributable to the gearing up of construction works at Tseung Kwan O-Lam Tin Tunnel during the Reporting Period.

Please refer to GME’s website at <http://www.gmehk.com> for more information about the business of the Group.

1.2 Corporate Strategy, Business Model and Culture

The purpose of the Group is to provide high-value construction services to the public and its customers. To this end, the Group has committed to developing further its reputation as a quality provider of integrated tunnel construction services, and enhancing the efficiency of the Group’s operations to serve the public and its customers.

The core values of the Group can be summarised as Quality, Safety, and Integrity.

Based on the Group’s purpose and the core values, the Group has established the strategic directions as follows:

1. To strengthen the business relationship with the Group’s customers;
2. To provide responsible and sustainable leadership for the Group’s services;
3. To maintain the revenue growth of the Group’s services;
4. To maintain the cost effective measures for the Group’s services;
5. To cultivate the workforce capability to serve the Group’s customers;
6. To develop the Group’s reputation as a quality service provider;
7. To continuously provide a safe work environment for both its employees as well as the public; and
8. To remain at all times ethical in providing its engineering services.

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During the Reporting Period, the Group received additional variation orders from a main contractor to construct the Tseung Kwan O-Lam Tin Tunnel to meet the expected construction deadline in 2022, which resulted in a significant increase in revenue.

The Group received a Bronze Model Subcontractor Award from the 27th Considerate Contractors Site Award Scheme organised by the Development Bureau of the Government of the Hong Kong Special Administrative Region and Construction Industry Council in August 2021. This is a significant milestone for the Group to develop a reputation as a quality service provider to its customers for public works.

The board of directors of the Company (the “**Board**”) is committed to making decisions objectively in the best interests of the shareholders of the Company (the “**Shareholders**”) and stakeholders. Therefore, the Directors will continue to apply such strategic directions into its works and services.

1.3 Reporting Boundary

The Environmental, Social and Governance (“**ESG**”) report of the Group for the year ended 31 December 2021 (the “**ESG Report**”) focuses on the Group’s environmental and social related policies, initiatives and performances arising from its business and operation in the provision of underground construction services in Hong Kong by its indirect wholly-owned subsidiary of the Company, Good Mind Engineering Limited (“**GMEHK**”), which accounted for all the revenue of the Group during the Reporting Period.

1.4 ESG Governance

The Board is responsible for overseeing ESG matters relating to the Group, assessing the potential impacts of ESG issues and managing material ESG issues as part of the risk assessment and internal controls of the Group. The management and the employees of the Group who are responsible for the Group’s key business operations have formed an ESG working group (the “**ESG Working Group**”) to manage and monitor the ESG issues, formulate the Groups’ ESG strategies, set ESG-related goals and targets and prepare this ESG Report.

The Group’s ESG management approach and strategy are summarised as follows:

- Step 1: Identify and evaluate relevant material ESG issues through engagements with stakeholders
- Step 2: Prioritise relevant material ESG issues through materiality assessment
- Step 3: Manage and monitor the material ESG issues, and set ESG-related goals and targets
- Step 4: Respond to stakeholders’ feedback

The ESG Working Group reports the assessment results of the ESG issues and the progress of the ESG-related goals and targets to the Board. Then, the Board makes recommendation to the ESG Working Group in relation to the general direction of the Group’s ESG strategy and ensures the Group has implemented an effective ESG monitoring system in respect of the Group’s ESG strategy. Please refer to the section below for the ESG strategy.

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1.5 Reporting Framework and Principles

This ESG Report is prepared in accordance with Appendix 20 — Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Company’s corporate governance practices are based on the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules. Information regarding corporate governance of the Group is addressed in the annual report of the Group for the year ended 31 December 2021 dated 23 March 2022 (the “**Annual Report**”).

The reporting principles of materiality, quantitative, balance, and consistency have been strictly applied in determining and compiling the content of this ESG Report.

Materiality The Group conducted regular management meetings and engagements with stakeholders to conclude materiality assessment process for ESG issues, which involves a four-step approach as aforementioned in the ESG governance.

Please refer to the sections below for the details of stakeholders engagement and materiality assessment.

Quantitative For the key performance indicators (“**KPI**”) of the environmental section in this ESG Report, quantitative indicators of energy emissions/energy consumption are reported with the relevant standards, definitions, methodologies and calculation methods to provide clear explanations of the Group’s environmental performance and ensure they are numerically comparable over the years. This ESG Report also discloses the ESG targets based on the ESG strategy, which is mentioned the section below.

Balance The Group reports the ESG information in an unbiased manner with an objective of revealing the potential risks and opportunities associated with each ESG topics in order to maintain credibility of this ESG Report.

Consistency The Group ensures consistency of the reporting standards, data collection and calculation methods adopted and provides figures of previous years of KPI under this reporting framework to allow meaningful comparison.

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1.6 Stakeholders Engagement

The Group recognises the importance of effective communication with stakeholders in order to achieve long term sustainable development. Therefore, the Group regularly communicates with its key stakeholders, including but not limited to employees, shareholders/investors, customers (including main contractors), suppliers, statutory bodies and the community, through various communication channels and proactively responds to their opinions.

The Group’s major communication channels with its key stakeholders, as those who have a significant impact on its business, or which experience significant impacts from its operations, are summarised as follows:

Key stakeholders	Major communication channels
Employees	Performance appraisals Regular departmental meetings ESG survey
Shareholders/investors	Company’s website Annual general meeting Financial reports Announcements and circulars ESG survey
Customers (including main contractors)	Tender meetings Customers satisfaction surveys Progress meetings ESG survey
Suppliers	Suppliers assessments Site inspections ESG survey
Statutory bodies	Announcements and circulars Written correspondences
Community	ESG report Charity events

The Group welcomes stakeholders to raise any questions regarding any ESG issues, which will assist the Group in assessing various ESG aspects and defining its business sustainability approach. The Group’s ESG approach and performance rely on the valuable feedback from its stakeholders. Written comments or enquiries about ESG may be sent to the Company through the company secretary of the Company (“**Company Secretary**”) whose contact details are as follows:

Address: Room 1001–2, 10/F, 148 Electric Road, Hong Kong
 Fax: +852 3105 1881
 E-mail: companysecretary@gmehk.com

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1.7 Materiality Assessment

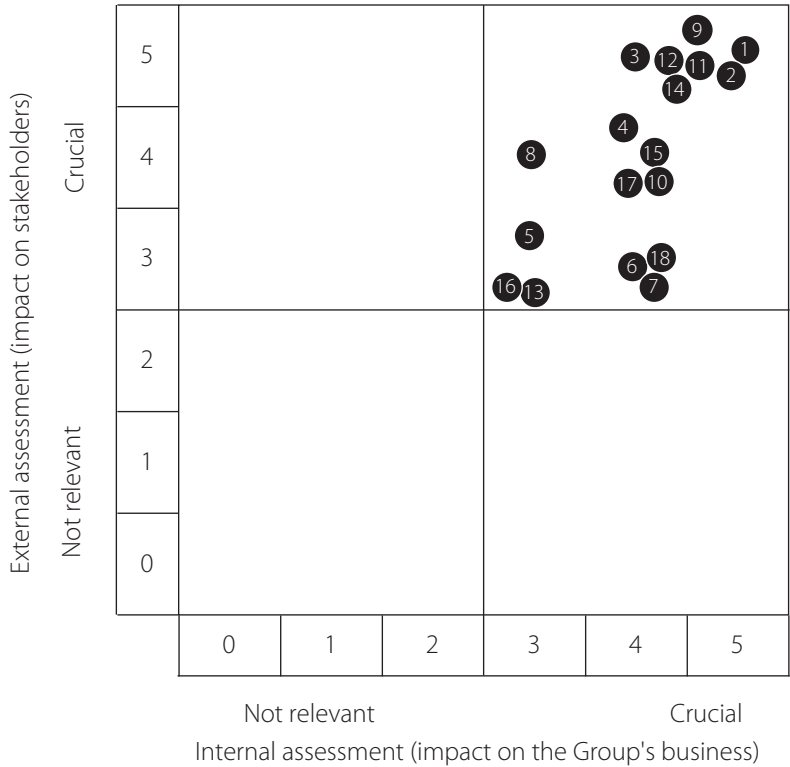
Through the engagement of different stakeholders' activities via the communication channels mentioned above, the ESG Working Group has conducted materiality assessment of various ESG aspects by using the materiality matrix, identified material ESG issues and considered their impacts on the stakeholders and their importance and relevance to the Group's operations.

During the Reporting Period, the Group has identified the following material ESG issues:

ESG aspects	Material ESG issues	Materiality matrix label
A. Environment		
A1. Emissions	A1.1 Air Pollutant and Greenhouse Gas Emissions	1
	A1.2 Dust Emissions	2
	A1.3 Waste Management	3
	A1.4 Noise Abatement	4
	A1.5 Wastewater Management	5
A2. Use of Resources	A2.1 Energy Efficiency Initiative	6
	A2.2 Waste Reduction Initiative	7
A3. The Environment and Natural Resources	A3.1 Construction Impact Control	8
A4. Climate Change	A4.1 Climate Risk Management	9
B. Social		
B1. Employment	B1.1 Employment Practices	10
B2. Health and Safety	B2.1 Employee Protection	11
B3. Development and Training	B3.1 Vocational Training and Career Development	12
B4. Labour Standards	B4.1 Proscription of Child and Forced Labour	13
B5. Supply Chain Management	B5.1 Supplier Selection	14
B6. Product Responsibility	B6.1 Quality Management	15
	B6.2 Customer Data Protection	16
B7. Anti-corruption	B7.1 Corporate Integrity	17
B8. Community Investment	B8.1 Community Contribution	18

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The diagram below is the materiality matrix of the Group (the “**Materiality Matrix**”), which serves to identify and prioritise the material ESG issues covered in this ESG Report. During the Reporting Period, the ESG Working Group performed an internal assessment to evaluate the relationship between the identified material ESG issues and the enterprise risks of the Group. The assessment results of the material ESG issues are then positioned along the Materiality Matrix’s horizontal axis from left to right, reflecting their level of crucial impact on the Group’s business. The ESG Working Group then integrated the ESG survey outcome conducted with the stakeholders of the Group to determine the importance of each material ESG issue, which is plotted vertically on the Materiality Matrix based on the impact on stakeholders’ interests. The material ESG issues of the Group at the top right-hand quadrant are identified as critical and have greater impact on the business and the stakeholders of the Group.



Based on the results of the materiality assessment, GME and its stakeholders are mostly concerned about (i) the emissions management in relation to air pollutant and greenhouse gas emissions, dust emissions, waste management and climate change management; (ii) workplace health and safety in relation to the employee protection; (iii) supply chain management in relation to the supplier selection; and (iv) staff development and training. As a results, the ESG Working Group has set the ESG-related goals and targets based on ESG strategy, which are disclosed in the section below. The Group reviews material ESG issues regularly for continuous improvement in its sustainability performance.

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1.8 ESG Strategy

The ESG strategy of the Group is to provide responsible and sustainable leadership for its services. Therefore, the Group has established four ESG-goals as the guiding principles, which cover all of its operations.

1. *Protecting the environment*

GME is committed to controlling the total energy consumption, greenhouse gas emissions, and hazardous and non-hazardous waste emissions to balance the revenue growth and its negative environmental impacts on operations. Therefore, the Group has set a ESG target to reduce the energy intensity, greenhouse gas intensity, and hazardous and non-hazardous waste intensity by 15% in 2025 compared to 2020.

2. *Sustainable purchasing of construction materials*

GME is committed to procuring environmentally friendly materials. Timber is one of the main construction materials. To address the climate change issue and contribute to nature conservation, the Group has set a ESG target to procure FSC timbers for its construction in 2025.

3. *Cultivating the workforce capability*

GME emphasises workforce development to provide high-value construction services to the public and its customers. Therefore, GME targets to train more than 50% of employees.

4. *Continuous safe work environment*

GME realises the high risk of work safety in the construction industry. Therefore, safety is the first priority. Thus, the Group uses the lost time injuries frequency rate ("**LTIFR**") to measure its safety performance. It represents the number of lost time injuries during the financial year relative to the total number of hours worked in that year. GME sets the LTIFR target below 3.0.

The ESG-related goals and targets are summarised as follows:

	ESG aspects	Goals	Targets
1.	Environment	Protecting the environment	The energy intensity, greenhouse gas intensity, hazardous and non-hazardous wastes intensity will be reduced by 15% in 2025.
2.	Supply Chain Management	Sustainable purchasing of construction materials	All timber purchased by GMEHK should be with FSC certification by 2025.
3.	Development and Training	Cultivating the workforce capability	More than 50% of employees will be trained by 2025.
4.	Health and Safety	Continuous safe work environment	The LTIFR should be below 3.0 by 2025.

Please refer to the individual section of the ESG aspects below for the discussion of the actual performance of the ESG-related goals and targets during the Reporting Period.

1.9 Approval

This ESG Report was confirmed and approved by the Board on 30 May 2022.

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2 ENVIRONMENT CONSCIOUSNESS

2.1 Environmental Policy and Management System

GME is well aware of its environmental footprints and is dedicated to implementing relevant mitigation measures to improve its environmental performance. The Group is committed to reducing the environmental impact of its activities. In line with its environmental consciousness approach and its strategic direction to provide responsible and sustainable leadership for the Group's services, GME has set up the following environmental policies and management system relating to its construction activities:

- Operate in manners pursuant to local environmental laws, regulations and requirement
- Integrate pollution control, conservation of resources and waste reduction practices in all operations through rapid communications with main contractors
- Implement environmental-friendly workplace policies to engage employees in sustainable environment practices and raise their awareness in environmental protection
- Establish environmental objectives and review those objectives with targets to continuously improve GME's environmental-friendly workplace policies

The principles of the environmental-friendly workplace policies aimed at improving the Group's environmental consciousness for future sustainability and managing the Group's emissions and resources by applying the concept of 4Rs in the Group's operations, i.e. reduce, reuse, recycle and replace.

Prior to undertaking construction activities that are conducted under the guidance of method statements, GME had assessed the risks of the identified environmental impacts and programmed appropriate measures to limit and mitigate the influence accordingly. The environmental impacts vary according to the nature and the scope of work of the Group's construction activities. Therefore, the measures to limit and mitigate such impacts also vary with different projects. For these reasons, the KPI disclosed in this ESG report in relation to the ESG aspects represent the Group's overall performance based on the construction activities mix during the Reporting Period. The comparative figures of such KPI for the corresponding year in 2020 may have different construction activities mix. Please refer to the section headed "Business Review" above for details of the construction activities.

During the Reporting Period, the Group had complied with the applicable environmental laws and regulations related to air pollutant and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

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2.2 Emissions Management

Air Pollutant and Greenhouse Gas Emissions

The Group's main sources of air emissions are carbon dioxide and greenhouse gas generated by fuel-powered machinery and vehicles usage on operation sites, and electricity consumption in the office. The volume of air pollutant and greenhouse gas emissions vary according to the nature and the scope of construction activities. For these reasons, the Group carefully calculates the planned machinery hours usage before the commencement of construction activities. The Group uses approved or exempted Non-road Mobile Machinery (NRMMs) when necessary. Moreover, the workers are asked to avoid queuing of trucks and idling of machines on site to lower unnecessary emissions. At the same time, the technical staff of the Group works closely with the main contractors to monitor gaseous emissions.

Regarding the emissions associated, the Group has implemented mitigation measures, including but not limited to the application of low-emission equipment and ultra-low-sulfur diesel as fuel. This fuel in turn has allowed equipment to fulfil emissions standards. The Group also monitors the gaseous emissions regularly to ensure compliance with the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong).

Overview of Energy Consumption

Energy Consumption	2021 kWh	2020 kWh
Electricity	37,243	34,261
Diesel ⁽¹⁾	3,666,462	2,923,197
Petrol ⁽¹⁾	73,765	160,873
Total Energy Consumption	3,777,470	3,118,331

Note⁽¹⁾: The calculation method and emission factors used are referenced from《附件8、中國陸上交通運輸企業溫室氣體排放核算方法與報告指南(試行)》.

The increase in the total energy consumption by 659,139 kWh or approximately 21% was mainly due to the increase in the diesel consumption during the Reporting Period. Most of the diesel was used in the machineries for the Group's excavation and lateral support ("ELS") tunnel projects. Major ELS works commenced in 2020 and the construction progress was gearing up during the Reporting Period, which resulted in the higher consumption of diesel.

The decrease in petrol consumption was mainly due to the decrease in the travel mileage on the Group's owned motor vehicles during the Reporting Period. Mitigation measures were taken to minimise the environmental impact, including but not limited to (i) conducting regular and proper maintenance of the motor vehicles; (ii) switching off the motor vehicles when idling; and (iii) planning the route ahead of time so that the employees can travel to the construction site together to reduce the motor vehicle usage.

The increase in electricity consumption was mainly due to the increase in working hours of the office staff during the Reporting Period.

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Overview of Greenhouse Gas (“GHG”) and Other Air Pollutant Emissions ⁽²⁾

GHG and Other Air Pollutant Emissions⁽²⁾	2021 Tonne of CO₂ equivalent	2020 Tonne of CO₂ equivalent
Scope 1 Direct GHG Emission	983	814
Scope 2 Indirect GHG Emission	29	27
Total GHG Emissions	1,012	841
NO _x Emission	9.90	7.94
PM Emission	0.64	0.51

Note ⁽²⁾: The calculation method and emission factors used are referenced from EMEP/EEA air pollutant emission inventory guidebook 2016 (passenger cars, light commercial trucks, heavy duty vehicles including buses and motor cycles).

Scope 1 direct GHG emission represented the direct emission from the source owned or controlled by the Group, which included the construction machineries and motor vehicles. Scope 2 indirect GHG emission represented the indirect emission from the source resulted from the purchase of electricity consumed by the Group. Therefore, the increase in the total GHG emissions was mainly due to the increase in the consumption of the diesel as mentioned above, which was in line with the significant increase in revenue during the Reporting Period.

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Overview of Energy Intensity and GHG Intensity

Energy Intensity	Unit	2021	2020
Revenue	HK\$ million	444	135
Total Energy Consumption	kWh	3,777,470	3,118,331
Energy Intensity (Total Energy Consumption/Revenue)		8,508	23,099
GHG Intensity	Unit	2021	2020
Revenue	HK\$ million	444	135
Total GHG Emissions	Tonne	1,012	841
Energy Intensity (Total GHG Emissions/Revenue)		2.28	6.23

To protect the environment, the Group is committed to reducing the energy intensity and greenhouse gas intensity by 15% in 2025 compared to 2020. As a result, the energy intensity significantly decreased from 23,099 for the year ended 31 December 2020 to 8,508 for the year ended 31 December 2021, representing a decrease of 63%. At the same time, the GHG intensity significantly decreased from 6.23 for the year ended 31 December 2020 to 2.28 for the year ended 31 December 2021, representing a decrease of 63%. Generally speaking, the decrease in energy intensity and GHG intensity was due to the effective usage of the planned machinery hours usage for construction activities.

Dust Management

Dust and debris are identified as a major pollutant generated during the excavation process of constructions. Dust containment solutions including dust suppression by use of water, dust control curtains and application of low-dust equipment were therefore implemented to minimise the impact. In close collaboration with the main contractors, the Group has also conducted regular dust monitoring. In case of dust level exceeding the compliance limit, proper corrective measures will be taken to control it. Major excavation works for the Group's tunnel excavation projects had been performed in prior years. Therefore, dust and debris are regarded as non-major pollutants to the environment during the Reporting Period.

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Waste Management

During the Reporting Period, the Group's projects mainly focused on structural works for underground construction. Therefore, hazardous waste (mainly chemical waste) was not material to the Group's operation during the Reporting Period. In case there is any hazardous waste produced, the Group must engage a qualified chemical waste collector to handle such waste, which is in compliance with the relevant environmental regulations and rules.

The Group has identified two main categories of non-hazardous waste: construction and demolition waste and general refuse.

Construction and Demolition Waste

Construction wastes are categorised into inert and non-inert construction and demolition ("C&D") waste at the construction sites. Inert C&D waste is mainly generated from excavation which contains soil, concrete and debris. It is often reusable in the later stage of constructions. Non-inert C&D waste consists of metals, wood and general refuse. Recyclable non-inert C&D waste is reused when applicable while other non-recyclable materials are collected by waste handling company and sent to landfill.

Through close cooperation with the main contractors, GME has implemented its waste management policy in accordance with the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) to assist the Group to manage and record waste generated over the construction period effectively. The policy includes the following key principles:

- Quantify materials required and prevent over purchasing
- Store materials by type accordingly and avoid deterioration
- Reuse materials where possible to minimise waste

Office Refuse

The Group is committed to promoting waste reduction and recycling in the office. To effectively manage waste, the Group has designated an area for placing waste recycling facilities and engaged employees to support such initiative. Endorsed in the environmental-friendly workplace policies, the Group has disclosed and implemented the followings to reduce waste and promote recycling:

- Reuse single-side printed paper
- Put mis-printed or waste papers in the recycle paper box near the photocopier to encourage reuse
- Store surplus materials for future use
- Reuse stationery supplies such as envelope and document folders
- Assign an area and place recycling bins to collect recyclable wastes

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Overview of Waste Generation

Non-hazardous Waste	2021 Tonne	2020 Tonne
C&D Waste	3	75
General Refuse	2	73
Total Non-hazardous Waste	5	148

The significant decrease in C&D waste was mainly due to the significant decrease in soil excavated from the Group's operation for landfilling during the Reporting Period. The soil excavated from the tunnel construction projects was temporarily stored at the construction site for future backfill.

Waste generated on site and from office is systematically collected with appropriate segregation and sorting on site prior to disposal, in accordance with local regulatory requirements. All practicable steps are taken to minimise general refuse and waste.

Major excavation works for the Group's tunnel excavation projects had been performed in prior years. Therefore, total non-hazardous waste was decreased significantly during the Reporting Period.

Overview of Waste Generation Intensity

Non-hazardous Waste Intensity	Unit	2021	2020
Revenue	HK\$ million	444	135
Total Non-hazardous Waste	Tonnes	5	148
Non-hazardous Waste Intensity (Total Non-hazardous Waste/Revenue)		0.01	1.10

To protect the environment, the Group is committed to reducing the hazardous and non-hazardous waste intensity by 15% in 2025 compared to 2020. Accordingly, the hazardous and non-hazardous waste intensity was immaterial to the Group's operation during the Reporting Period.

The Group is dedicated to continuously looking into possibilities of enhancing waste management practices. During the Reporting Period, waste has been managed in accordance with relevant laws and regulations.

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Noise Abatement

With close cooperation with the main contractors, the Group had ensured that the construction sites were installed with noise barriers and had monitored the noise levels to ensure they did not exceed the compliance level stipulated in the Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) and distract the surroundings. Furthermore, construction workers were guided to take appropriate and proactive measures such as avoiding machine idling during high noise level activities to minimise the impact of noise pollutions, especially in noise-sensitive areas.

Wastewater Management

The wastewater generated mainly comes from tunnel excavation, shotcreting and dust suppression activities. These wastewater discharges often contain mixed pollutants such as suspended solids and chemical components. GME understands the importance of managing wastewater discharge to prevent contamination of the nearby water bodies. The Group tends to minimise the water consumption whenever possible. During the Reporting Period, the Group was mainly involved in the structural works for underground construction. Therefore, wastewater was not material to the Group's operation. For this reason, the Group has not set any target for water efficiency. Wastewater generated is collected and treated in strict compliance with the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong).

Climate Change

The Group is committed to providing information, training, and resources to preserve natural resources due to the increasing awareness of the impact of climate change. Therefore, the Group has discussed the climate change policy to reduce the energy intensity and greenhouse gas intensity to control the emissions. Details of the discussion are summarised as follows:

1. Emissions Management

The rising temperature may increase the operating costs for the energy consumption for maintaining the cooling system on the construction site and/or decrease the number of working days for the construction. Therefore, the Group is committed to implementing and maintaining a high standard of emissions management to protect the environment. For this reason, the Group has set the targets to reduce the energy intensity and greenhouse gas intensity as aforementioned to control the emissions. In addition, the Group continues to provide workers training to prevent heatstroke, resting kiosks, and other facilities for workers to cope with the challenge of construction works during the hot weather in Hong Kong.

2. Sustainable Procurement

Extreme weather conditions (such as heavy rain and typhoons) will disrupt the logistic arrangement of the Group, which will prolong the construction progress and increase additional overhead costs. To address this climate change issue, the Group will procure sustainable materials (such as FSC timbers), if possible, to contribute to nature conservation.

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2.3 Effective Resources Management

Energy Usage

Reduction of energy usage is a major part of the Group's environmental management approach. The Group strives to comply with all energy requirements while implementing proactive measures to save energy generated from fuels and electricity. GME has adopted energy efficient machinery which lowers the emissions and energy usage comparing to normal machinery having the same output. Maintenance was carried out frequently to optimise machinery performance and fuel usage efficiency.

The Group has gradually installed environmental-friendly LED lighting fixtures in the office. In addition, the following measures have been adopted as required under GME's environmental-friendly workplace policies:

- Switch off electrical appliances when they are not in use
- Maintain the temperature of the air conditioner at 25 degrees Celsius
- Purchase electrical appliances with Grade 1 or 2 energy label
- Use energy-saving fluorescence or LED lighting fixtures

Please refer to the aforesaid sub-section headed "Air Pollutant and Greenhouse Gas Emissions" for the discussion of the Group's energy use efficiency target and steps taken to achieve this set target.

Water Consumption

During the Reporting Period, the Group's projects mainly focused on structural works for underground construction and water was provided by the main contractors for floor cooling and washing purposes. Therefore, water consumption is not material to the Group's operations. In addition, the majority of the water supply facilities are provided and managed by main contractors. Therefore, the procurement of suitable water sources is not material to the Group. Therefore, the Group has not set any water efficiency ESG targets.

In relation to utilising water resources, GME has implemented best practices for water usage in its operations. As for eliminating unnecessary use of fresh water, wastewater is treated and recycled on sites in accordance with the instructions from the main contractors, and sprayed and used for concrete cooling and equipment washing.

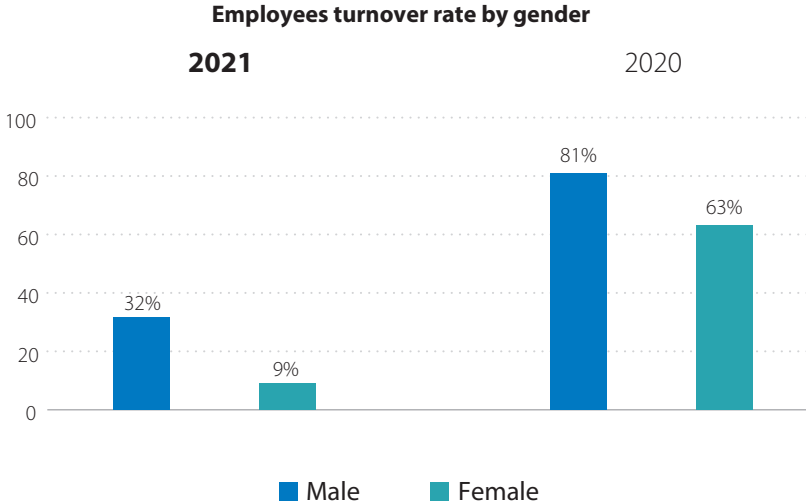
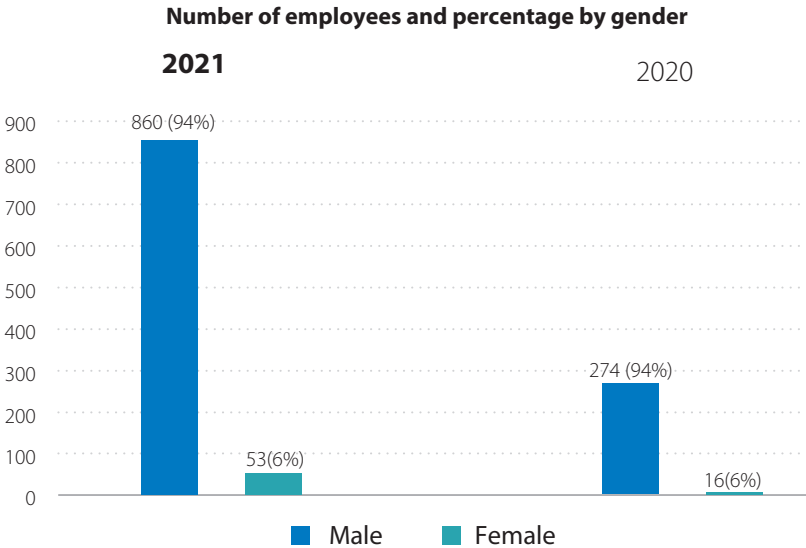
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3 SOCIAL PERFORMANCE

3.1 Employment and Talent Development

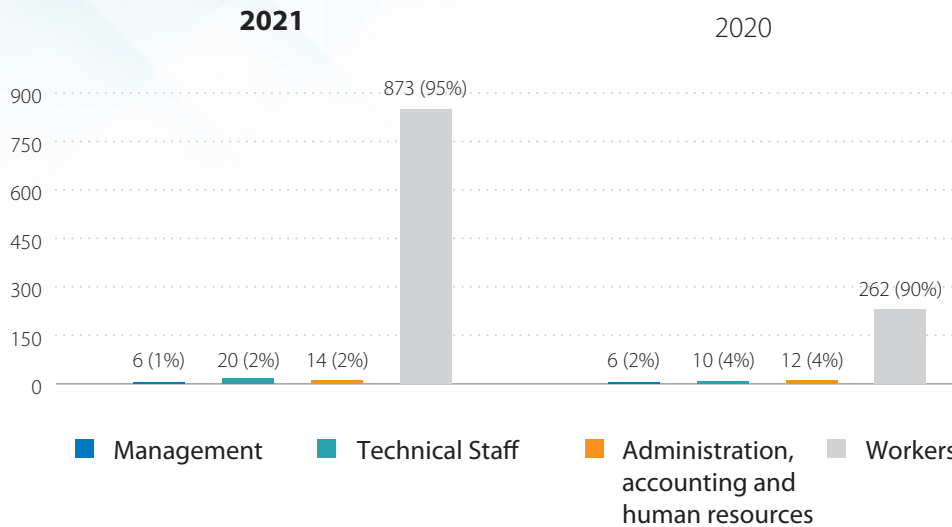
The Group believes business can be sustained with a supportive and dynamic team and thus, places great emphasis on workforce development in order to pool suitable talents together and take its success to the next level. This aligns with the Group’s strategic direction to cultivate the workforce’s capability to serve the customers. Therefore, the Group is committed to maintaining a diverse workforce in terms of age, gender, family status, nationality and race. Starting with recruitment and promotion policies to conducting appraisals, GME has continued to develop talents and bring out their full potential through strategic job assignment that recognises their strengths and talents.

Overview of the employment profile by gender and professional profile

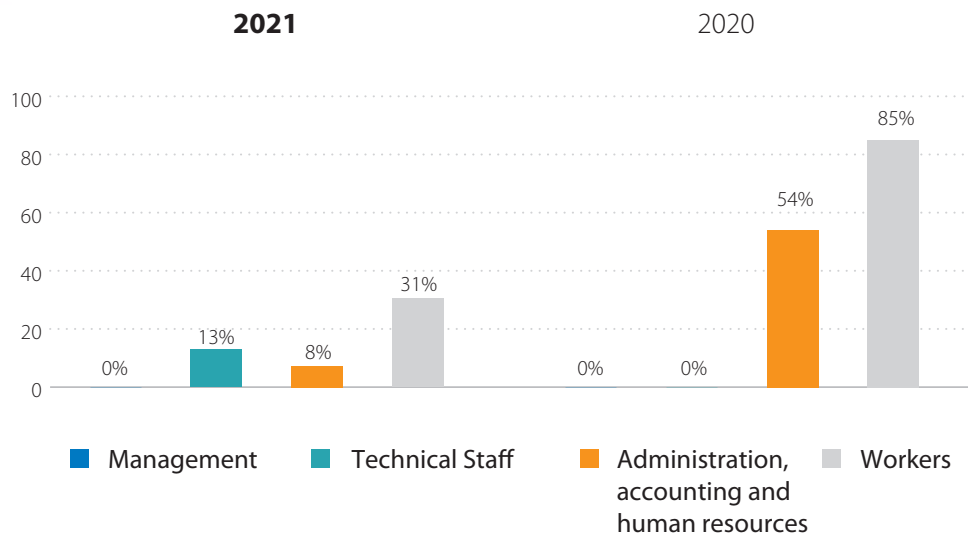


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Number of employees and percentage by professional profile



Employees turnover rate by professional profile

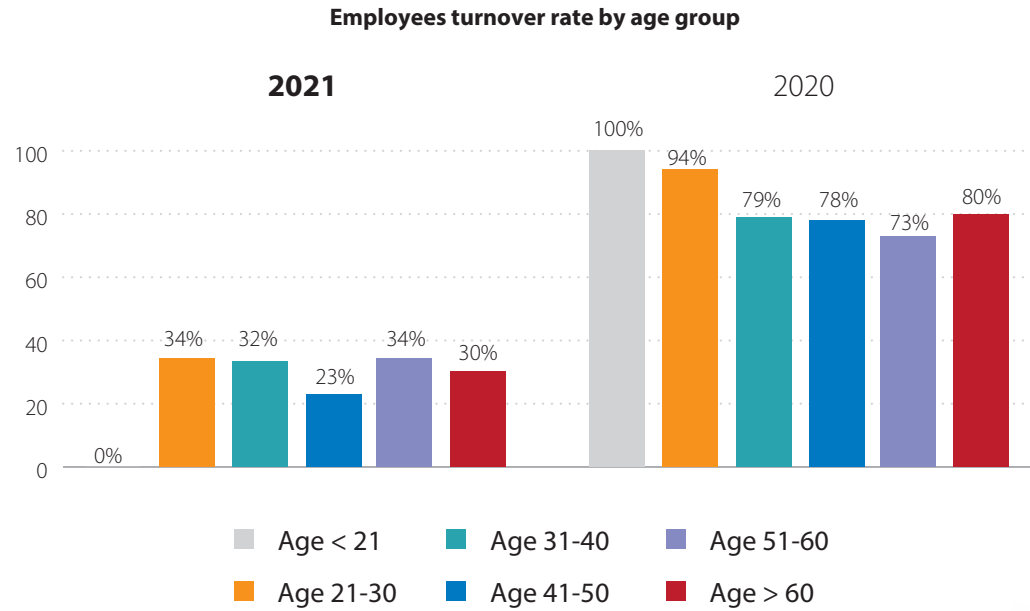
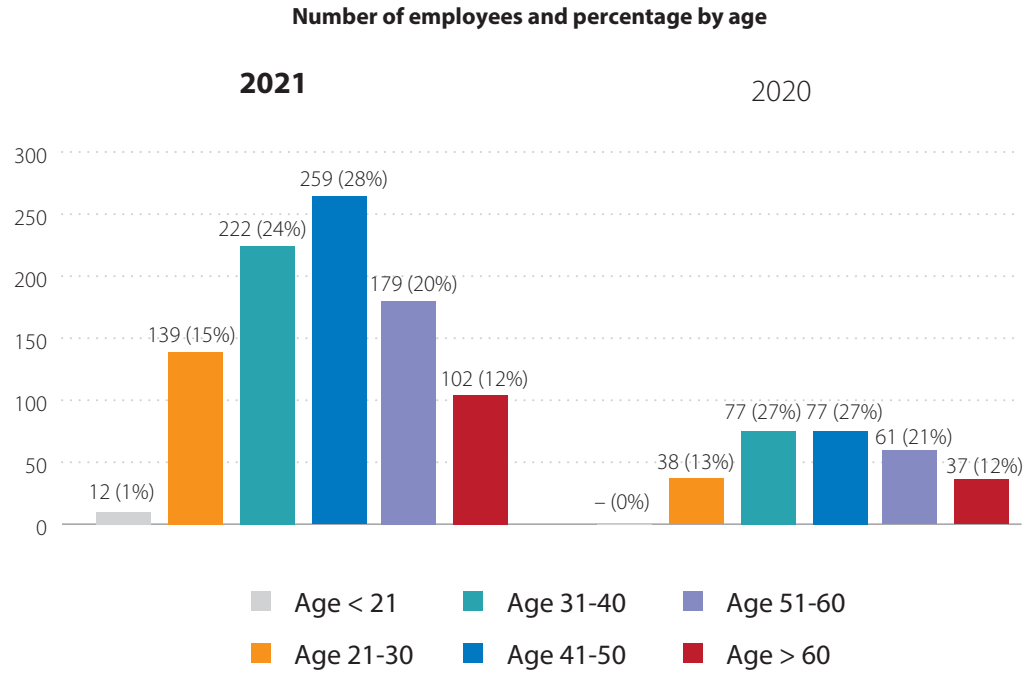


The Board discussed with the ESG Working Group on the importance of gender diversity across the workforce of the Group. In general, the male workforce dominates the construction industry due to the heavy work nature. However, the Group welcomes all female talents to join the Group to work together to provide high-value construction services to the public.

Since 2020, the Group engaged more subcontractors and employed more skilled workers for structural works projects, which significantly increased the number of workers. This was due to the gearing up of the construction works at Tseung Kwan O-Lam Tin Tunnel. Therefore, the employment turnover rate of workers had decreased during the Reporting Period. The high turnover rate of technical staff was due to the natural wastage during the Reporting Period.

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Overview of the employment profile by age group



In general, aging workforce is common in construction industry. The Group welcomes employees from different age group to join. During the Reporting Period, the Group recruited more youngsters to join the Group and provided on-the-job trainings.

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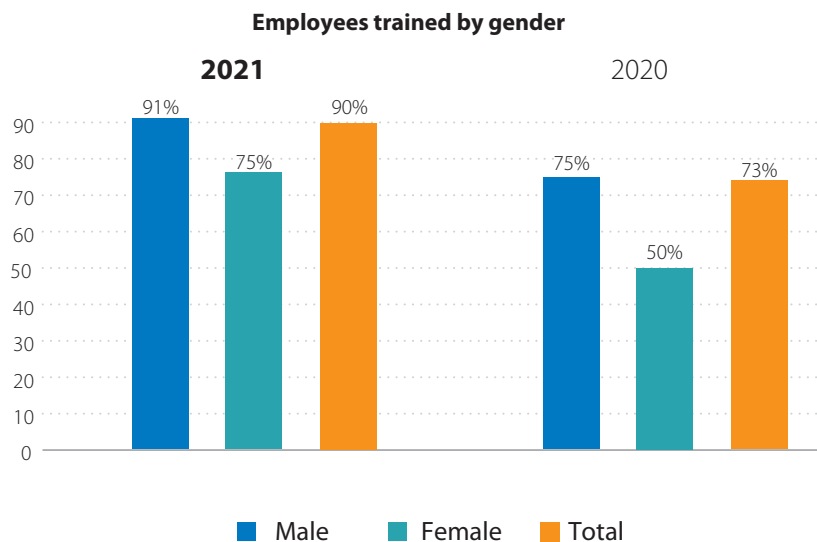
Employment Practices

GME is devoted to create a harmonious working environment where the staff feels comfortable to adapt to and strive at. All candidates and employees were solely assessed based on their capabilities and qualifications. GME’s Employment Handbook has clearly defined the policies to handle the employment-related issues, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The human resources department of the Group is responsible for maintaining the fairness of the recruitment procedures including the avoidance of discrimination in all practices. In accordance with applicable local laws, all staff were also offered with reasonable remuneration packages according to their experiences and performances. Reasonable working hours and annual leaves were provided to staff to encourage a work-life balance. Dismissal of an employee’s contract shall be enforced in line with the Employee Handbook of the Group, which is in accordance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

Vocational Training and Career Development

The Group considers staff as the Group’s foundation to sustain future development. For this instance, GME encourages staff to build up their capacities and refine their skills, knowledge and competence in order to be capable of leading the Group to achieve its business excellence. The newly employed workers must attend site induction training offered by the main contractors. Based on the job nature and role, employees were provided with relevant vocational trainings sponsored by the Group to strengthen their skills and expertise in their duties and talents.

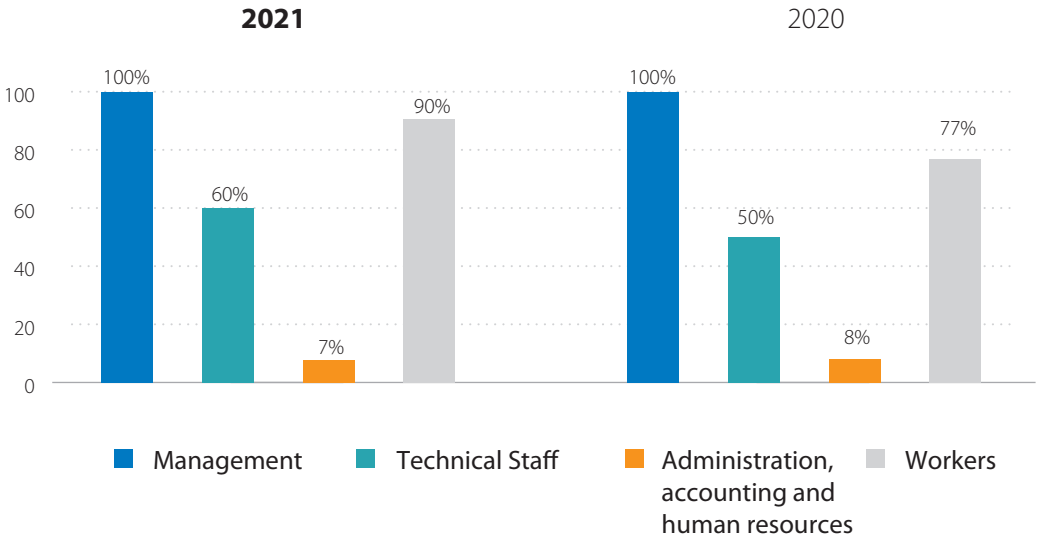
Overview of the employees development and training profile



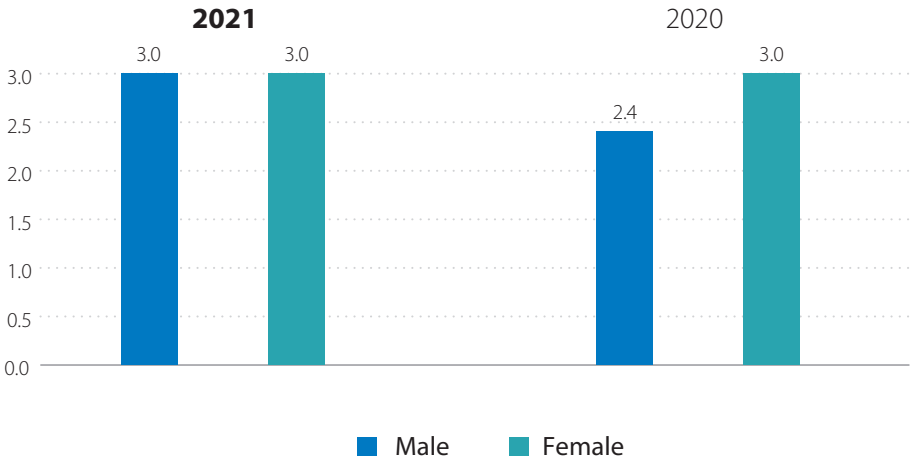
The ESG-related goal of the Group’s human resources development and training is to cultivate the workforce capability. GME has set a target for more than 50% of employees to be trained by 2025 compared to 2020. During the Reporting Period, 90% of the staff were trained, mainly due to the significant increase in the number of employees who needed to attend the site induction training offered by the main contractors. Please refer to the details below for other training details.

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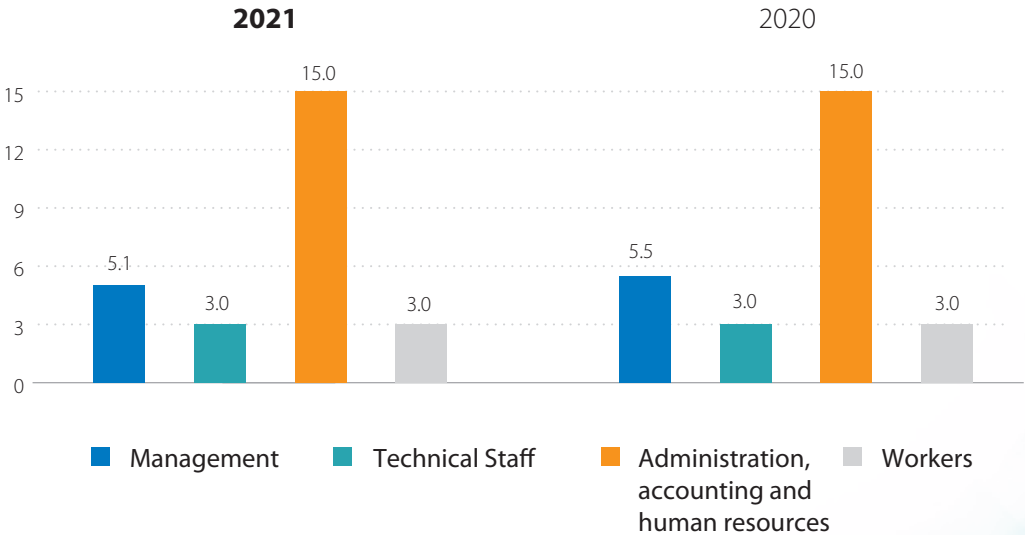
Employees trained by professional profile



Average training hours completed per employee by gender



Average training hours completed per employee by professional profile



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Labour Standards

GME has continually taken positive actions to ensure equal opportunities in the conduct of employment activities. The human resources department of the Group sternly rejects the recruitment of child and forced labour to protect the human rights of the employees by screening candidates at all workplaces including the construction sites. The Group has established internal control system in human resources management to prevent the wrongful recruitment of child labour and forced labour. The interviewer should check the candidates' identity cards during the interview to prevent illegal recruitment of child labour. Further, the human resources department of the Group will discuss the employment contracts with the newly employed staff and explain the details of job description to avoid forced labour. During the Reporting Period, the management of the Group reviewed its risk management and internal control system in relation to the human resources management and reported to the Board that no child labour and forced labour were detected in its operation.

During the Reporting Period, the Group has complied with all relevant employment laws and regulation, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

3.2 Workplace Health and Safety

During the Reporting Period, the Group's operations have complied with all relevant laws and regulations relating to workplace health and safety, including the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). The project team will work closely with the main contractors to comply with such laws and regulations as well as the additional requirements of the occupational health and safety measures imposed by them.

In order to create a low-risk environment, the Group provides a healthy and safe workplace for its employees and continuously reviews and improves its health and safety policies from time to time to minimise occupational risks where possible. This is also the Group's strategic direction continuously to provide a safe work environment for both its employees and the public. Therefore, the Group sets out the health and safety policies and safety measures to reflect the Group's core value for safety, as follows:

Health and Safety Policies

The Group's health and safety policies are as follows:

- Establish a culture that promotes employee wellness and health
- Provide medical examinations for workers to assure their health status if deemed required
- Implement and maintain improvement plans and practices regarding to key improvement areas
- Furnish necessary safety information and provide relevant trainings
- Increase employees' health and safety awareness and knowledge through regular communications
- Ensure commitment from all employees and all levels of management
- Require business partners to meet the same health and safety standard

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Safety Measures for Employee Protection

GME has adopted various safety measures at construction sites, which are in line with the main contractors' high standards of health and safety practices, to safeguard its employees from workplace injuries. Such measures included but are not limited to:

- Provide adequate training to workers and appoint supervisors coaching them on safe postures for lifting heavy or bulky objects
- Pre-check and ensure machines are only operated by professionally trained workers
- Conduct regular maintenance on machinery to prevent malfunctions
- Properly stack construction materials to prevent them from sliding or collapsing where overhead work is being performed
- Erect warning signs in working areas with potential occupational risks

Construction Safety Review

The Group is conscious of workers' safety and will continue to reform related practices where possible to safeguard workers' safety. During the Reporting Period, the Group appointed an independent consultant to review the construction site safety.

Safety Performance

1. *LTIFR*

The LTIFR was approximately 0.6 for the year ended 31 December 2021 (2020 approximately: 2.2). LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFR mentioned above is calculated by multiplying the number of lost time injuries of the Group that occurred during the relevant calendar year by 1,000,000 divided by the number of hours worked by site workers over the same calendar year. It is assumed that the working hour of each worker is ten hours per day. The number of working days for the year ended 31 December 2021 was 364 days (2020: 354 days). The decrease in LTIFR was due to the increase in the number of workers and working days during the Reporting Period, which also met the Group's ESG target to keep the LTIFR below 3.0.

2. *Lost Days Rate*

During the Reporting Period, the lost days due to the work injury of the Group was 73 (2020: 20) and the lost days rate of the Group due to work injury was approximately 4.6 (2020: 4.3). The lost day rate is calculated by multiplying the number of lost days due to the work injury of the Group that occurred during the relevant calendar year by 200,000 divided by the number of hours worked by site workers over the same calendar year.

3. *Fatality Rate*

There had not been any work-related fatalities during the years ended 31 December 2019, 2020 and 2021.

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3.3 Product and Service Management

GME treasures the trust that the Group has built with its valuable customers based on the quality products and services that were delivered to them, and the Group treats it as an incentive for its continuous growth and mastery of its craft.

Quality Management

GME is committed to providing exquisite products and services with its sustained efforts. Complying with ISO 9001:2015, the Quality Management System (“QMS”) has been established and applied on management activities, resources management, product realisation complaints and quality control.

Under the guidance of QMS, each project is carefully supervised to guarantee the services provided by GME meet its customers’ expectations including completion within the agreed timeframe and budget and compliance of applicable regulations.

Customer Data Protection

The Group cares about customers’ intellectual property rights and takes related issues seriously. Daily operations are guided by and recorded through the Document, Data and Record Control Procedures and Management System Record List to safeguard customers’ intellectual property rights.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with the regulations and laws concerning healthy and safety, advertising, labelling and privacy matters of its products and services provided.

Supply Chain Management

The Group greatly appreciates the support from a diverse pool of committed suppliers. The Group recognises their importance in providing construction materials and equipment in premium business quality, and the Group is committed to engaging them to contribute to a better future together.

During the Reporting Period, the Group had 231 suppliers in Hong Kong (2020: 190). A comprehensive QMS was implemented to monitor the supplier selection and procurement processes. The suppliers are assessed in numerous criteria including environmental and social aspects and inspections are conducted to further assure suppliers’ overall rating. Apart from meeting the Group’s quality requirements in all aspects, suppliers are also required to meet GME ethical standards in order to become a qualified supplier.

The procurement department of the Group tends to source sustainable purchases of construction materials, if possible, in order to respond to the climate change issue. Also, GME pays extra attention to construction materials stability and safety. In this regard, the Group either sends the material samples obtained from qualified suppliers to laboratories to conduct quality tests or request suppliers to provide test reports. The samples that fail to pass such tests would be returned to the suppliers. To address the carbon footprint and climate changes, the Group is committed to purchasing timber with FSC certification. During the Reporting Period, all the timber purchased by GMEHK has FSC certification.

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Corporate Integrity

The Group is committed to remain at all times ethical in providing its engineering services, and is dedicated in upholding its integrity and fairness in the entire operation. Any form of corruption activities is strictly prohibited and this is clearly communicated to staff at all levels and suppliers to ensure business professionalism in making decisions. For the purpose of monitoring corporate ethics, GME has implemented the Code of Conduct, Anti-corruption Policy and Employee Handbook which encapsulated proper procedures to follow to avoid related legal and ethical issues, including bribery, extortion, fraud and money laundering. Staff and suppliers must declare conflicts of interests. During the Reporting Period up to the date of this ESG Report, the Board has reviewed the Anti-corruption Policy. Besides, the Directors visit the website of Hong Kong Business Ethics Development Centre of the Independent Commission Against Corruption of Hong Kong for the rules and regulations updates and online training courses.

The Group has adopted a whistle-blowing policy whereby stakeholders are encouraged to report to the audit committee of the Board (the "**Audit Committee**") any suspected misconduct, malpractice, impropriety or unethical and unfair treatment without fear of reprisal. Such policy can be found on the Group's website at <http://www.gmehk.com>. All cases reported are strictly confidential and investigations will be carried out Audit Committee thoroughly in a sensitive manner. In case of any violation found, the Group shall handle in accordance with the applicable laws and undertake disciplinary actions as necessary.

During the Reporting Period, the Group did not have any concluded legal cases in respect of the corrupt practices brought against the Group or its employee, and was not aware of any breach of laws and regulations relating to anti-corruption.

3.4 Community Contribution

The Group is devoted in contributing to the betterment of society where we operate. Embracing the culture of giving back to the community, we actively worked with non-profit organisations and participated in fund-raising activities, and provided financial support to the socially vulnerable groups. During the Reporting Period, the Group participated in and made donation to a community event for raising medical and rehabilitation funds for patients and children with rare diseases for a local charitable organisation in Hong Kong that provides multifaceted and quality social, educational, recreational and cultural services.

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4. PERFORMANCE TABLE

The following tables summarise the key KPI in respect of the environmental and social performance of the Group during the Reporting Period and their comparative figures for the corresponding year in 2020, which have been disclosed in the sections headed “Environmental Consciousness” and “Social Performance” of this ESG Report.

4.1 Environmental Performance

Energy Consumption	2021 kWh	2020 kWh
Electricity	37,243	34,261
Diesel ⁽¹⁾	3,666,462	2,923,197
Petrol ⁽¹⁾	73,765	160,873
Total Energy Consumption	3,777,470	3,118,331

Note ⁽¹⁾: The calculation method and emission factors used are referenced from《附件8、中國陸上交通運輸企業溫室氣體排放核算方法與報告指南(試行)》.

GHG and Other Air Pollutant Emissions ⁽²⁾	2021 Tonne of CO₂ equivalent	2020 Tonne of CO₂ equivalent
Scope 1 Direct GHG Emission	983	814
Scope 2 Indirect GHG Emission	29	27
Total GHG Emissions	1,012	841
NO _x Emission	9.90	7.94
PM Emission	0.64	0.51

Note ⁽²⁾: The calculation method and emission factors used are referenced from EMEP/EEA air pollutant emission inventory guidebook 2016 (passenger cars, light commercial trucks, heavy duty vehicles including buses and motor cycles).

Non-hazardous Waste	2021 Tonne	2020 Tonne
C&D Waste	3	75
General Refuse	2	73
Total Non-hazardous Waste	5	148

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Energy Intensity	Unit	2021	2020
Revenue	HK\$ million	444	135
Total Energy Consumption	kWh	3,777,470	3,118,331
Energy Intensity (Total Energy Consumption/Revenue)		8,508	23,099

GHG Intensity	Unit	2021	2020
Revenue	HK\$ million	444	135
Total GHG Emissions	Tonne	1,012	841
Energy Intensity (Total GHG Emissions/Revenue ⁽³⁾)		2.28	6.23

Non-hazardous Waste Intensity	Unit	2021	2020
Revenue	HK\$ million	444	135
Total Non-hazardous Waste	Tonnes	5	148
Non-hazardous Waste Intensity (Total Non-hazardous Waste/Revenue)		0.01	1.10

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4.2 Social Performance

Occupational Health and Safety	2021	2020
Lost Date Rate ⁽³⁾	4.6	4.3
Lost days due to work injury (Number of people)	73	20
Number of work-related fatalities (Number of people)	0	0
LTIFR ⁽⁴⁾	0.6	2.2

Employees Profile	2021 No. of people	2020 No. of people
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Employees by Gender

Male	860	274
Female	53	16
Overall	913	290

Employees by Professional Profile

Management	6	6
Technical staff	20	10
Administration, accounting and human resources	14	12
Workers	873	262

Employees by Age

Age <21	12	0
Age 21–30	139	38
Age 31–40	222	77
Age 41–50	259	77
Age 51–60	179	61
Age >60	102	37

Note⁽³⁾: The lost day rate is calculated by multiplying the number of lost days due to the work injury of the Group that occurred during the relevant calendar year by 200,000 divided by the number of hours worked by site workers over the same calendar year.

Note⁽⁴⁾: LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFR mentioned above is calculated by multiplying the number of lost time injuries of the Group that occurred during the relevant calendar year by 1,000,000 divided by the number of hours worked by site workers over the same calendar year. It is assumed that the working hour of each worker is ten hours per day. The number of working days for the year ended 31 December 2021 was 364 days (2020: 354 days).

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	2021	2020
Employees Turnover Rate	%	%
Employees Turnover Rate by Gender		
Male	32	81
Female	9	63
Overall	30	80
Employees Turnover Rate by Professional Profile		
Management	0	0
Technical staff	13	0
Administration, accounting and human resources	8	54
Workers	31	85
Employees Turnover Rate by Age		
Age <21	0	100
Age 21–30	34	94
Age 31–40	32	79
Age 41–50	23	78
Age 51–60	34	73
Age >60	30	80

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	2021	2020
Employees Trained Percentage	%	%
Employees Trained by Gender		
Male	91	75
Female	75	50
Overall	90	73
Employees Trained by Professional Profile		
Management	100	100
Technical staff	60	50
Administration, accounting and human resources	7	8
Workers	90	77
	2021	2020
Average Training Hours	Hours	Hours
Average Training Hours Completed per Employee by Gender		
Male	3.0	2.4
Female	3.0	3.0
Average Training Hours Completed by Professional Profile		
Management	5.1	5.5
Technical staff	3.0	3.0
Administration, accounting and human resources	15.0	15.0
Workers	3.0	3.0
	2021	2020
Suppliers by Location	No. of Suppliers	No. of Suppliers
Hong Kong	231	190

Note⁽⁹⁾: All the employees of GME are based in Hong Kong.

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5 THE STOCK EXCHANGE'S ESG GUIDE INDEX

This ESG Report may not include the additional disclosure requirements under ESG Guide.

Aspect/Description/KPI		Statement/Section	Page No.
A. Environmental			
A1 Emissions			
A1	General Disclosure	Environmental Policy and Management System	9
A1.1	The types of emissions and respective emissions data	Emissions Management	10-15
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity	Emissions Management – Air Pollutant and Greenhouse Gas Emissions	10-12
A1.3	Total hazardous waste produced and intensity	Emissions Management – Waste Management	13-14
A1.4	Total non-hazardous waste produced and intensity	Emissions Management – Waste Management	13-14
A1.5	Description of emission targets set and steps taken to achieve them	Emissions Management	10-15
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them	Emissions Management – Waste Management	13-14

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Aspect/Description/KPI	Statement/Section	Page No.	
A2 Use of Resources			
A2	General Disclosure	Effective Resources Management	16
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Emissions Management and Effective Resources Management	10-16
A2.2	Water consumption in total and intensity	Effective Resources Management	16
A2.3	Description of energy use efficiency targets set and steps taken to achieve them	Emission Management and Effective Resources Management	10-16
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets sets and steps taken to achieve them	Effective Resources Management	16
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	The Group is principally engaged in the provision of underground construction services. Therefore, packaging material is not material to the Group's operations.	N/A
A3 The Environment and Natural Resources			
A3	General Disclosure	Environment Consciousness	9-16
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environment Consciousness	9-16
A4 Climate Change			
A4	General Disclosure	Emissions Management – Climate Change	15
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Emissions Management – Climate Change	15

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Aspect/Description/KPI	Statement/Section	Page No.	
B. Social			
B1 Employment			
B1	General Disclosure	Employment and Talent Development	17-22
B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and Talent Development	17-19
B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Talent Development	17-19
B2 Health and Safety			
B2	General Disclosure	Workplace Health and Safety	22-23
B2.1	Number and rate of work-related fatalities in each of the past three years including the reporting year	Workplace Health and Safety – Safety Performance	23
B2.2	Lost days due to work injury	Workplace Health and Safety – Safety Performance	23
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Workplace Health and Safety	22-23
B3 Development and Training			
B3	General Disclosure	Employment and Talent Development – Vocational Training and Career Development	17-22
B3.1	The percentage of employees trained by gender and employee category	Employment and Talent Development – Vocational Training and Career Development	20-22
B3.2	The average training hours completed per employee by gender and employee category	Employment and Talent Development – Vocational Training and Career Development	20-22

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Aspect/Description/KPI		Statement/Section	Page No.
B4 Labour Standards			
B4	General Disclosure	Employment and Talent Development – Labour Standards	22
B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and Talent Development – Labour Standards	22
B4.2	Description of steps taken to eliminate such practices when discovered	Employment and Talent Development – Labour Standards	22
B5 Supply Chain Management			
B5	General Disclosure	Product and Service Management – Supply Chain Management	24
B5.1	Number of suppliers by geographical region	Product and Service Management – Supply Chain Management	24
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Product and Service Management – Supply Chain Management	24
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Product and Service Management – Supply Chain Management	24
B.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Product and Service Management – Supply Chain Management	24
B6 Product Responsibility			
B6	General Disclosure	Product and Service Management	24-25
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	During the Reporting Period, the Group was not aware of any products recall due to safety and health reasons.	N/A

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Aspect/Description/KPI	Statement/Section	Page No.
B6.2 Number of products and service related complaints received and how they are dealt with	During the Reporting Period, the Group was not aware of any product and service related complaints.	N/A
B6.3 Description of practices relating to observing and protecting intellectual property rights	Intellectual property rights are non-material issue to the Group's operations.	N/A
B6.4 Description of quality assurance process and recall procedures	Product and Service Management – Quality Management	24
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Product and Service Management – Customer Data Protection	24
B7 Anti-Corruption		
B7 General Disclosure	Product and Service Management – Corporate Integrity	25
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Product and Service Management – Corporate Integrity	25
B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Product and Service Management – Corporate Integrity	25
B7.3 Description of anti-corruption training provided to Directors and Staff	Product and Service Management – Corporate Integrity	25
B8 Community Investment		
B8 General Disclosure	Community Contribution	25
B8.1 Focus areas of contribution	Community Contribution	25
B8.2 Resources contributed (e.g. money or time) to the focus area	Community Contribution	25

Remarks:

N/A: not applicable