

Identifying Key Sustainability Issues

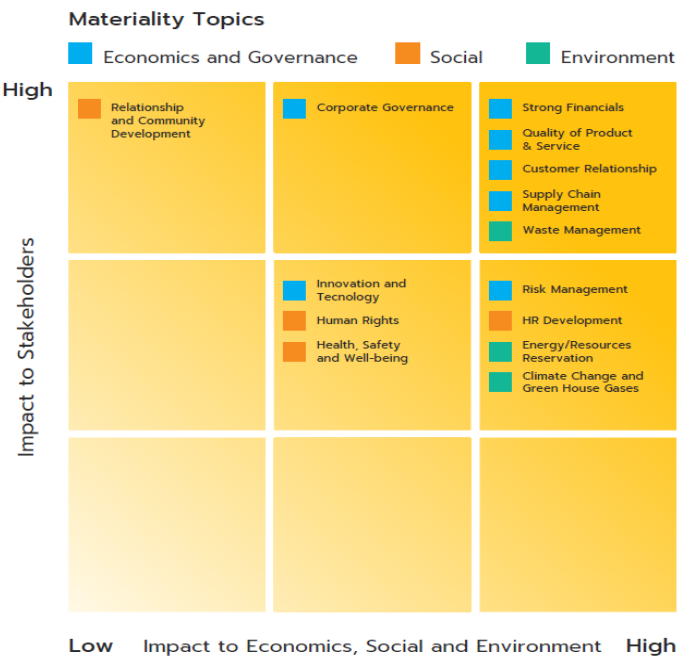
Due to increasing concerns among the company's stakeholders about sustainability perspectives, it is essential for the company to understand relevant issues that reflect the impact on the organization in environmental, social, and economic dimensions. This allows for defining the scope of critical issues truly relevant to the business.

The company has assessed significant sustainability issues through a 4-step process, as shown below. These steps are adapted from the Global Reporting Initiative (GRI) standards.

Steps to Identify Key Issues

The company has assessed significant sustainability issues through a 4-step process as follows:

- 1. Analysis of Key Issues**
Select governance and sustainability issues that are material to the business and its supply chain, aligning with the company's context. This includes addressing economic, social, and environmental sustainability issues and responding to the United Nations Sustainable Development Goals (SDGs).
- 2. Assessment of Issues Based on Stakeholder Impact**
Evaluate and prioritize issues based on their impact on stakeholders and their expectations. This involves activities such as gathering feedback, handling complaints, and conducting satisfaction surveys.
- 3. Assessment of Importance Level**
Rank governance and sustainability issues based on two factors: opportunities and impacts on the organization, and the level of interest and impact on stakeholders. This assessment is reviewed and approved by the Risk and Sustainability Committee.
- 4. Review and Continuous Improvement**
The company regularly gathers feedback and suggestions from all stakeholder groups, both internally and externally, every year. This feedback is used to develop and improve the content of the sustainability report for the following year.



For the 2024 sustainability assessment, the company has reviewed the issues to ensure they are clearly aligned with the company's context. It was found that the company has significant issues impacting the economy, society, environment, and stakeholders at a very high level, including:

- Product and service quality
- Customer relationship management
- Strong and stable financial performance
- Supply chain management
- Waste management

1. Sustainability Management in Economic and Governance Dimension

1.1 Economic and Governance Policies and Practices

The company is committed to conducting business ethically with a focus on responsibility towards all stakeholders for mutual and sustainable benefits. The company has established a framework for sustainability that encompasses economic, social, and environmental aspects, adhering to good corporate governance principles aligned with national and international practices, according to the Corporate Governance Code for listed companies, 2017 (CG Code).

The company views adherence to corporate governance principles and business ethics as a responsibility of the board of directors and all employees. It is crucial to promote employee understanding and compliance with the company's governance manual and business ethics rigorously. This includes integrating these principles into training programs for directors and new employees to ensure that everyone can act in accordance with governance principles, corporate governance, and business ethics of the organization.

1.2 Key Sustainability Issues in Economic and Governance Dimension

- **Strong Financial Performance**

A stable and strong financial performance is a critical issue for the company and its stakeholders because it directly impacts the organization's survival, growth, and sustainability. Details can be found in the "Management Discussion and Analysis (MD&A)" section of the annual report or in the reports regularly filed with the Stock Exchange of Thailand.

Goals

1. The company aims to achieve revenue exceeding 4,500 million Baht in 2025 and maintain a revenue growth rate of 10% over the next three years.

Strategies

1. Expand the market by continuously increasing new sales points and distribution channels, both offline and online.
2. Design products that are diverse and can meet consumer needs.
3. Incorporate technology to develop work processes and create new innovations.
4. Promote and develop employees' knowledge and skills to increase their potential and work efficiency.
5. Build awareness about ESG (Environmental, Social, and Governance) as an important factor that will drive true sustainability.
6. Promote marketing through advertising and public relations.
7. Organize promotions to generate interest.

- **Product and Service Quality**

Product and service quality is a critical issue that the company highly prioritizes, as it significantly impacts customer satisfaction. Customers, as key stakeholders, directly influence the company's sales, which are its primary source of revenue. Therefore, the company is dedicated to

improving the quality of its products and services to meet customer needs effectively, with a focus on hygiene and safety.

Global situations such as technological changes, pandemics, and air pollution caused by agricultural industry practices have heightened awareness of environmental issues. This has led to public pressure on governments to promote a low-carbon economy and address increasingly severe climate change. As a result, consumer behavior has shifted, with rising demand for products and services that not only provide convenience but also align with environmental sustainability. Consumers now seek eco-friendly products that cater to their lifestyles while supporting responsible consumption. The company responds to this demand by offering ECO products and developing diverse service models and seamless, omni-channel distribution to meet the evolving needs and lifestyles of consumers.

Goals

1. Increase the proportion of eco-friendly products to 10% of all products sold by 2026, and 30% by 2030.

Strategies

1. Develop products and services that meet consumer needs.
2. Expand access to new products and services.
3. Establish standards for eco-friendly products and services.
4. Enhance the quality of raw materials and service standards.

Environmental-Friendly Products Initiatives

The company has collaborated with its partners to carefully select raw materials for producing eco-friendly products, while supporting the conservation of natural resources, ensuring safety, and maintaining standards amidst climate change. The company also promotes responsible consumption to its customers. Recently, the company has procured and distributed the following eco-friendly products (ECO Products):

1. Eco-Friendly Jeans: The company has partnered with YKK, one of its key suppliers, to develop and use eco-friendly materials for jeans, including zippers, buttons, and rivets for new collections. The materials were first introduced in the "3109 Series," which is the company's best-selling line of jeans, in April 2023. The company plans to gradually adopt these materials for new and repeat production in the 2024 fiscal year and aims to use eco-friendly materials in all its jeans in the future.

The special features of the zippers, buttons, and rivets in the new jeans are produced using YKK's "AcroPlating" technology, which significantly reduces waste and environmental impact. This process cuts chemical use by 59%, water consumption by 66%, electricity use by 69%, hazardous waste emissions by 92%, and greenhouse gas emissions by 96% compared to traditional production methods.

Additionally, the zipper tape is made from YKK's "Natulon Zipper," which employs recycling principles. The Natulon zipper tape is made from 100% recycled materials, such as plastic bottles and used clothing, which are crushed and woven into new zipper tape. This differs from the traditional production method that uses virgin polyester to create zipper tape.



2. Mc Earth Friendly Collection: The company has introduced a clothing collection featuring Recycle Innovation, where leftover denim scraps from jeans production are spun back into yarn and woven into fabric. This collection, designed under the concept "Nature to Future," is carefully crafted with graphic details and eco-friendly color tones. It includes a range of products such as T-shirts, shirts, sweaters, and hoodies, all reflecting the company's commitment to environmental sustainability.



3. The Filagen T-shirt : this collection incorporates an innovative fabric made from fish scales, a natural waste product, spun into yarn and woven into fabric. This technology helps retain skin moisture effectively due to the fish scales being rich in collagen peptides. The Filagen T-shirt offers a soft, comfortable feel and benefits skin health by keeping it hydrated, reducing irritation, and providing excellent breathability, which helps prevent odors. Additionally, it features protection against UVA and UVB rays and is environmentally friendly, naturally biodegradable, and sustainable.



Proportion of Eco-friendly Products

	Fiscal year 2022 (Jul 21 – Jun 22)	Fiscal year 2023 (Jul 22 – Jun 23)	Fiscal year 2024 (Jul 23 – Jun 24)
Number of Eco-friendly Products (Pieces)	40,358	63,090	171,132
Number of Sold Products (M. Pieces)	4.9	5.5	6.3
% Eco-friendly Products	0.82%	1.14%	2.72%

• Customer Relationship Management

Customer relationship management is a key issue that the company focuses on to build long-term relationships or bond with customers, fostering loyalty and support for the company's brand. Customer satisfaction is the top priority, along with the commitment to act responsibly toward customers and consumers, ensuring confidence and trust in the company's products and operations.

Goals

1. Evaluate customer satisfaction at a level not lower than 90%.

Strategies for Building Customer Relationships and Responsibility to Consumers

1. Build relationships with customers starting from creating confidence in the company's products, and develop sales staff to provide recommendations tailored to the body type and specific needs of each customer for different occasions. The company has established training courses for sales staff, enabling them to better understand the products and offer more effective advice.
2. Establish a Customer Relationship Management (CRM) department to communicate and build long-term relationships with customers, as well as receive feedback, suggestions, and issues related to products or services for resolution, showing responsibility to consumers. The company also conducts periodic customer satisfaction surveys.
3. Provide communication channels for customers to express opinions and provide feedback to the company through the customer service team, acting as a platform to receive comments, suggestions, and any problems regarding products and services. This feedback is then forwarded to the relevant departments for continuous improvement and development of products and services.

Responsibility to Consumers

The company has a policy that emphasizes creating value and growing alongside customers, aiming to be trusted by them. This is a key factor in the company's business success. The company is committed to treating customers with sincerity and politeness, always seeking ways to meet their needs more effectively. These principles are established as the company's policy and practices as follows:

1. Manufacture, design, and deliver products that are quality-certified and meet standards, in accordance with customer agreements, at a fair price without excessive profit.
2. Provide accurate, sufficient, and timely information and recommendations to customers regarding products and services, such as attaching correct care labels on products or ensuring that advertisements align with the product's actual attributes.
3. Strictly adhere to all customer terms and conditions. In cases where any conditions cannot be met, promptly inform the customer to collaboratively seek a solution.

4. Treat customers with politeness and ensure that they trust the company.
5. Implement a secure system for storing customer data, with measures to protect customer confidentiality, not sharing information without consent, and not using customer data for personal or unauthorized third-party gain.
6. Offer product warranties under appropriate terms and conditions and comply with the Consumer Protection Act.
7. Establish systems or processes that allow customers to file complaints regarding the quality, quantity, or safety of products and services, including responsiveness in delivery, ensuring quick resolution for customer satisfaction.
8. Initiate support for customers' corporate social responsibility (CSR) efforts.
9. Focus on developing environmentally friendly products, packaging, and shipping processes.
10. Create channels to continuously provide information on products and product development to customers.

The projects that the company has implemented to manage customer relationships are as follows:

1. Customer Relationship Management (CRM) System

The company has implemented a Customer Relationship Management (CRM) system to enroll customers as members under the name "MC CLUB." The goal is to create a new and enjoyable shopping experience for customers and better understand them, allowing the company to enhance product development and conduct various direct marketing activities. Additionally, the CRM system offers customers benefits such as the MC Point rewards program and the opportunity to purchase products at special prices.

Customers can join MC CLUB for free via two channels: at any Mc Jeans store or the website <http://mcclub.mcshop.com>.

MC CLUB members accumulate points from purchases made both in-store at Mc Jeans (via POS system) and online at mcshop.com, with points calculated and combined. For in-store purchases, customers must buy as MC CLUB members, and for online purchases, they need to log in with the same account used for in-store shopping.

2. Ship to Shop Service – Collect at a Nearby Mc Jeans Store

With the rise of technology and changing consumer behaviors, especially the increase in online shopping, the company has adapted its strategic plan to keep pace with the changing environment. The company developed an Omni-Channel system to seamlessly integrate both online and offline shopping options, providing customers with a smooth shopping experience. Customers can choose home delivery or order online and pick up products at a Mc Jeans store. To further connect online and offline shopping, the company offers a "Ship to Shop" service, where customers purchasing from mcshop.com can collect their orders at a nearby Mc Jeans store. Customers can inspect their products upon collection and receive after-sales services, such as changing sizes or hemming jeans, directly at the store.

3. Customer Service

The company has enhanced its customer service by offering communication through the LINE application. Customers can add the company as a friend on LINE, send messages or photos, inquire about product details, and place orders directly with staff. Alternatively, they can order via Facebook Mc Jeans or call the Call Center. Customers can choose from a variety of payment options, including online payments via credit card or bank transfer.

4. Customer Satisfaction Survey

The company conducts customer satisfaction surveys on its products and services, with quantitative targets set to improve satisfaction. Data collected from the surveys are analyzed to continuously enhance products, services, and business processes. In the fiscal year 2024, the company aims for customer satisfaction of no less than 90%. From customer surveys, the company achieved an average satisfaction score of 93%

- **Innovation and Technology Development**

The company is committed to the development of good corporate governance and responsible innovation that continually addresses social, environmental, and stakeholder concerns. This commitment aims to create a company of value to society, balancing both business performance and responsibility towards stakeholders, including society, communities, and the environment. The company complies with all legal requirements and regulations to protect and fairly ensure the rights of stakeholders. Furthermore, the company encourages stakeholder participation in promoting long-term business wealth, stability, and sustainability.

To meet the changing needs of consumers and maintain efficient cost control, it is necessary for the company to foster business innovations that drive growth and differentiation. However, promoting sustainability through innovation should not only propel the business forward but also contribute to creating value for society and/or the environment.

1. Product Innovation in Environmentally Friendly Goods Details were previously provided under the heading "Environmentally Friendly Product Initiatives."
2. Process Innovation

Process Innovation : Process innovation refers to improving or modifying existing production or service processes to achieve greater efficiency. This reduces time, minimizes waste, and cuts costs, benefiting both the company's economic performance and social impact. Specifically, it improves the quality of work life for employees and conserves resources.

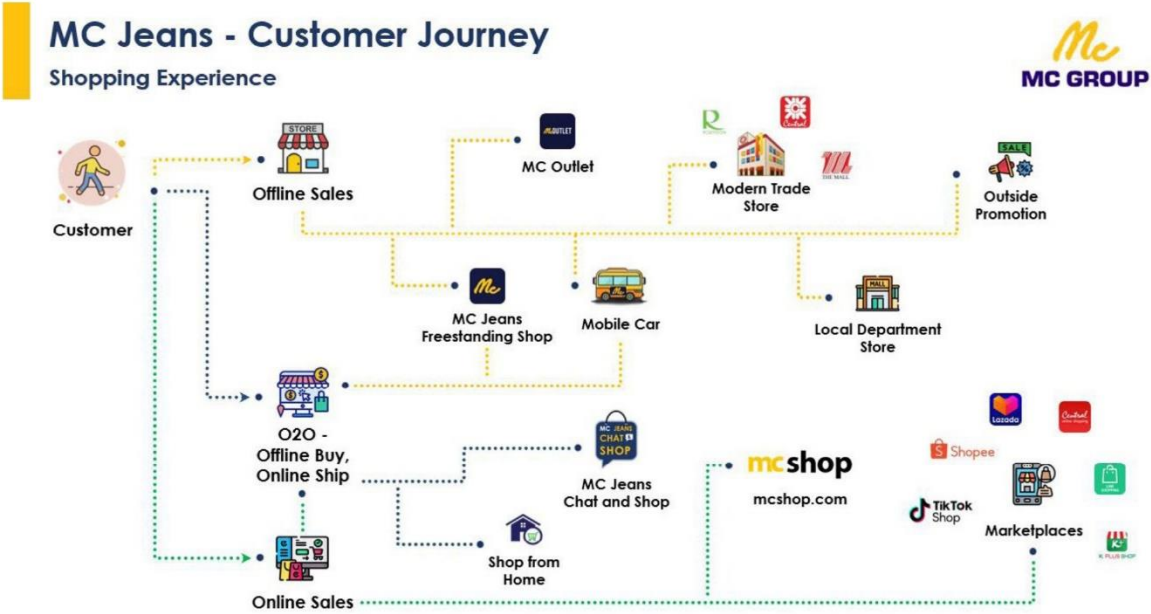
Recognizing the importance of such innovation, the company has established a Business Process Improvement unit responsible for managing and enhancing business processes. This includes the application of technology to increase efficiency, ensuring faster and more accurate operations. These improvements not only benefit customers but also reduce repetitive work for employees, as well as energy and resource consumption.

Innovation project in process improvement

Innovation project in process improvement

Project Name	E-Form and Automated E-Workflow
Description	<p>The project began with issues faced by the Construction department regarding the reporting of damaged or non-functional equipment and the request for repair or replacement services at branches. Previously, this process was manual, requiring problem reports to be sent via email and paper documents to be printed centrally for approval, following a sequential process. The goal was to make the process more accurate, efficient, and quicker.</p> <p>Therefore, the Business Process Improvement unit initiated the development of an Automated E-Workflow system, collaborating with the company's IT department programmers. The main objective was to reduce steps and time required, enabling faster reporting and approval processes. This system allows document approval and processing from any location, saving employee time, reducing paper use, and cutting costs.</p>
Commencement	<p>Since each department has different requirements, the project was divided into several phases, with implementation dates as follows:</p> <p>Phase 1 : May 4, 2022 (Reporting damaged equipment for the Construction department)</p> <p>Phase 2 : August 31, 2023 (Management of part-time employees for Point of Sales)</p> <p>Phase 3 : October 2, 2023 (Disbursement of materials and equipment for Point of Sales)</p> <p>Phase 4 : January 1, 2024 (Issuance of Easy E-Receipts for customers)</p> <p>Phase 5 : May 4, 2024 (Management and control of fixed assets at Point of Sales)</p>
Results	For the fiscal year 2024 (July 1, 2023 to June 30, 2024), a total of 21,114 requests were made through the Automated E-Workflow system.
Benefits to the Company	<ul style="list-style-type: none">Helped reduce processing time by approximately 40-60%.Improved internal processes to be faster and more accurate, enhancing customer experience and contributing to higher satisfaction and sales.Data is stored in a database and can be used for analysis and improvement of both retail and departmental operations in the future.
Benefits to social and environment	<ul style="list-style-type: none">Reduced paperwork steps, decreasing workload and saving time, which improves employees' quality of life.Saved approximately 36,601 sheets of paper in the fiscal year 2024. Additionally, helped save ink used for printing, reducing chemical use and resource consumption.



Project Name	Online-to-Offline (O2O) Sales Channel Development Project
Description	To create a seamless shopping experience for customers and address the issue of customers visiting physical stores but finding out that desired products are out of stock or unavailable in the required size leading to missed sales opportunities the company has developed an O2O sales channel system. This system uses technology to allow customers to order products not available in-store, with options for home delivery or pickup at the store, depending on the customer's preference and convenience.
Commencement	8 January 2024
Results	In the fiscal year 2024, from the start of operations on January 8, 2024, to June 30, 2024, there were 1,108 orders placed through the O2O channel, generating a revenue of 956,050 Baht.
Benefits to the Company	<ul style="list-style-type: none">● Allowing customers to purchase products anytime and anywhere, and receive them according to their needs promptly, enhances customer satisfaction and builds long-term relationships.● Stimulates sales, reduces lost sales opportunities, and increases company revenue.● Increases customer engagement and satisfaction.● Provides a competitive advantage for the business.
Benefits to social and environment	<ul style="list-style-type: none">● Allowing customers to choose between receiving products at the store or at home helps reduce unnecessary transportation of goods to branches, thereby decreasing greenhouse gas emissions and pollution from transportation.● This system enables the company to meet customer needs more accurately, reducing inventory levels, allowing for better production planning, and minimizing overproduction, which helps reduce waste and resource usage in production.
<div><div><div>MC Jeans - Customer Journey</div><div>Shopping Experience</div></div><div></div></div>	

- **Supply Chain Management**

The company manages its supply chain and is committed to working with partners while considering sustainability factors and maintaining long-term relationships to reduce risks that could impact the business. To demonstrate transparency and fairness in procurement processes, the company has established a Code of Conduct for Suppliers as a strategy and practice for overseeing procurement, maintaining business competitiveness and operational standards with business partners, and promoting compliance among suppliers to enhance the efficiency of delivering high-quality goods and services.

Procurement and Treatment of Partners

The company has a procurement policy, process, and criteria for selecting partners that are fair, transparent, and verifiable. It strictly adheres to business ethics concerning partners and competitors to prevent monopolies, unfair competition, and corruption. The company places significant importance on transactions with partners that are socially and environmentally responsible, such as fair employment practices, prohibition of child labor or forced labor, human rights violations, and environmental stewardship. The company also promotes understanding and responsibility among partners regarding social responsibility by implementing a vendor assessment model that covers both social and environmental aspects for key vendors.

Additionally, the company has established a Business Partner Code of Conduct to encourage sustainable business practices aligned with the company's operational ethos. This code also provides an opportunity for both the company and its partners to contribute to social and environmental development, fostering mutual growth and sustainability. The full version of the Business Partner Code of Conduct is available on the company's website.

Practices:

1. Select partners fairly and transparently, considering economic, social, environmental, and governance factors for both new and existing partners.
2. Conduct procurement systematically, with rigorous controls, monitoring, and traceability to maximize benefits throughout the process.
3. Encourage partners to operate in accordance with the company's "Business Partner Code of Conduct."
4. Support community and social development activities with partners as opportunities and appropriateness arise.
5. Promote and support environmentally friendly products.
6. Encourage collaborative innovation with partners to achieve mutual, sustainable business growth.

Vendor Classification

The company has established criteria for categorizing vendors to assist in analysis, strategy formulation, and risk assessment, aiming to enhance procurement efficiency. For Critical Tier 1 Suppliers—key suppliers who produce or directly provide services to the company—the criteria are as follows:

1. Vendors with high transaction volumes.
2. Vendors associated with hard-to-replace products and those in critical categories, such as raw materials with limited suppliers or finished goods essential to the company's business operations.

Currently, the company has 23 Critical Tier 1 vendors, accounting for 81% of the total vendor value for the fiscal year 2024.

Vendor Selection and Evaluation Process

- Current Approved Vendor List

The company mandates an annual evaluation of current vendors, focusing on quality and timely delivery. For vendors supplying critical raw materials and finished goods, self-assessments are required annually using a questionnaire covering production capacity, standards, quality control, and social, environmental, and legal compliance factors.

- New Vendor

In selecting new vendors, the company screens vendors using qualification criteria to ensure desired attributes. This includes sustainability aspects such as corporate governance, economic factors (e.g., product and service quality, timely delivery, operational experience, and product warranty), and environmental dimensions (e.g., legal compliance, environmental impact mitigation measures). Social responsibility factors, such as human rights, labor practices, safety, and legal adherence, are also considered. The company communicates the Business Code of Conduct to all vendors to guide their practices.

Vendor Performance and Risk Assessment

The company conducts annual evaluations and risk assessments of vendors, covering both quality and timely delivery. The procurement department is required to perform on-site ESG audits, including document reviews and field inspections with the quality control department, for all new vendors supplying raw materials and finished goods, as well as for existing vendors with identified risks related to compliance.

The assessments ensure that vendors meet the established standards in production capacity, quality, safety, and compliance with legal, regulatory, and ethical business criteria, including social, environmental, and governance (ESG) aspects.

For the fiscal year 2024, the company had 10 vendors scheduled for on-site evaluations. Six vendors were successfully evaluated.

Additionally, vendors supplying raw materials and finished goods are required to conduct self-assessments at least once every two years, evaluating aspects such as environmental and safety conditions, production processes, and human rights and environmental issues.

In the fiscal year 2024, the company's on-site ESG audits and self-assessments revealed no environmental, social, or governance risks arising from the vendors.

Credit Terms Policy and Duration for Trade Credit

The duration of trade credit is determined based on the type of vendor, considering factors such as the length of business relationship, type of product, and product quality. The company has established the following credit terms:

- Vendors or suppliers for raw materials used in production: Credit terms range from 30 to 120 days.
- Vendors or suppliers for finished goods: Credit terms range from 30 to 90 days.

For the fiscal year 2024 (July 1, 2023 – June 30, 2024), the company provided trade credit for raw materials with an average duration of 82.6 days and for finished goods with an average duration of 47.7 days.

Promoting the Capability and Sustainability of Business Operations with Partners

The company emphasizes the importance of educating, developing, and elevating the capabilities of its partners to meet standards while also promoting social responsibility. This includes ensuring that partners respect human rights, treat their labor fairly, and are socially and environmentally responsible. The company communicates and holds regular meetings with partners, conducts annual evaluations, provides guidance, helps solve problems, and works on improving quality and delivery to meet the company's needs. Additionally, the company monitors and assesses partners to foster sustainable business collaboration.

In 2024, the company held regular meetings with partners to share information and co-develop products. The technical team visited partners' factories to provide training and advice on production and to improve the quality of the production line. This initiative aims to enhance and elevate partners to meet the required standards. Furthermore, the company promoted awareness among partners about joining anti-corruption networks.

For sustainable business development with partners, the company has implemented the following measures:

1. The company has revised its quality inspection approach. Previously, final inspections were conducted, with in-line inspections only for new partners or new product types. Now, quality inspections during production are conducted for every production batch. The company's QA team visits to inspect, advise, and improve the production line, resulting in higher-quality products delivered on time. Additionally, partners benefit from knowledge transfer on process improvements and reduced product waste.



2. The company has collaborated with YKK, a key partner, to develop and utilize materials for assembling jeans, including zippers, buttons, and rivets, for new jeans collections. These materials have been incorporated into the "3109 Series" jeans, which is the company's top-selling jeans line, starting production in April 2023. The use of these materials has been progressively extended to other jeans models currently and will be used in future productions. The special feature of the zippers, buttons, and rivets used in the new jeans includes a coloring process called "AcroPlating," a YKK technology that reduces waste discharge. This environmentally friendly process reduces chemical use, water, and electricity consumption, as well as decreases harmful emissions and greenhouse gas emissions compared to traditional production methods.
3. The company has developed a joint product and raw material demand plan with its partners. Partners benefit from the ability to plan purchases and production in advance, while the company can negotiate raw material prices and ensure timely delivery.
4. In addition to regular communication and meetings with partners, the company held the "MC GROUP BUSINESS PARTNERS CONNECT" seminar on September 21, 2023. Over 50 key partners attended the event to discuss the company's operational direction. This event provided a platform for senior executives to meet, exchange ideas, offer guidance,

address issues, improve quality and delivery, and explore new opportunities for mutual sustainable growth with partners.



- **Risk Management**

For specific business risks, the company has established a risk management policy to be implemented across the organization, focusing on Enterprise Risk Management (ERM) in five main areas: strategic risk, operational risk, financial risk, regulatory risk, and social, environmental, and governance (ESG) risk, including emerging risks.

To this end, the company has formed a Risk Management Committee that reports directly to the Risk and Sustainability Committee. This committee includes executives and representatives from various departments to monitor and report results to the Risk and Sustainability Committee. Details of the risk management policy, risk management plan, and risk factors affecting the company's operations are disclosed under the section "Risk Management."

- **Corporate Governance**

Good corporate governance principles and business ethics are fundamental to ensuring fairness and enhancing organizational effectiveness, which are crucial for the company's success and sustainable growth.

The company has established written policies for good corporate governance and business ethics to guide the board, executives, and employees. These policies aim to build an effective management system, enhance value, and promote sustainable growth. Details of the corporate governance policies, governance structure, and important information related to corporate governance are disclosed in Section 2, "Corporate Governance."

2. Sustainability Management in Social Dimension

2.1 Social Policies and Practices

The company is committed to developing its business while balancing economic, social, and environmental considerations. It adheres fully to relevant laws and regulations and is dedicated to advancing and enhancing the quality of life in society and communities alongside its stable growth and social acceptance. This commitment is grounded in ethics and principles of good corporate governance.

2.2 Key Sustainability Issues in Social Dimension

Key Social Performance Results

Key Results	FY 2022	FY 2023	FY 2024
Total accident rate (persons)	7	5	5
Accident rate resulting in work stoppage (persons)	2	4	4
Employee children's scholarship program	307,000 Baht	255,000 Baht	308,000 Baht
Employee turnover rate	28.8%	28.8%	25.1%
Social contributions	3,578,716 Baht	7,948,380 Baht	2,877,702 Baht
Research/education support program	10,227,612 Baht	9,511,673 Baht	14,518,121 Baht
Employment of persons with disabilities	22 Persons	22 Persons	22 Persons

- **Human Resources Development**
 - **Development of employee potential and promotion of advancement**

The company is committed to the continuous development of personnel by enhancing knowledge, skills, and competencies to improve operational efficiency and effectiveness. This includes various learning methods such as internal and external training and self-learning through E-Learning systems. Courses are updated to meet current business needs and changes.

The company manages employee potential development based on job requirements, separating operations into two main groups: executives and staff. The approaches for potential and skill development are as follows:

1. Executive Group (from department director level and above)

The company manages executive development as future leaders to support organizational growth. Executives undergo strength assessments to analyze strengths and weaknesses for further development. They must create an Individual Development Plan (IDP) identifying areas for improvement and courses needed to enhance organizational capabilities.

2. Staff Group (below the department director level or equivalent)

The company promotes the management and development of staff potential to support future business expansion. Training formats include workshops, job rotation according to career paths to develop skills and expertise from new roles, etc.

The sales staff is crucial as they interact directly with customers and drive sales for the organization. The company focuses on equipping this group with essential skills through programs such as "Mc Learning" and "5 Selling Steps" to ensure they possess the knowledge and skills necessary to achieve business goals and objectives. This aims to elevate employee capabilities to match leading companies and align with business growth and needs, enhancing competitive ability both now and in the future.

To improve operational efficiency and effectiveness, district managers overseeing branches and sales points are designated as trainers for sales staff, enhancing their knowledge and techniques. Additionally, sales staff receive training in online sales to support the growing online market, strengthening the sales channels.

The company also recognizes the importance of enhancing social media skills among sales staff, focusing on "Facebook Fan Page" and "Tiktok" to enable them to create their own media and use it as a communication channel with customers and for direct product promotion. Furthermore, the company coordinates with various training providers to offer courses and topics of interest to

employees seeking additional training, ensuring they acquire the necessary knowledge and skills to meet company goals.

As of the end of June 2024, the group has supported employees in attending 17 different training programs, totaling 9,062 hours. This averages 4.2 training hours per employee (compared to the target of 4.0 hours per employee per year).

Key Training in 2024

Sales Staff Training Program

Training Program	"MC Learning"	"5 Selling Steps"
Objectives	<ul style="list-style-type: none"> To have a good attitude towards sales. Provide basic knowledge about the product. able to explain to customers Improve service and sales skills. Able to use POS software to serve customers and follow the Company's sales process. 	<ul style="list-style-type: none"> To upgrade employees to become sales consultants. Change sales behavior. It focuses on building a brand. To understand the process of generating sales from start to finish.
Contents	<ul style="list-style-type: none"> Product knowledge Service standards and sales techniques Operation procedures in the branch. 	<ul style="list-style-type: none"> 5 steps to becoming a new generation salesman. Presents that are pleasing to the eye, inviting purchasers to increase sales. closing the sale
Period	1 day	1 day
Benefits to Employees	<ul style="list-style-type: none"> Increase knowledge and skills. To employees in the product, sales techniques, including providing services to customers. Make it easier for employees to close sales. Able to achieve target sales and earn higher commissions which will lead to a better quality of life for employees Increase career advancement opportunities for employees. 	
Benefits to the Company	<ul style="list-style-type: none"> Enhance revenue and profit for the Company. Make sales staff able to provide impressive service to customers. Enhance a good image for the store. The brand and the Company itself 	



Mc Academy Project

In May 2024, the company launched the Mc Academy project, an internal online Learning Management System (LMS). This project was developed to effectively manage and enhance knowledge from various organizational sources by consolidating work manuals, data files, video media, and useful clips, along with assessments to measure knowledge levels before and after learning.

Mc Academy is designed for use by employees across all departments and levels, aiming to develop professional knowledge, skills, and enhance employee potential. The system is accessible at any time, promoting continuous learning, reducing classroom training time, and minimizing travel for employees based in different provinces. Additionally, employees can review knowledge as needed, making skill and knowledge development more accessible and convenient.



- **Development and Maintenance of Employee Well-being**

The company believes that employees are the primary drivers of business success. Therefore, it prioritizes the development of employee potential and focuses on their health and well-being. Recognizing that continuous development of work skills helps the company achieve its organizational goals, the company also understands that good health and appropriate basic benefits for employees not only benefit the individuals but also positively impact the organization and the country as a whole.

Fair Treatment of Labor

The company values its employees, viewing them as a valuable resource crucial to organizational growth. Therefore, fair treatment is essential in areas such as employment, compensation, benefits, skill development, and quality of life and safety. The company has established an EHS (Environment, Health, Safety) committee as a central unit responsible for monitoring safety, environmental, and occupational health aspects across all company operations. This committee provides guidance and addresses issues such as chemical management in production processes and integrated waste disposal.

Recruitment and Employment

The company has established a non-discriminatory employment policy, providing equal opportunities to women, persons with disabilities, and other disadvantaged groups as appropriate for each position, without employing child labor or individuals in violation of the law. When a position becomes vacant, the company first considers internal recruitment, evaluating qualifications, potential,

and job expertise to provide growth opportunities and develop employee potential and knowledge. Only after internal candidates are considered will the company recruit and select external candidates with the appropriate qualifications, knowledge, skills, experience, and alignment with organizational values.

The company strictly adheres to labor laws and promotes the quality of life for persons with disabilities. This includes supporting indirect employment and career development for persons with disabilities, such as wheelchair basketball athletes from the Wheelchair Basketball Association, as well as athletes in other sports like athletics, badminton, tennis, archery, and swimming. In 2024, the company met its legal requirement for hiring persons with disabilities by employing two directly and supporting the hiring of persons with disabilities through a quota system, providing 20 positions to Vulcan Coalition Co., Ltd., an AI company that creates job opportunities for persons with disabilities, thus supporting and generating income for this group.

Promotion of Employee Diversity in the Organization

The company promotes gender equality among employees at all levels by evaluating potential, knowledge, and job performance transparently and without gender bias. The company recognizes the value of diversity and leverages these differences as strengths for the organization. Data on the number of employees, categorized by gender and job type, is collected to analyze and assess the balance between male and female employees within the organization.

In 2024, the company employs a higher proportion of female employees compared to male employees, with several women holding senior executive positions. This creates equal advancement opportunities for female employees comparable to their male counterparts. The ratio of female to male employees in the company is as follows:

	No. of female employees	No. of male employees	Total	% remunerations of female employees to total staffs
Year 2024	1,800	370	2,170	83%
Year 2023	1,817	393	2,210	82%
Year 2022	1,739	380	2,119	82%

Compensation and Benefits

The company provides equitable and fair employee care, appropriate to each employee's knowledge, skills, responsibilities, and performance. Compensation and benefits are managed beyond legal requirements, such as the establishment of a provident fund. As of June 30, 2024, 92% of employees participate in the provident fund. Additionally, the company offers group health insurance, annual health check-ups, 5S activities, and ensures a safe working environment.

The company also supports the establishment of a Welfare Committee at the workplace (Welfare Committee), which is a representative body elected by employees, in compliance with the Labor Protection Act of 1998. This committee discusses and provides feedback on welfare arrangements, benefits, and changes to regulations affecting employees.

Compensation and benefits are designed to be appropriate and aligned with the company's performance, employee performance evaluations, and industry benchmarks. The company has a policy of awarding bonuses when profit targets are met. Annual performance evaluations are based on Corporate Key Performance Indicators (KPIs), Functional Department KPIs, and Management Competencies for executives.

Furthermore, the company supports employees' children through a scholarship program for those meeting selection criteria, from kindergarten to higher education. This program aims to alleviate employees' financial burdens, enhance educational opportunities, and encourage academic achievement to contribute to the country's development.

Building Organizational Culture

The Company emphasizes strengthening and instilling organizational values as a crucial foundation for aligning managerial and employee mindsets and working approaches with the Company's vision, mission, and strategic direction. This plays a vital role in shaping employees' behavior and management practices. It fosters an environment where employees feel inspired and take ownership in collective success. This culture of ownership and strong relationships, both within and outside the organization, leads to sustainable mutual growth, driving the Company towards its set objectives. This also reflects the Company's robust culture, which is amplified through the potential of its employees. The Company nurtures its management and staff to embrace the organization's core values, encapsulated in "MCWAY," thus fortifying a resilient organizational culture.

M	Motivation	Motivated to deliver the best results for customers.
C	Commitment	Committed to upholding promises to customers and partners, adhering to principles of business integrity.
W	Willingness	Dedicated to providing the best possible products and services in all aspects of work.
A	Appreciation	Appreciates and respects the work of colleagues, showing courtesy and kindness both within departments and across the organization.
Y	Yes-Minded	Maintains a positive attitude towards all challenges, solving problems in every situation with the belief that every problem has a solution.

Building Organizational Commitment

The company believes that employees are a crucial resource. When employees are happy at work, they not only contribute to smooth and successful operations but also develop a strong sense of commitment to the organization. This dedication leads to their personal success and the overall success of the organization, ensuring its continuity and sustainability. Therefore, the company is committed to fostering a positive work environment in all aspects.

To enhance employee involvement, the company has established various communication channels, such as email, Line Groups, and the Intranet, to share information and internal announcements. Additionally, the company organizes CEO meet-and-greet events (Townhall) to allow employees to communicate closely with executives. Various support initiatives are also in place to foster a sense of belonging, pride, and motivation among employees. These include scholarships for employees' children who excel academically and organizing events for significant occasions and festivals to promote positive relationships between executives and employees.

Furthermore, the company ensures that employees can fully participate in providing feedback through the annual Employee Opinion Survey (EOS). The survey results are analyzed to understand the different needs and expectations of various employee groups, and to develop strategies for enhancing employee engagement to make the company a "Happy Workplace." Employee satisfaction is assessed every two years, with the Human Resources department responsible for conducting the evaluations.

In the most recent survey for the fiscal year 2023, 99.88% of employees participated (compared to the target of 100%). The employee satisfaction score was 85.00% (compared to the target of 80%). The company has analyzed these results to refine strategies and review measures for improving employee engagement and participation, aiming to achieve organizational goals.

Base on the recent survey result, with recognizing in the importance of morale and positive internal relationships, the company has initiated a project to boost employee morale, creating a fun and warm work environment. This initiative is intended to enhance employee engagement and improve both work performance and the company's image.

1. Breakfast and Lunch Events

The company recognizes that meals provide an excellent opportunity for fostering interactions among employees. Therefore, the company has established a regular practice of hosting free breakfast or lunch events for employees every month. The menu features a variety of options that rotate to cater to different preferences. Additionally, during various festivals, such as Christmas, the company organizes snack giveaways. This initiative has been well-received, enhancing employee satisfaction, strengthening relationships, and boosting both physical and mental energy for work.



2. New Year Party for Sales Staff

Given that sales staff are crucial to driving company revenue and are dispersed across the country, organizing a single large-scale New Year party for all of them at the headquarters would be challenging. Therefore, in 2023, the company allocated a budget for each sales region to host their own New Year celebrations. This approach allowed employees to choose the format, location, and timing of their events, fostering a sense of warmth and strengthening relationships. It also served as a reward for their dedication and hard work.



3. MC Jeans Cup 2023

The "MC Jeans Cup 2023" sports event is designed to promote physical activity among employees, reduce work-related stress, and foster camaraderie among colleagues, including employees from subsidiaries and executives. This event enhances teamwork, sportsmanship, and mutual respect, contributing to a cohesive organizational culture. It serves as an effective way to build positive attitudes and reinforce the company's cultural values.



Other Projects and Activities for Employees

1. Mc Group Scholarship Program for Employees' Children

The company has established the Mc Group Scholarship Program for employees' children, recognizing the importance of supporting employees' families and enhancing their quality of life. This initiative aims to alleviate some of the financial burdens on employees by providing educational scholarships for their children. Despite the challenges posed by the COVID-19 pandemic, the company has continued to award scholarships, demonstrating its commitment to supporting employees and their families through ongoing assistance.



2. Mc Group Annual Employee Health Check-Up Program

The company prioritizes employee health as a core value, ensuring that employees remain healthy and protected from various illnesses. Despite the challenges presented by the COVID-19 pandemic, the company has consistently maintained its commitment to annual health check-ups for all employees, fostering a Happy Workplace environment and emphasizing the importance of physical and mental well-being. Each year, the company selects quality hospitals to conduct these health screenings, reinforcing its dedication to the overall health and wellness of its workforce.



3. COVID-19 Prevention Project

Throughout the ongoing COVID-19 pandemic, the company has remained committed to preventing the spread of the virus among all employees. Preventive measures include temperature checks upon arrival, designated dining areas with social distancing, weekly ATK testing, and the establishment of a COVID-19 committee to disseminate information and promote awareness. Employees identified as high-risk are referred for testing and required to quarantine according to government guidelines. The company also provides vaccines and booster shots to all employees. As a preventive measure, a work-from-home policy has been implemented to minimize the risk of infection.



• **Occupational Health, Safety Management**

The Company has established policies, including the provision of various benefits, to align with human rights and legal requirements, encompassing safety, occupational health, and working environment aspects. It promotes team development to achieve high standards and excellence in practices, involving continuous risk assessment, analysis, and mitigation for all work processes. This includes setting up a Health and Safety Committee and Workplace Environment (HSE) committee, convening monthly meetings, and having professional safety officers at management and team leader levels. Employee training in safety is continuous and is implemented rigorously to align with safety, occupational health, and environmental standards.

Furthermore, consideration is given to the safety of employees' lives and property. Emergency warning signs are installed within the buildings, and fire teams are designated for each facility. Firefighting gear is procured, and various fire suppression equipment is made available, along with readiness to handle different situations. Regular training exercises are conducted, including fire evacuation drills, following proper codes and utilizing evacuation procedures. These practices adhere to the accurate and ethical guidelines of the new legal safety standards. The Company consistently conducts safety training, both internally within the workplace and externally through programs like legal safety courses, occupational health, and environmental workshops for employees. Basic safety training for employees includes initial fire suppression and fire evacuation drills, as well as fostering employee awareness within the organization. Training programs are conducted in collaboration with external organizations, such as courses on legal safety, occupational health, and environmental topics, along with seminars like Safety Thailand leading to Safety Work. The Company also focuses on disaster prevention in the workplace, assessing risks related to ergonomics and work-related injuries, and addressing indoor air quality issues that affect employee health.

The Company also has safety measures. Occupational health such as checking the working environment on lighting, heat, noise, dust and wastewater quality outside the factory to be in accordance with legal regulations. Measures to monitor the quality of drinking water. Make a plan to change the emergency lighting system in the entire factory building. Including a Work Permit form, which is an examination of outside contractors before coming to work in the factory. so that all employees of the Company are safe and have standardized occupational health.

Safety Statistics	FY 2022	FY 2023	FY 2024	Target
Total No. of accidental incidents (persons)				
- Employees	7	5	5	0
- Outsourced Contractor	0	0	0	0
Total accidental rate (LTIFR)				
- Employees	3.04	2.11	2.32	0
- Outsourced Contractor	0	0	0	0
<i>(Unit : Cases per 1,000,000 working hours)</i>				
No. of Accidents leading to absent (person)				
- Employees	2	4	4	0
- Outsourced Contractor	0	0	0	0
Rate of accidents leading to absent (LTIFR)				
- Employees	0.87	1.68	1.86	0
- Outsourced Contractor	0	0	0	0
<i>(Unit : Cases per 1,000,000 working hours)</i>				
Death Rate (Persons)				
- Employees	0	0	0	0
- Outsourced Contractor	0	0	0	0

The company promotes the well-being of all employees in terms of physical, mental, and social health. This includes having a registered nurse on-site during company hours, as required by law, and providing annual health checkups to all regular employees. This aims to ensure that employees work in a safe environment, have a good quality of work life, and are free from illness, injury, or work-related diseases. This allows them to work to their full potential and live a happy life.

In addition, to ensure employees have a good quality of life outside of work, the company has organized training programs on basic healthcare rights for employees, with the cooperation of the Social Security Office. This is to ensure that all employees are aware of their legal rights and understand how to use their rights to their maximum benefit. The company also considers financial health, another important factor that can affect employees' quality of life. Therefore, the company has partnered with a personal debt management bank, in cooperation with the Government Savings Bank, to offer special low-interest loans to company employees. This is to provide employees with a channel to manage their debts and restructure their high-interest debt outside the system into a proper system with lower interest rates. This results in employees having better financial health, better mental health, and a better quality of life.

The company has also established a risk management team to assess and analyze health and safety risks in the work environment that may cause harm or danger from work processes, including routine and non-routine work, as well as unsafe behavior of employees, employees, contractors, or other agencies, including external persons who come to contact and coordinate with the company in the area of the company's responsibility. The company also develops measures to reduce the risk or impact that may occur.

- **Community and Social Development through Participation**

The company conducts its business with an awareness of its responsibility to society and the community, alongside strengthening the organization. It plays a role in improving the quality of life in the country by participating in sustainable solutions to social problems through business processes and continuous support for social activities, especially in communities surrounding the company's location. Additionally, the company encourages employees to actively participate in various activities to foster a sense of social responsibility, aiming for the company to be recognized and trusted by society and the community for sustainable coexistence.

Projects and Activities for the Community and Society

1. Blood Donation Project in Collaboration with Sirindhorn Hospital

The company established the project "Sharing Kindness... Giving Love," in collaboration with Sirindhorn Hospital, located in Prawet Subdistrict, Prawet District, Bangkok, which is a government hospital situated near the company. The project aims to encourage employees and executives to participate in activities with the main objective of promoting generosity and selflessness. Sirindhorn Hospital sets up a mobile donation unit at the company every four months, and each time, a large number of employees and executives show great interest and participate in the project.



2. Mc Sewing Training and Career Development Project

With over 49 years of business experience, the company has a policy to leverage its strengths in skilled and highly specialized garment production to transfer knowledge and sewing expertise to the community and society. The Mc Sewing Training and Career Development Project was first launched in 2015, with the aim of providing opportunities for individuals in the communities surrounding the company's operations, as well as the general public, to participate in the project. The goal is to equip participants with the knowledge and experience needed to apply in their own livelihoods, supporting themselves and their families, while also creating job opportunities for those who complete the training to potentially work for the company.

The Mc Sewing Training and Career Development Project accepts applications from interested individuals living near the company's facilities, as well as from the general public. Training sessions are held every Saturday from 9:00 AM to 4:00 PM over a continuous three-month period. The training program includes both theoretical and practical components. The theoretical section covers basic knowledge of fabrics, sewing principles, basic sewing machine maintenance and repair, and other relevant knowledge. The practical section involves actual garment sewing. The project has consistently received positive feedback and cooperation from both government agencies and the local communities surrounding the company's facilities. As a result, the project has continued regularly and is now in its 7th iteration, receiving strong support from nearby communities.

Based on evaluations of the Mc Sewing Training and Career Development Project over its seven iterations, the results have been highly satisfactory. Participants have gained knowledge and experience that they have applied to sewing, garment repair, and earning supplemental income to support their families. This initiative has been a valuable contribution to government efforts in community and social development. To date, the company has trained and educated more than 150 people through this project. Additionally, the project has helped to raise awareness of the company and has contributed to its recruitment efforts, with an increasing number of trainees applying for jobs at the company, thereby helping to mitigate the risk of labor shortages.



3. Education Promotion and Youth Development Project

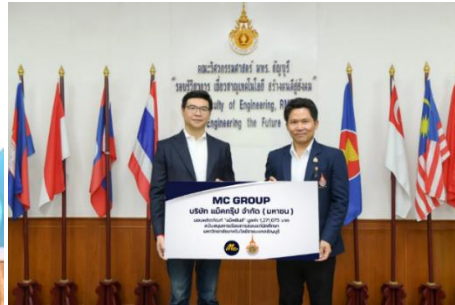
The company recognizes the importance of education and focuses on fostering creativity and skills in students for inventing and creating new things. As part of this effort, the company provides materials and equipment to support students in their work on design, research, technology transfer, innovation, and other creative projects. These donations are made to various educational institutions to enhance teaching and learning, particularly in areas related to design and the creative business of textiles and apparel.

In 2024, the company will donate “Mc Jeans” products to schools both within and outside the communities surrounding the company. This initiative aims to promote learning among students and strengthen the relationship between the company and educational institutions.



4. Academic Collaboration Project with Universities

With over 49 years of experience in the business, the company has a policy to leverage its strengths in the apparel and fashion industry by sharing its expertise and knowledge in garment-making with society. For the 2023-2024 fiscal year, the company initiated an academic collaboration project with four leading fashion universities in Thailand: Srinakharinwirot University, Silpakorn University, Rajamangala University of Technology Thanyaburi, and Rajamangala University of Technology Phra Nakhon.



This collaboration aims to impart knowledge, skills, and experience to students, while also promoting and developing personnel with expertise and standards in business. It helps students gain a clearer understanding of real-world work environments and apply their theoretical knowledge to practical situations. The scope of the collaboration includes:

1. The company provides support by supplying various materials and equipment, such as fabric, thread, labels, buttons, rivets, etc., to promote and develop teaching and learning related to design, innovation, and creative works for students and universities.
2. Academic collaboration activities include seminars, factory visits, hands-on training workshops, research and technology transfer, academic consultation, and other collaborative efforts to apply shared knowledge.



Additionally, the company has continuously provided opportunities for educational institutions and university students to participate in internships, particularly with higher education institutions offering programs in business administration, textile industry, and fashion design that align with the company's operations. This initiative helps foster practical learning and real-world experience for interested students.

In the fiscal year 2024, two students completed internships with the company. Furthermore, the company contributed fabrics and other materials to universities under the aforementioned collaboration, amounting to 14.5 million baht. This project serves as an excellent example of leveraging business expertise to create mutual benefits for both the company and society, ensuring that all parties involved gain valuable outcomes.

Benefits to Society

1. Students gain the opportunity to learn from real-world experiences within a professional environment, providing a clear understanding of workplace operations. This enables them to integrate theoretical knowledge with practical situations, making them better prepared for future careers.
2. The provision of materials and equipment for educational purposes ensures that universities have sufficient resources to develop curricula and improve teaching. This support also helps reduce expenses for both students and universities.
3. Utilizing fabric scraps and unused materials helps reduce waste and promotes resourcefulness. This encourages creativity in repurposing materials and fosters the development of innovative projects. Additionally, instilling a sense of ethical resource

use and responsible business practices helps nurture quality youth who are ready to become future leaders.

Benefits to the Company

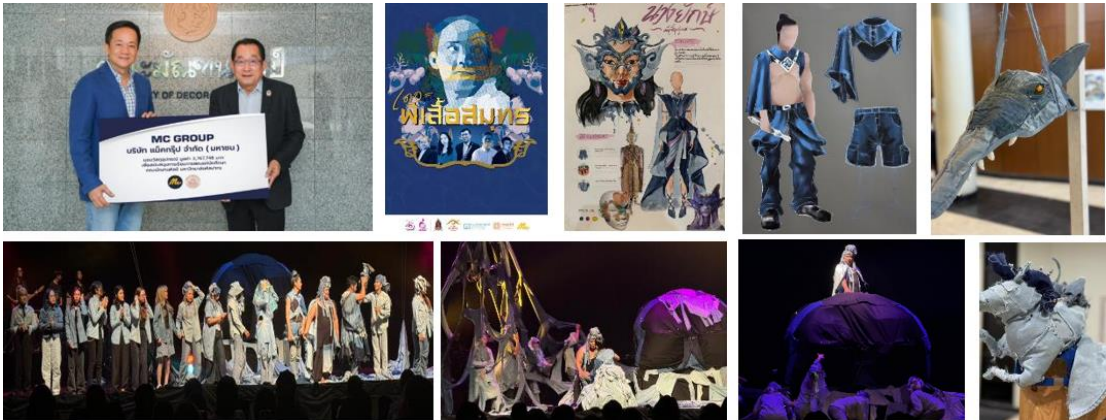
- 1. This social initiative not only supports education and the development of human resources in the fashion industry but also enhances the company’s image as a socially responsible organization.
- 2. Donating unused materials and equipment helps reduce waste and supports the company’s Zero Waste and Circular Economy initiatives, aligning with sustainable business practices. Moreover, the company benefits from tax incentives, allowing double deduction of expenses, which amounts to 5.8 million baht, further enhancing business value.

Examples of Creative Work by University Students Participating in the Project

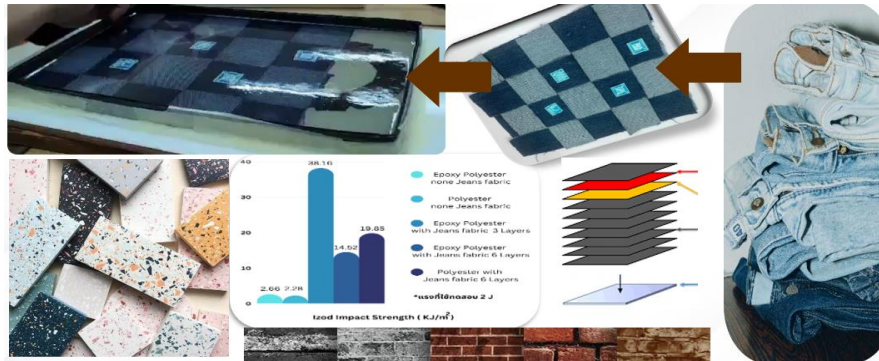
- A design project using leftover denim by students from the College of Creative Industries, Srinakharinwirot University, as part of the 2023 academic year Fashion, Textile, and Accessories Design Exhibition.



- A stage production of "Phisuea Samut" by students from Silpakorn University, where they designed and utilized leftover materials provided by the company to create costumes, accessories, props, and set pieces for the performance on March 14, 2024.



- The project "Composite Wall Arts" using leftover denim from the company, created by students from Rajamangala University of Technology, for a competition organized by the Ministry of Higher Education, Science, Research, and Innovation.



5 Community Collaboration Project

The company values the surrounding communities and government agencies, and places importance on engaging with various communities and external organizations that approach the company for participation in different activities. This effort aims to build strong relationships between the company and the local community. Notably, the company supports the annual National Children's Day project by providing prizes to schools in the Pravat district and nearby areas. These prizes are used for organizing Children's Day events for students. The company has consistently supported this activity every year.



Additionally, in the fiscal year 2024, the company contributed to social welfare and supported the quality of life for students in remote areas. The company donated "Mc Jeans" products to children and adults in three locations: Ban Tika Po School, Ban Mae Rameung School, and the Omkoi District Learning Promotion Center. This initiative is part of the "Collaborative Community Support Project," reflecting the company's commitment to its corporate social responsibility policies.





- **Respect for Human Rights**

The company acknowledges the principles of human rights, strictly adheres to laws and human rights standards, and supports improving the quality of life for individuals and promoting social equality. The company has a policy that ensures its personnel treat each other with equality, fairness, respect, and respect for personal rights without discrimination, including on the basis of race, ethnicity, religion, gender, social status, or political rights, in all procedures according to fundamental human rights practices. The company does not support activities that violate human rights principles.

The company respects employees' privacy and does not disclose personal information such as salaries, medical histories, or family details to external parties or unrelated individuals unless required by law. It also promotes quality development activities for both internal and external personnel.

The company treats all stakeholders equally in its business operations and regularly monitors to ensure that the company's activities do not involve human rights violations. It promotes and supports partners in conducting business without violating human rights. Additionally, the company has established an appropriate grievance mechanism for those who experience unfair treatment and has implemented measures to protect whistleblowers in accordance with the Whistleblower Policy, following corporate governance principles in section 3 concerning stakeholder roles. Over the past year, there have been no reported human rights violations.

The company conducts ongoing monitoring of human rights performance and provides continuous training and awareness to employees on human rights issues to prevent potential negative impacts.

In 2024, a risk assessment and impact evaluation of human rights related to the company's operations and business activities revealed no cases of human rights violations, including human trafficking, forced labor, child labor, discrimination, or sexual harassment, as well as freedom of association, collective bargaining rights, compensation equity, and other human rights issues.

Furthermore, the company has established channels for stakeholders to report human rights violations, accessible through the following contact points:

Communication Channels

Mc Group Public Company Limited
448, 450 Onnuch Road, Prawet, Bangkok 10250
Telephone : +66(0)2 117 9999
Fax : +66(0)2 117 9998

3. Sustainability Management in Environmental Dimension

3.1 Environmental Policies and Practices

The company is committed to and prioritizes environmental care due to its impact on all stakeholders. It has established an environmental policy that aligns with the company's business objectives, focusing on fostering cooperation from all employees, considering overall social responsibility, and acknowledging environmental responsibility as outlined in the company's business ethics. For new projects, the EHS team is involved from the design stage to provide guidance with a focus on environmental protection and safety. The full environmental policy and business ethics are available on the company's website.

3.2 Key Sustainability Issues in Environmental Dimension

Key Environmental Performance Results

Key Results	FY 2021	FY 2022	FY 2023	FY 2024
Number of environmentally friendly products (units)	44,000	40,358	63,090	171,182
Electricity consumption (kWh)	2,452,983	2,360,398	2,193,361	2,348,349
Water consumption (cubic meters)	39,890	38,041	43,407	32,158
Fabric waste from trousers production (grams per item)	135.53	134.13	133.02	109.89
Fabric waste from T-Shirt production (grams per item)	39.94	39.47	37.94	33.76

• Energy Management

Currently, climate change issues are intensifying, leading to global warming and dangerous climate events such as droughts, storms, and floods. The use of electricity contributes to heat generation and impacts climate change, along with rising energy costs, particularly for electricity, which continuously increases energy expenses.

The company recognizes the importance of energy use and has set goals for energy management and electricity use. It is committed to maximizing efficiency through the use of effective tools and equipment while fostering employee awareness about conserving and efficiently using electricity. This aligns with the "Sustainable Development Goals" (SDGs), specifically Goal 7: Affordable and Clean Energy.

Performance in Energy Management

The company has collected and recorded data on electricity consumption for production at the factory, warehouse, and headquarters to understand usage levels and set management targets, as outlined in the table below.

	FY 2021	FY 2022	FY 2023	FY 2024
Electricity Usage (Kwh)	2,452,983	2,360,398	2,193,361	2,348,349
Target	Base year	2,379,394	2,308,012	2,207,685
Actual Electricity Usage Vs Target	-	-0.8%	-5.0%	+6.4%

Energy Saving Goals

In 2024, the company set a target to reduce electricity consumption by no less than 10.0% compared to the base year of 2021. Although the company successfully reduced electricity consumption by 4.3% from 2021, it fell short of the target by 6.4%.

For 2025-2027, the company remains committed to controlling electricity usage within the organization, with a goal of reducing consumption by at least 15% per year.

Energy Saving Measures

The company prioritizes and promotes efficient energy use by implementing measures to reduce energy consumption continuously for factories, warehouses, and offices, as follows:

1. The company has been gradually replacing the existing 36 W fluorescent light bulbs in the factory with 14-18 W LED bulbs, which consume less electricity and have a longer lifespan. This initiative began in 2015 and has reduced electricity consumption by more than 50% compared to the old bulbs. In 2022, a total of 200 energy-saving bulbs were replaced. Additionally, from 2023 to 2024, the company is progressively upgrading the factory air conditioners to new, energy-efficient models with a 5-star energy rating.
2. The company has improved the efficiency of the compressed air system used in the production process and reduced air leaks, leading to energy savings. In 2024, the company replaced the air compressor with an Inverter-type compressor, which maintains a constant air pressure and saves 30-35% of electricity compared to the previous system.
3. In 2024, the company replaced industrial clutch motors with servo motors, which can control speed and torque without running continuously when the switch is on, unlike clutch motors that operate all the time when switched on, leading to energy wastage.
4. The company has replaced desktop computers with laptops, which consume less power—approximately 60-70 W compared to the 200-250 W of desktop computers. From 2022 to 2024, a total of 62 desktop computers have been replaced with laptops.
5. To reduce external electricity consumption, the company has implemented Solar Rooftop technology, starting with the headquarters building in June 2022. The installation covers the rooftops of Building A, Building B, Building C, Mc Design Center, and Mc Studio. Additionally, a Solar Rooftop system has been installed at the Mc Fulfillment Center warehouse, which began operation in the 2024 fiscal year.



6. The company has disseminated and promoted energy and water conservation projects in factories and offices to employees, aiming to instill a sense of awareness about efficient and valuable resource use. Various methods have been employed, including communication via Line, public announcements, and bulletin boards. Additionally, promotional materials such as stickers have been created and placed at usage points to campaign for turning off lights after use, unplugging devices, and switching off electrical appliances after use.



• Water Management

Water is a valuable global resource and a crucial factor in economic production. However, climate change and global warming have increased the frequency and severity of water-related natural disasters. Additionally, economic growth and industrial expansion have led to water scarcity, flooding, and water pollution.

The company prioritizes effective water management within its operations, using water efficiently and fostering a strong awareness of wastewater treatment before discharge into public sewage systems. This includes reminding employees to turn off water when not in use, upgrading to water-saving fixtures such as low-flow toilets, and regularly inspecting and maintaining the water supply system to ensure its efficiency. The company also monitors environmental impacts from production, such as the quality of wastewater and dust emissions, adhering strictly to regulations and operational procedures.

Performance in Water Management

In the past year, the company has collected and recorded water usage data across its factories, warehouses, and headquarters. This data helps determine water consumption levels and set management goals, as detailed in the table below.

	FY 2021	FY 2022	FY 2023	FY 2024
Water Usage (Unit)	39,890	38,041	43,407	32,158
Target	Base year	38,693	37,533	35,901
Actual Water Usage Vs Target	-	-1.7%	+15.7%	-10.4%

Note: In 2023, water consumption increased due to a leak in underground pipes, which the company has already resolved.

Water Conservation Targets

In 2024, the company set a goal to reduce water usage by no less than 10.0% compared to the baseline year of 2021. Through various measures, the company exceeded this target by 10.4%.

For 2025-2027, the company remains committed to managing water consumption within the organization, with a goal of reducing usage by at least 1.0% per year.

Water Management Measures

The company emphasizes and promotes efficient water usage through ongoing measures to reduce water consumption in the factory, warehouse, and office settings, as follows:

1. **Water Usage Control and Leak Detection:** In the fiscal year 2024, the company has implemented measures to control water usage and regularly inspect for leaks in water pipes throughout the organization. This ensures that the pipes remain in good condition, reducing the risk of leaks due to pipe deterioration. The company has also repaired and upgraded equipment by purchasing water-saving devices, such as faucets, sanitary fixtures, and pipes.
2. **Water Conservation Campaign:** The company has launched a water conservation campaign, disseminating and publicizing the energy and water-saving initiatives within the factory and office to employees. This is aimed at fostering awareness of resource efficiency and value. Communication is done through Line, public address systems, and notice boards, as well as through promotional materials such as stickers at usage points to encourage employees to turn off faucets securely, use only the necessary amount of drinking water, and make use of any leftover water.

For the wastewater, the company has installed an efficient wastewater treatment system and maintains and inspects the system regularly. Wastewater from the buildings includes domestic water used for activities such as flushing, cooking, and washing, which may contain contaminants that could impact health and the environment. The company treats wastewater physically using screens to capture large debris such as wood and plastic, and has installed grease traps to separate fats from the wastewater. This helps to maintain the water quality before it is released into the wastewater treatment system, which includes a holding tank before discharging into public water sources. Monitoring of wastewater quality shows that it meets the legal standards. In 2024, the company did not receive any environmental complaints from stakeholders.

- **Waste Management**

Waste and refuse pose environmental challenges, potentially impacting the health of employees and surrounding communities. Landfill disposal of waste contributes to greenhouse gas emissions and affects climate change. The company recognizes these issues and prioritizes waste management as part of its operational responsibility and commitment to reducing greenhouse gas emissions.

The company focuses on waste management, particularly waste generated from factory production. It reviews and optimizes the use of existing raw materials to enhance efficiency, reduce production scraps, and lower costs.

Performance in Waste Management Last Year

The company has collected and recorded data on production waste (fabric scraps) within the factory. Since the volume of waste varies with production levels, waste management performance is measured by the weight of waste per unit of production. This metric is used to evaluate and set management goals separately for t-shirts and jeans production, as outlined in the table below.

Fabric Waste from Production	FY 2021	FY 2022	FY 2023	FY 2024	% Increase (Decrease)
Fabric waste per piece of jeans production (grams)	135.53	134.12	133.02	109.89	-17.39%
Fabric waste per piece of T-Shirt production (grams)	39.94	39.47	37.94	33.76	-11.02%
Total Fabric Waste (Ton)	158.60	120.92	139.42	99.92	-28.33%

Production Waste Management Goals

In 2024, the company aims to reduce waste per unit of production by at least 1.0% compared to 2023. The long-term goal is to achieve a reduction of at least 3.5% in waste compared to the base year 2021 within a 3-year period (by 2027). For the fiscal year 2024, the company has exceeded the set target.

Measures for Managing Production Waste

Recently, the company has continuously developed strategies for managing production waste, summarized as follows:

1. Modified Mc Basic T-Shirts: The company has redesigned Mc Basic t-shirts using bag fabric, which eliminates seams and reduces fabric waste from cutting.
2. Pattern Marking Optimization: The method of marking patterns (cutting templates) has been adjusted to reduce the gap between pattern pieces from 2 mm to 0.5 mm, resulting in a fabric usage reduction of approximately 1.5%.
3. Fabric Layering Improvement: Instead of overlapping fabric rolls, the company now cuts the ends of fabric layers, saving fabric in the overlapping sections at both ends and reducing fabric usage by about 0.28%.
4. Fabric Width Selection: Rolls of fabric with similar widths and colors are selected to determine appropriate marker sizes for each fabric batch.
5. Pattern Adjustments: Patterns with sharp angles are modified to have rounded corners to increase marker placement area.
6. Utilizing Defective Fabric Pieces: Defective fabric pieces are assembled into jeans for sale as grade B products rather than being sold as scrap fabric.
7. Recycling Production Waste: Fabric scraps from production are transformed into various products such as tote bags, coasters, face masks, and computer or iPad cases. These items can be sold or used as premium gifts for customers.



8. The company has adopted environmentally friendly production innovations with plans to implement recycling innovation. This involves taking waste denim fabric from jeans production, spinning it into yarn, and weaving it into denim fabric for t-shirts. This approach not only reduces the amount of waste denim but also helps mitigate global warming by recycling these materials into fabric. In the first quarter of the fiscal year 2024, the company sent denim waste to a textile mill to be recycled into yarn and used to produce t-shirts in the Earth Friendly collection.



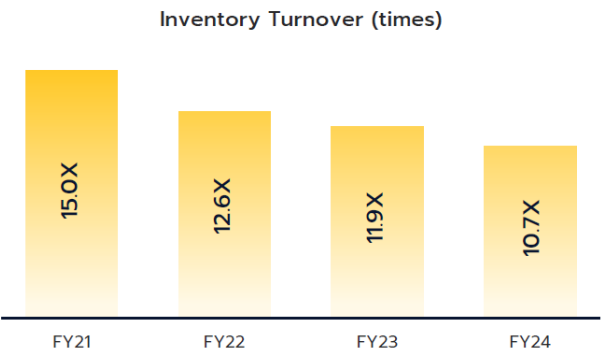
9. Since the fourth quarter of the fiscal year 2024, the company has supported SC GRAND, a leader in the production of recycled fibers and fabrics in Thailand, to achieve the company's goal of zero waste from production processes and to help reduce environmental impact. Additionally, the company is currently collaborating with SC GRAND and Kaihara, a business partner, to explore the feasibility of developing recycled fibers from discarded denim fabric from the company's factory.

Management of Unsold and Obsolete Inventory

The issue of waste from unsold clothing and obsolete products is a significant environmental challenge in the fashion and ready-to-wear industry. This problem not only impacts the environment but also reflects the efficiency of supply chain management and market demand forecasting.

To address this issue, the company has applied Data Analytics techniques in purchasing planning, product allocation, and distribution to improve sales efficiency. By analyzing customer data and purchasing behavior, the company forecasts sales more accurately, allowing for better market demand prediction. This analysis helps the company plan raw material orders and production more appropriately, reducing overproduction and preventing excess inventory issues.

The result of accurate planning is a noticeable reduction in excess and obsolete inventory, benefiting both the environment and the company's financial performance. Accurate planning has significantly reduced excess and obsolete inventory, as evidenced by a notable decrease in the Inventory Month Turn ratio, an indicator of inventory turnover efficiency. For the fiscal year 2024, the ratio dropped to 10.7 times compared to 11.9 times in the previous year.



- **Waste Separation Campaign**

In addition to waste generated from the production process, the company has organized ongoing campaigns to encourage employees to reduce waste and minimize the amount of waste produced from daily activities. These initiatives include separating food scraps, reducing the use of plastic cups and bags, sorting waste, and reusing packaging boxes from the warehouse for shipping products to branches and for returns from stores.

The waste separation campaign aims to have employees sort waste into three categories: recyclables, hazardous waste, and general waste. The importance of waste separation is communicated through various channels, including Line messaging, public announcements, and informational boards.



- **Response to Climate Change and Greenhouse Gas Management**

The impact of greenhouse gases and global warming has expanded globally, causing widespread damage and disruptions. This has increasingly affected daily life, including climate variability and PM 2.5 pollution, drawing significant attention to greenhouse gas issues and climate change from all sectors in both Thailand and internationally.

At the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 27) held in Egypt from November 11-17, 2022, Thailand clearly demonstrated its commitment to supporting greenhouse gas reduction. Thailand presented an updated long-term strategy aligned with the goals of achieving carbon neutrality by 2050 and net-zero emissions by 2065. Additionally, the country elevated its Nationally Determined Contribution (NDC) target to 40%, supported by international assistance, and committed to increasing the production of zero-emission vehicles to 30% of total vehicle production by 2030. Thailand also aims to increase the share of renewable energy in electricity generation to at least 50% by 2050, support commercial CO2 capture technology before 2040, and expand green spaces to 55% of the national area to enhance greenhouse gas sinks by 2037.

Furthermore, the 28th Conference of the Parties (COP 28), held from November 30 to December 12, 2023, in the United Arab Emirates, focused on monitoring global progress in climate change actions. The main objective was to encourage member countries to collaboratively and seriously address atmospheric greenhouse gases to keep the average global temperature rise below 1.5°C.

Climate Change Governance Structure

Governance of climate change issues is a key aspect of sustainability. At the management level, it falls under the responsibility of the Sustainable Development and Anti-Corruption Task Force, which consists of executives from various departments. This task force reports directly to the Risk and Sustainability Management Committee, which oversees the framework for GHG emission reduction across the organization.

The Risk and Sustainability Management Committee is tasked with setting and reviewing policies related to risk management, governance, and sustainability. These policies align with the company's strategy and address key sustainability issues, including climate change management, risk and opportunities for sustainable business development, and supporting the Sustainable Development and Anti-Corruption Task Force. This task force is responsible for setting sustainability targets, developing indicators, and creating action plans to achieve the company's goals. Additionally, the committee, along with senior executives, assesses risks and opportunities related to climate change and provides recommendations on strategies or additional action plans.

Greenhouse Gas Management Performance and Goals

The company's Risk and Sustainability Management Committee has established greenhouse gas (GHG) emission reduction targets in alignment with Thailand's goals: achieving carbon neutrality by 2050 and reaching net-zero emissions by 2065. In the fiscal year 2024, the company began its second year of calculating its carbon footprint to measure the amount of GHG emissions resulting from organizational operations. The company has received certification for its GHG calculations from the Greenhouse Gas Management Unit at Phayao University, an accredited verifier with the Greenhouse Gas Management Organization (Public Organization). The results are as follows:

Greenhouse Gas Emissions by Scope	Unit	Fiscal year 2023	Fiscal year 2024
Direct Greenhouse Gas Emissions Scope 1	Ton CO2e	575	343
Indirect Greenhouse Gas Emissions Scope 2	Ton CO2e	1,076	3,973
Indirect Greenhouse Gas Emissions Scope 3	Ton CO2e	No calculation	46,264
Total Greenhouse Gas Emissions Scope 1+2	Ton CO2e	1,651	4,316
Total Greenhouse Gas Emissions Scope 1+2+3	Ton CO2e	No calculation	50,580

Note:

(1) The basis for calculating direct greenhouse gas emissions Scope 1 for the 2 fiscal years differs. In fiscal year 2023, which is the first year of Scope 1 assessment, it was not possible to distinguish the amount of fuel used by company vehicles and employees' vehicles due to limitations in data collection. In fiscal year 2024, the amount of fuel used by company vehicles was classified as Scope 1, and the amount of fuel used by employees' vehicles was classified as Scope 3. This adjustment led to a significant reduction in direct greenhouse gas emissions Scope 1 for the year 2024.

(2) The scope of assessment for calculating direct greenhouse gas emissions Scope 2 for the 2 fiscal years differs. In fiscal year 2023, it was calculated from the electricity usage of the factory, warehouse, and head office only. In fiscal year 2024, the scope was expanded to include the electricity usage of retail points, which led to a significant increase in direct greenhouse gas emissions Scope 2 for the year 2024.

Greenhouse Gas Management Measures

The company recognizes the importance of managing greenhouse gases and has initiated various projects to support the reduction of greenhouse gas emissions from business activities. These measures include:

1. Reducing External Electricity Consumption with Solar Rooftop Systems: The company has pioneered the use of solar rooftop systems at its headquarters, starting in June 2022. Installation areas include the rooftops of Buildings A, B, C, and Mc Studio. This initiative has significantly reduced electricity consumption at the office in the fiscal year 2023 compared to 2022. Additionally, a solar rooftop system has been installed at the Mc Fulfilment Center warehouse and has been operational since the fiscal year 2024.
2. Efficient Energy Use: Recognizing that electricity consumption is a source of greenhouse gas emissions, the company has implemented measures to enhance energy efficiency. These include replacing fluorescent lights with LED bulbs, switching from PC to laptop computers to reduce energy use, and performing preventive maintenance to minimize air system leaks. In the fiscal year 2024, additional energy-saving measures included replacing air compressor pumps with inverter systems and switching sewing machine motors from clutch motors to servo motors.
3. Water Conservation: The company is aware of the greenhouse gas emissions associated with water use and has promoted water conservation. Measures include posting notices about water use, widespread communication to employees, and regular inspections of equipment to prevent water loss from faulty devices.
4. Reducing Paper Use: Paper use indirectly contributes to greenhouse gas emissions (Scope 3). To mitigate this, the company has developed innovations such as E Form programs and an Online Approval system to reduce paper use. Additionally, all ISO system documents have been transitioned from paper to electronic formats.
5. "No Bag Campaign": In the fiscal year 2024, the company launched the "No Bag Campaign" to encourage the reduction of plastic bag use. Customers who opt not to receive plastic bags are rewarded with CRM points. This initiative not only reduces plastic bag consumption but also cuts costs for the company. Moreover, the campaign plays a role in raising environmental awareness among customers, aligning with the organization's sustainable development goals.



6. Improving products and services to meet the growing demand for environmentally friendly products. This includes introducing products made from cotton alternatives, t-shirts made from recycled plastic bottles, and the innovative waterless "DRY DYE" dyeing process. Additionally, the use of recycled materials for zippers, buttons, and rivets, as well as low-energy production processes, has reduced the use of chemicals and water, thereby conserving limited natural resources.
7. Adopting a circular economy approach. This involves maximizing resource efficiency throughout the entire lifecycle of products, from production and consumption to waste management. By emphasizing reduce, reuse, and recycle practices, the company has partnered with suppliers in 2022 to recycle denim scraps into yarn for t-shirt production.
8. Enhancing employee awareness and fostering a culture of resource conservation. The company is committed to improving employee understanding of the importance of energy and resource conservation.