

# EARTH FRIENDLY

McJEANS  
รักโลก  
แบบมีสไตล์

*Living  
Sustainability  
in harmony  
with nature*



**EARTH FRIENDLY**



## **MC Group Public Company Limited** **Sustainability Excellence**

**September 2024**

# Road to

# 50 *Years*



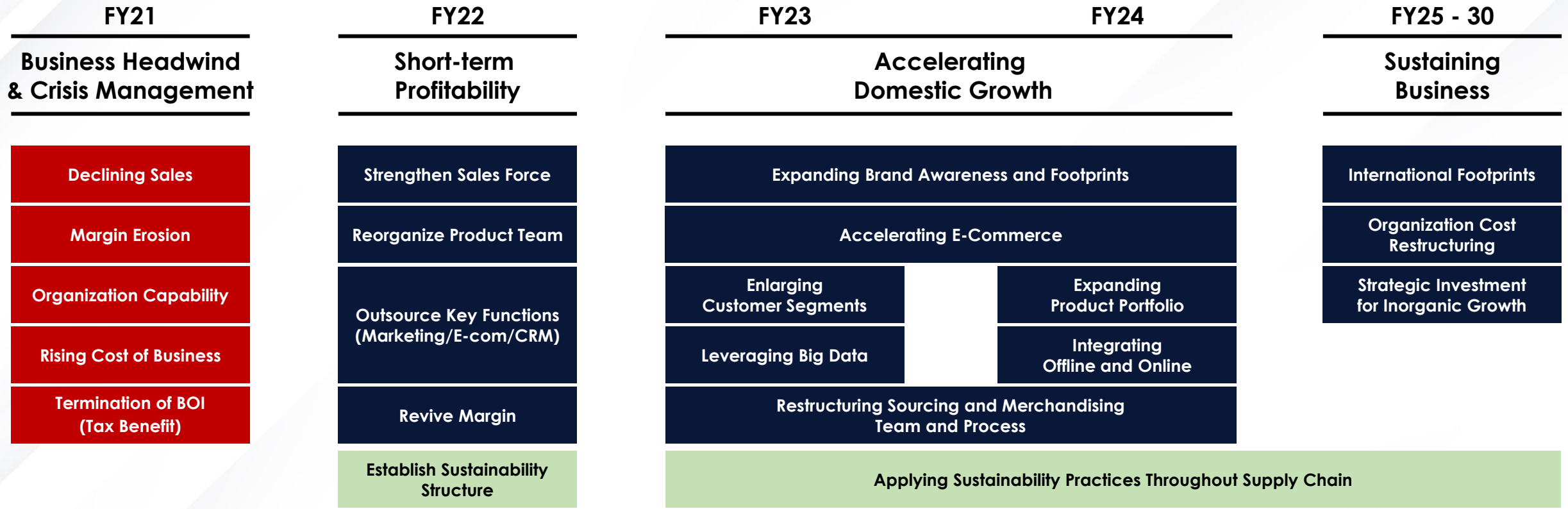
## MC GROUP

**MC Group Public Company Limited** or “**MC**” was listed on the Stock Exchange of Thailand (SET) in July 2013. The Group manages retailing business of apparels and lifestyle products under brands owned by the group of companies and partners.

*Mc*

**Mc Jeans** brand is among the most successful house brand of the group and has been operated for more than 48 years **since 1975**. Mc Jeans is well acknowledged of a reliable quality craftsmanship of product, offering a wide selection of product categories including ready-to-wear denim products and other day-to-day lifestyle necessities.

# STRATEGIC MILESTONES



Revenue <b>3,404</b> M.TH.B	-13%	Revenue <b>2,970</b> M.TH.B	+27%	Revenue <b>3,767</b> M.TH.B	+10%	Revenue <b>4,160</b> M.TH.B
NPAT <b>446</b> M.TH.B	+9%	NPAT <b>486</b> M.TH.B	+33%	NPAT <b>644</b> M.TH.B	+11%	NPAT <b>713</b> M.TH.B



# MC'S SUSTAINABILITY JOURNEY

We are here

2022

2030

## Foundation and Commitment

### Establish a Sustainability Team

- Form a dedicated ESG team responsible for developing, implementing, and monitoring sustainability initiatives.

### Set ESG Baselines and Targets

- Conduct a thorough assessment of the company's current ESG performance.
- Set clear, measurable targets aligned with global standards

### Stakeholder Engagement

- Initiate dialogues with key stakeholders, including investors, customers, suppliers, and employees, to understand our ESG expectations and concerns.

## Operational Integration

### Eco-friendly Products

- Launch a line of sustainable products, such as apparel made from organic cotton, recycled materials, or other eco-friendly components.
- Begin phasing out non-sustainable materials from the entire product range.

### Sustainable Supply Chain

- Partner with suppliers who adhere to sustainable practices.
- Implement a Supplier Code of Conduct focused on fair labor practices, environmental responsibility, and ethical sourcing of materials.

### Waste and Resources Management

- Aim for a significant reduction in waste and pollution from the entire value chain

## Social and Community Impact

### Employee Well-being and Development

- Launch programs focused on employee health, well-being, and continuous learning.
- Implement fair wages, safe working conditions, and career development opportunities across the organization.

### Community Engagement and Social Responsibility

- Develop and implement programs that support local communities, such as education initiatives, vocational training, and sustainable development projects.

## Leadership and Innovation

### Innovation in Sustainable Practices

- Invest in R&D to develop innovative, sustainable materials and production processes.
- Explore digitalization opportunities to further reduce the environmental impact of the supply chain.

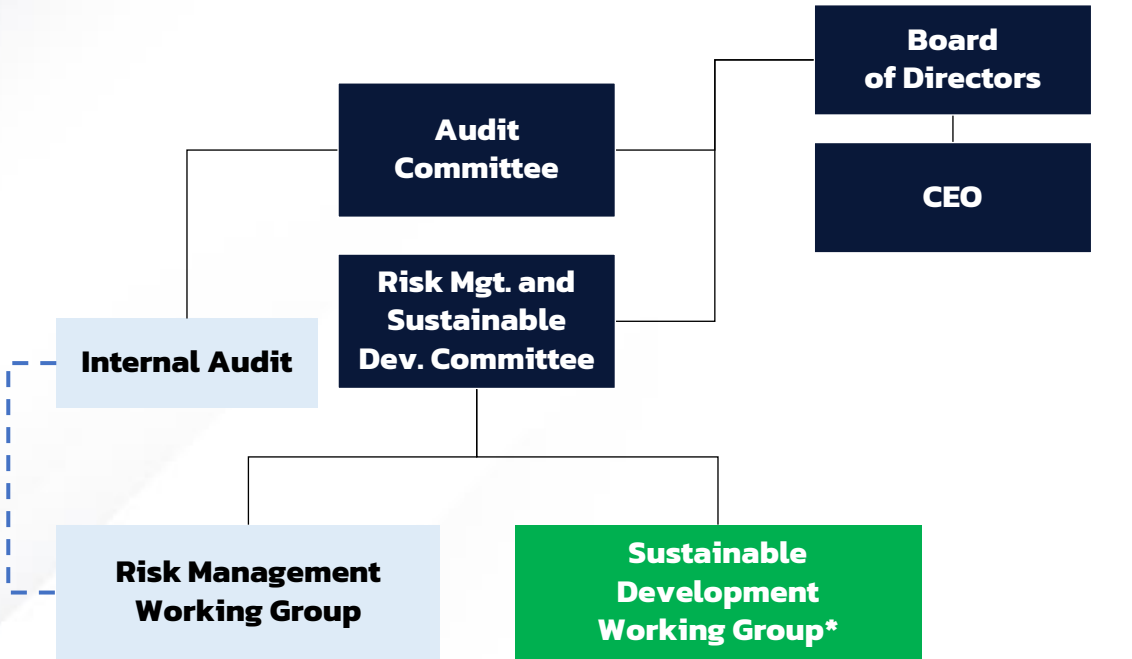
### ESG Leadership

- Position Mc Group as a leader in sustainability within the apparel industry, both in Thailand and globally.
- Participate in international ESG forums, share best practices, and influence industry standards.

# THE FOUNDATION AND COMMITMENT

Establish a Sustainability Team

## Our ESG Governance Structure



### The key roles of the ESG Governance Team:

- Strategy Development and Implementation:
- Performance Monitoring and Compliance:
- Stakeholder Engagement and Communication:

\* Comprise of executives from all functions, established since 2022

ESG  
VISION

Embrace Performance  
Empower Sustainability  
Fashioning a Better World

3Ps

Profit

People

Planet

COMMITMENTS

- > 5-10% YoY revenue and profit growth.
- > 17% profitability margins
- > 90% NPS Score
- > 85% employee satisfaction rate
- 100% sustainability and ethical standards.
- > 50% of the product portfolio is made from or has a component of **sustainable or recycled materials** within the next 10 years.
- **Zero waste** from innovative process improvement within the next 10 years

# THE FOUNDATION AND COMMITMENT

## Stakeholder Engagement

**The most challenging activity is to make all stakeholders willing to walk through the journey**

**C**

**A**

**P**

**A**

**Communicate**



**Aware**



**Plan**



**ACT**

**“As a leading denim brand in Thailand, we take it our responsibility to educate and lead our customers and partners to move towards Sustainability”**

# THE NEXT JOURNEY AND KEY CHALLENGES

2024

2030

## Operational Integration

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## Key Challenge 1

**Eco-Friendly Products are not Financially Friendly**  
(to business and end consumers)

## Key Challenge 2

**Sustainable Supply Chain is Resource-Intensive Activity**

## Key Challenge 3

**Waste and Resources Management Requires Capital Investment and Technological Advancement**



# Mc3109

THE ORIGINAL STRAIGHT

กางเกงยีนส์ทรงขากระบอกเล็ก

Mc

## Key Challenge

# 1

Eco-Friendly Products are not  
Financially Friendly  
(to business and consumers)

1

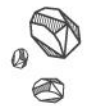
- กระดุม/ริ้วก
- ผลิตโดยกระบวนการ
- ลดสารเคมี

2



เทปซีป ผลิตจาก  
ขวดพลาสติก  
และเศษผ้าที่ใช้แล้ว

3



ยีนส์ฟอกด้วย  
ซินกาเลียไฟ  
ทำให้ได้เฟด  
ที่สวยงาม



4

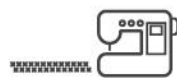
กระเป๋าทรงใบโพธิ์  
สัญลักษณ์ของ  
Mc JEANS  
ปักเส้นด้าย 7 เส้น  
เพิ่มความพรีเมียม



5

ตะขิบด้านในแบบออก  
จากกัน มีเส้นริบ  
รี้งยาวใส่ไปนานๆ  
จะเกิดเป็นเฟด  
รางรถไฟ

6



เย็บปลายขาสูกโซ่  
เพิ่มความแข็งแรง  
(จะแจ้งลูกค้าเมื่อไม่  
ต้องการตัดขา)



SUSTAINABLE  
MATERIALS



# THE NEXT JOURNEY AND KEY CHALLENGES

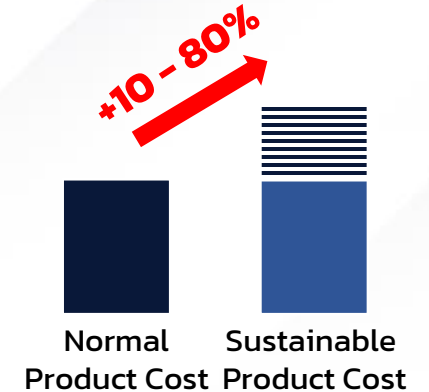
## Key Challenge 1: Eco-Friendly Products are not Financially Friendly

### Challenges



#### High Production Costs with Inferior Quality:

Eco-friendly materials and sustainable production processes often come with higher costs.



#### Price Sensitivity:

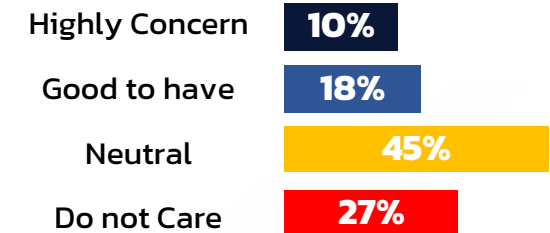
End consumers may perceive eco-friendly products as too expensive, leading to lower demand.

**+15 - 30%**  
**Price Increase**



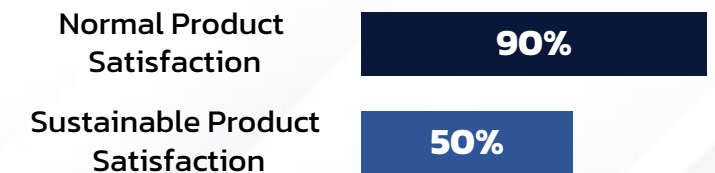
#### Market Penetration:

A broad consumer base is cost concerns and lack of sustainability awareness.



#### Unmet Innovative Solution:

Innovation on cotton-based products is not as advanced as those of polyester-based products



# THE NEXT JOURNEY AND KEY CHALLENGES

Key Challenge 1 : Eco-Friendly Products are not Financially Friendly

## Strategic Actions

### Cost Optimization Initiatives:

- Increase the proportion of eco-friendly, leveraging economies of scale
- Commit to larger volumes or long-term contracts.

### Innovation in Sustainable Materials:

- Invest in R&D to discover and utilize more cost-effective sustainable materials.
- Collaborate with partners, universities, and startups to develop innovative, scalable solutions that reduce production costs.

### Consumer Incentives:

- Offer promotional discounts, loyalty programs, or bundled deals to make eco-friendly products more accessible to price-sensitive consumers.



## Short-term

**Cost Equivalent** to Normal Product Cost Structure  
**within 2026**

**10%** of Sustainable Product Sales  
**within 2026**

**>70%** Sustainable Product Satisfaction  
**within 2026**

## Long-term

**Cost Improvement** from Normal Product Cost Structure  
**within 2030**

**30%** of Sustainable Product Sales  
**within 2030**

**>90%** Sustainable Product Satisfaction  
**within 2030**



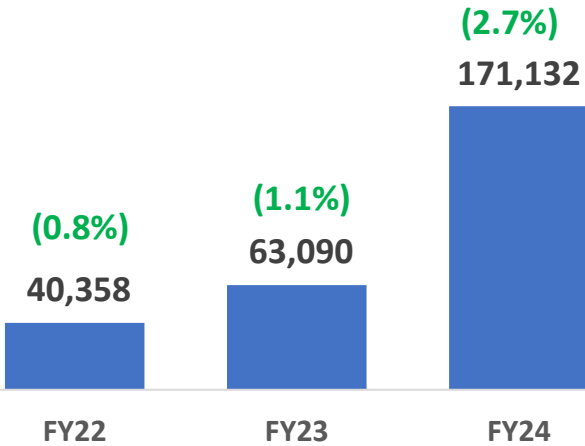
# THE NEXT JOURNEY AND KEY CHALLENGES

Key Challenge 1 : Eco-Friendly Products are not Financially Friendly

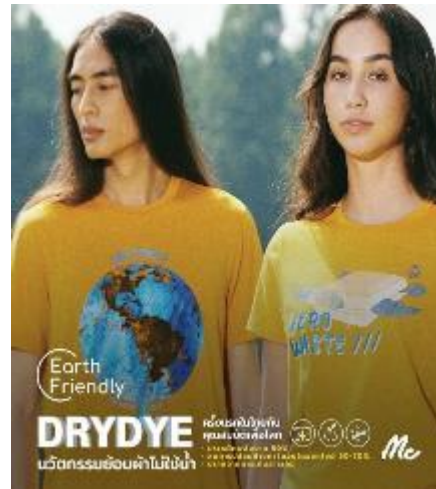
## What We Have Been Doing (1)

### Series of sustainable products during FY22-24

#Pieces (%) Eco-Friendly Products  
To 10% within 2026



- Starting from almost zero in FY22, MC initiated several eco-friendly product projects, aiming to reach the 10% target by FY2026



#### Dry Dye Innovation:

- Saves 25 liters of water, 50% energy, and up to 70% CO<sub>2</sub> per 1 T-shirt.
- 16,358 T-shirts produced, saving 408,950 liters of water.



#### Mc Earth Friendly Collection

- Upcycled denim scraps from our factory into eco-friendly fashion product: T-shirts, shirts, sweaters, and hoodies



#### Mc x Toni Collection

- Sustainable Fabrics: T-shirts, hoodies, and shorts made from recycled PET bottles
- 24,000 pieces, 192,000 recycled bottles.



#### Filagen T-Shirt

- Innovative fabric blended with fish scales rich in collagen peptides, promoting skin health and UV protection
- Naturally biodegradable, meeting the needs of health-conscious consumers.

# THE NEXT JOURNEY AND KEY CHALLENGES

## Key Challenge 1 : Eco-Friendly Products are not Financially Friendly

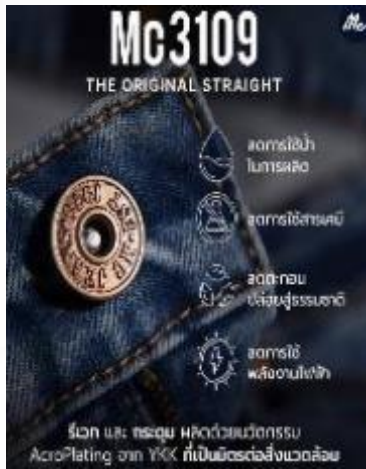
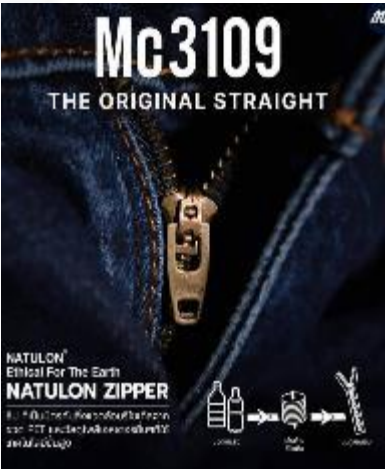
### What We Have Been Doing (2)

#### Major Collaboration with our Partners



#### Eco-Friendly's Jeans Materials

- Collaborated with YKK, our major supplier, to use eco-friendly zippers, buttons, and rivets in our jeans.
- YKK's "AcroPlating" technology **reduces chemical use by 59%, water by 66%, electricity by 69%, hazardous emissions by 92%, and greenhouse gases by 96%.**
- Starting at our "MC3109" in late HY23 and rolling for other models in FY24



#### More Collaboration...In progress



- MC has been supporting SC Grand, a Thailand's leader in recycling textile scraps, with our fabric scraps since April 2024 for zero waste and circular economy purposes, while Kaihara is our key denim fabric supplier.
- Currently, MC is under the process in collaboration **with SC Grand and Kaihara to jointly develop denim fabric utilized recycled components from our denim scraps.**



## SUSTAINABLE MATERIALS



*Mc*

## Key Challenge

# 2

Sustainable Supply Chain is  
Resource-Intensive Activity

# THE NEXT JOURNEY AND KEY CHALLENGES

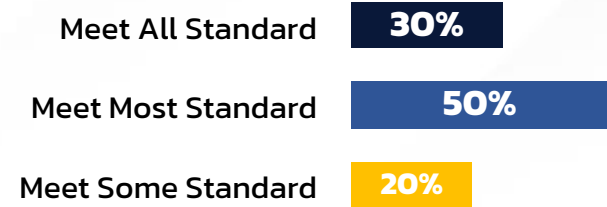
## Key Challenge 2 : Sustainable Supply Chain is Resource-Intensive Activity

### Challenges



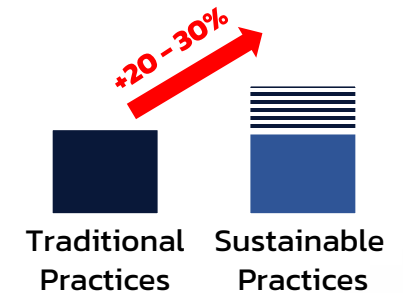
#### Supplier Compliance:

Many suppliers may not fully adhere to sustainable practices, such as fair labor, ethical sourcing, and environmental responsibility.



#### Cost Constraint:

Sustainable practices often lead to higher costs, which can strain the company's budget and affect product pricing and competitiveness.



#### Monitoring and Reporting Difficulties:

Implementing and monitoring sustainable practices across supply chain can be logistically challenging and resource-intensive.



# THE NEXT JOURNEY AND KEY CHALLENGES

## Key Challenge 2 : Sustainable Supply Chain is Resource-Intensive Activity

### Strategic Actions

#### Supplier Audits and Training:

- Conduct comprehensive audits of current and new suppliers
- Offer training and resources to suppliers to help them meet Mc Group's sustainability criteria
- Prioritize partnerships with strong sustainability practices

#### Supplier Certification and Continuous Monitoring:

- Encourage and assist suppliers in obtaining recognized sustainability certifications
- Establish a continuous monitoring system, using third-party audits and regular reporting

### Short-term

**>70%** of Suppliers Meet Sustainability Standard  
**within 2026**

**>70%** of Suppliers are Audited Annually  
**within 2026**

### Long-term

**>90%** of Suppliers Meet Sustainability Standard  
**within 2030**

**100%** of Suppliers are Audited Annually  
**within 2030**

**"Achieving Sustainability is a team effort, supplier's cooperation to green is key to success"**

# THE NEXT JOURNEY AND KEY CHALLENGES

Key Challenge 2 : Sustainable Supply Chain is Resource-Intensive Activity

## What We Have Been Doing (1)



### Annual Supplier Meeting : Business Partner Connect

No **Business**..... Without **Products**

No **Products**..... Without **Partners**



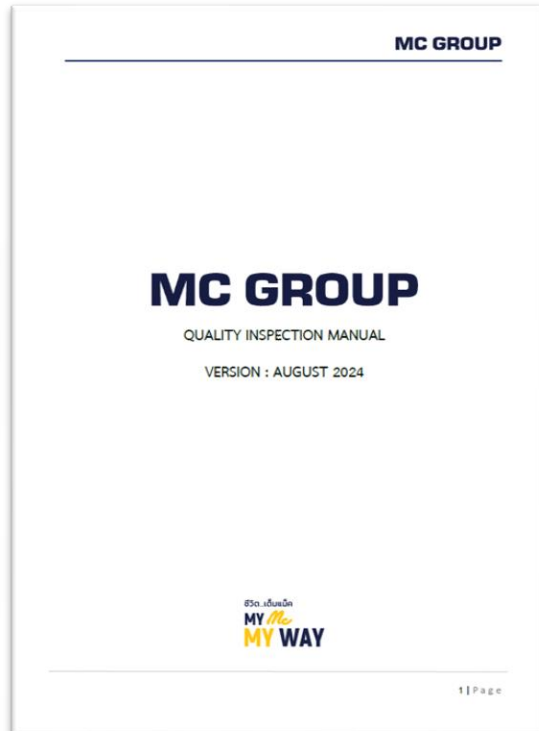
**Mc Annual Supplier  
Certification and Award**



# THE NEXT JOURNEY AND KEY CHALLENGES

## Key Challenge 2 : Sustainable Supply Chain is Resource-Intensive Activity

### What We Have Been Doing (2)



### Code of Conduct and Supplier Standards

- Established and communicated clear standards and expectations for ethical, social, and environmental practices to all suppliers.
- Setup standard manual as guideline to control products' quality



### Third-Party Supplier Auditor (FY25 Onward)

- Offer credibility and assurance to stakeholders that Mc Group meets the necessary standards.
- All suppliers must pass sustainability risk assessments, with none identified as high risk.

SGS





*Mc*

## Key Challenge

3

**Waste and Resources Management  
Requires Capital Investment and  
Technological Advancement**

# THE NEXT JOURNEY AND KEY CHALLENGES

## Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

### Challenges



#### High Waste Levels:

Waste during pre-production (e.g., fabric offcuts, defective materials) and post-production (e.g., excess inventory, packaging waste), leading to environmental and financial burdens.

**>15%**

**Pre-Production Waste**

**<70%**

**Sell-Thru Rate**



#### Cost of Implementing Sustainable Waste Solutions:

Transitioning to more sustainable waste management practices require significant upfront investment.

**>80%** of Suppliers  
**are Financially Ready**



#### Environmental Impact of Chemical Waste:

The use of chemicals in the production process can generate hazardous waste that requires specialized disposal methods or advanced technology replacement.

**<20%**  
**of Production Processes  
Cannot (Yet) be Replaced  
with Eco-friendly Methods**

# THE NEXT JOURNEY AND KEY CHALLENGES

## Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

### Strategic Actions

#### Waste Audits and Reduction Programs:

- Implement immediate waste reduction initiatives, such as optimizing cutting processes, improving inventory management, and minimizing packaging materials.
- Conduct comprehensive audits to identify and improve key waste sources.

#### Supplier Collaboration:

- Encourage suppliers to adopt sustainable practices, such as recycling waste materials or using biodegradable packaging.
- Work closely with suppliers to reduce waste at the source
- Provide funding and incentives for sustainability initiatives



### Short-term

**<10%**  
Pre-Production Waste  
**within 2026**

**>70%**  
Sell-Thru Rate  
**within 2026**

**<10 Months of**  
Inventory Turnover  
**within 2026**

**>30% Eco-Friendly**  
Production Processes  
**within 2026**

### Long-term

**0%**  
Pre-Production Waste  
**within 2030**

**>80%**  
Sell-Thru Rate  
**within 2030**

**<8 Months of**  
Inventory Turnover  
**within 2030**

**>50% Eco-Friendly**  
Production Processes  
**within 2030**



# THE NEXT JOURNEY AND KEY CHALLENGES

Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

## What We Have Been Doing (1)

### Reducing Finished Products Waste through Data Analytics



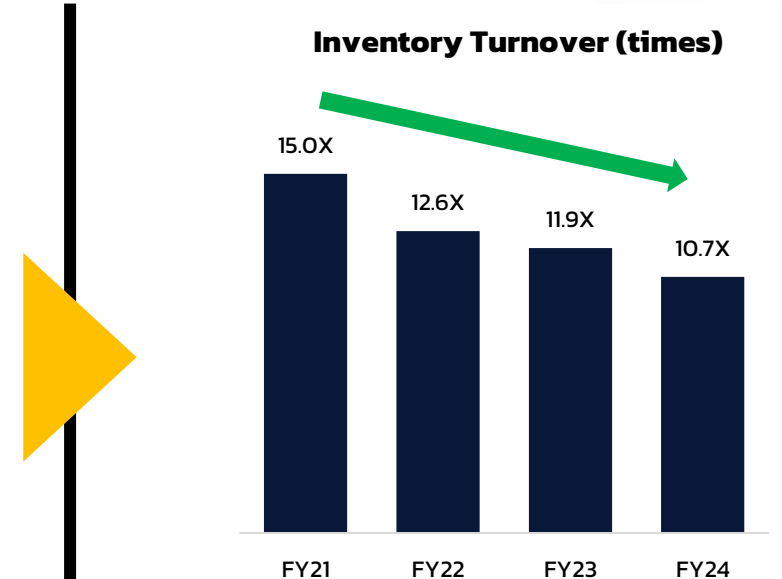
#### DATA ANALYTICS UTILIZATION :

clustering and sales forecasting, to improve decision-making processes.



#### OPTIMIZED ORDERING & PRODUCTION :

enhanced forecasting leads to more accurate predictions of demand, enabling us to order and produce clothing in optimal quantities.



despite the 2-digit YoY revenue growth, inventory was reducing at healthier level, both amount and units.

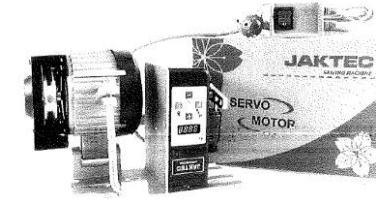
# THE NEXT JOURNEY AND KEY CHALLENGES

## Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

### What We Have Been Doing (2)

### Waste and Resources Reservation Projects

Projects	Start	Resources saving	CO <sub>2</sub> reduction /year	Cost saving/year
1. Solar Roof @ HQ	FY2023	Electricity 211,000 kw/year	105 ton CO <sub>2</sub> e	1.16 M. Baht
2. Solar Roof @ DC	FY2024	Electricity 160,000 kw/year	807 ton CO <sub>2</sub> e	0.88 M. Baht
3. Inverter Air Compressor Replacement	FY2024	Electricity 26,300 kw/year	13 ton CO <sub>2</sub> e	145,000 Baht
4. Sewing machine motor Replacement Project	FY2024	Electricity 13,530 kw/year	6.7 ton CO <sub>2</sub> e	74,000 Baht
5. E-Form and automated workflow	FY2023	1,600 Manhour 50,000 pieces paper	0.26 ton CO <sub>2</sub> e	10,000 Baht
6. No Bag Campaign	FY2024	2 M. bags = 10 tons plastic	18 ton CO <sub>2</sub> e	2.4 M. Baht



# THE NEXT JOURNEY AND KEY CHALLENGES

Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

## What We Have Been Doing (3)

### Reducing Waste through Academic Collaboration Project with Universities



มศว.ประสานมิตร



ม.ศิลปากร



ม.เทคโนโลยีราชมงคล คลอง 6



**Me Me Me Me Me Me**  
Morphing Upcycled Denim Scraps into Identity-Enhancing composite Wall Art

Presented by  
Asst. Prof. Dr. Pongratan Homsuwan

**Materials and Process**

- Denim Scraps derived from Mc.
- Epoxy resin
- Hand-lay-up and Vacuum infusion
- Photochromic printing
- Mechanical testing

Sketch-pattern-laying-hand-lay-up-vacuum infusion

# KEY TAKEAWAYS

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**Commitment to ESG Excellence**



**Innovative & Consumer-Centric Approaches**



**Long-Term Financial Viability Through Sustainability**



**Stakeholder Engagement and Development**



**Leadership in Industry Collaboration**







***THANK  
YOU***

# APPENDIX

**MC GROUP**

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# MC GROUP IN A NUTSHELL

**STRONG *BRAND* REPUTATION**



**Well-known for superior quality and craftsmanship**

**EXPANDING *PRODUCT* PORTFOLIO**



**Diversifying offering beyond denim line with strong growth**

**HEFTY RETAIL *NETWORK***



**Extensive presence with numerous retail locations and channels**

**EXPERIENCED *MANAGEMENT***



**Led by seasoned industry professionals**

**STRONG *FINANCIAL* POSITION**



**Robust financial health and profitability**

**DEEP *CUSTOMER* RELATIONSHIP**



**Loyal customer base with strong engagement**

# OUR BUSINESS **SNAPSHOT**

## NET REVENUE PER ANNUM

> **4,100** M.THB



Men

**60%**



Women

**40%**

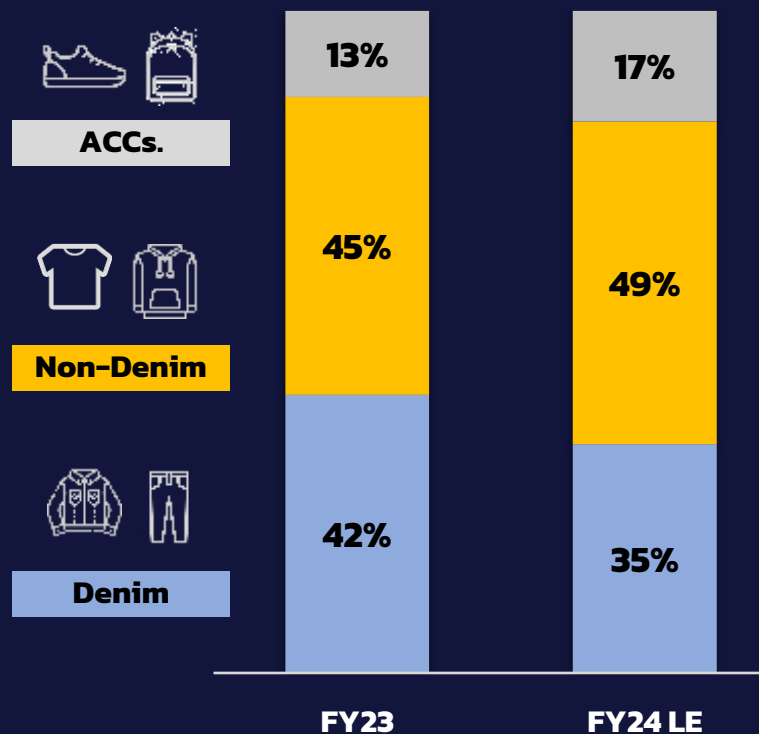
\*Product Sales Base

## CUSTOMER BASE

**1.7** Million Members

>**50%** Active Members

## PRODUCT PORTFOLIO MIX



## CHANNELS

Shop	294
Consignment	131
Outlet	142
Mobile Unit	6
<b>Total POS</b>	<b>568</b>



Offline  
**90%**

Online  
**10%**

# REMARKABLE INVESTMENT CHOICE



**Achieved an "AA" ESG Rating from the SET and was included in the SET ESG Index**



**Was selected for inclusion in the FTSE SET Shariah Index (FSTSH)**



**Has been assessed for good corporate governance at 5 Stars (Excellent) level by Thai Institute of Directors Association (IOD) for 5 consecutive years (2019-2023)**



**Has been certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC Certification) continuously since 2017**

# THE FOUNDATION AND COMMITMENT

## Stakeholder Engagement

### Full Commitments from Our Top Level : Tone from the Top



MC GROUP

ผลกระทบและความเสี่ยงด้าน ESG ต่อการดำเนินธุรกิจ

27 January 2023

**ESG Risks Training to RMSD Board and Top managements  
by K.Anantachai Yoonprathom / SBDI  
27 January 2023**



#### RSVP: Beyond Zero THAILAND EXCLUSIVE Screening (INVITATION ONLY)

After a life changing epiphany, the CEO of a global public company embarks on a high-stakes quest to eliminate all negative environmental impacts by 2020. To succeed, they must overcome deep skepticism, abandon the status quo, and ignite a new industrial revolution. Beyond Zero offers an inspirational roadmap for how business can reverse climate change.

Please be cordially invited to watch the 90 minutes length documentary together, for the first time in Thai cinema.

THAILAND EXCLUSIVE CINEMATIC SCREENING

Thursday, August 29th, 2024 at VIP Theatre (Theatre 4), Mega Cineplex Mega Bangna

18.00-18.30: Registration & Seating

18.30-18.45: Welcoming Speech from the host and the firm director

18.45-20.15: Show Time

20.15-20.30: Wrap-up and Send off

Kindly RSVP by : Monday, August 26th, 2024

More information about the movie & Trailer

<https://beyondzerofilm.com/>



**Sustainability Inspiration Movie "Beyond Zero"  
to Board members, management and staffs  
29 August 2024**

# THE FOUNDATION AND COMMITMENT

## Stakeholder Engagement

### Raise Organization Awareness : Road to ESG Success



#### E-learning สำหรับพนักงานในองค์กร

**ESG 101**  
E-Learning

**ESG 101**  
ESG 101

การส่งเสริมความยั่งยืนของธุรกิจให้แข็งแกร่งและมีความรับผิดชอบต่อสังคมที่เรียกว่า ESG คือสิ่งที่องค์กรต้องให้ความสำคัญ ความรู้พื้นฐานที่ช่วยพัฒนาความยั่งยืน

หลักสูตรการพัฒนารุทกิจสำหรับ ส.ป.ป.

**P01**  
P01 พื้นฐานด้านความยั่งยืนของธุรกิจ

เป็นหลักสูตรพัฒนาบุคลากรที่มีคำอธิบายเกี่ยวกับด้านสิ่งแวดล้อมด้านสังคมและด้าน Governance (ESG)

หลักสูตรการพัฒนารุทกิจสำหรับ ส.ป.ป.ป.

**S02**  
S02 การวิเคราะห์ห่วงโซ่อุปทาน

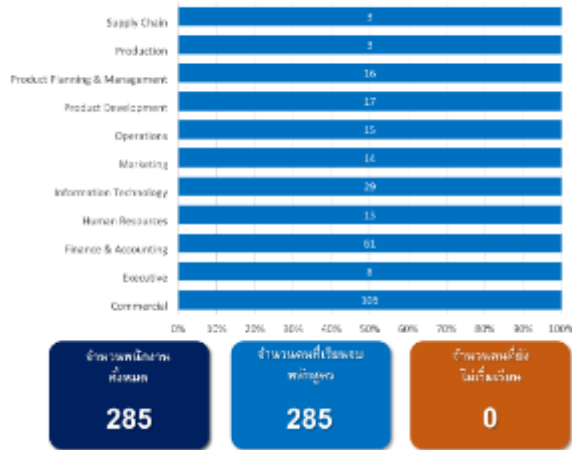
เป็นคู่มือวิเคราะห์ (Value chain) การระบุความท้าทายของห่วงโซ่อุปทานเพื่อให้สามารถกำหนดประเด็นที่ควรให้ความสำคัญ (Materiality) ที่มีผลกระทบต่อความยั่งยืน

หลักสูตรการพัฒนารุทกิจสำหรับ ส.ป.ป.ป.

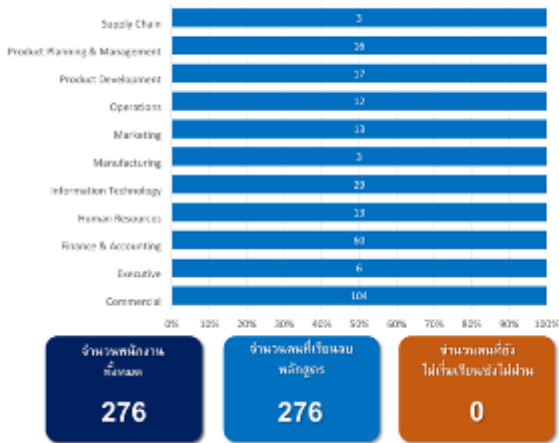
**S03**  
S03 การกำหนดกลยุทธ์ด้านความยั่งยืน (Sustainability Strategy) จากประเด็นด้านความยั่งยืน (Sustainability Issues) ขององค์กรมาเชื่อมโยงสู่เป้าหมายด้านความยั่งยืน

หลักสูตรการพัฒนารุทกิจสำหรับ ส.ป.ป.ป.

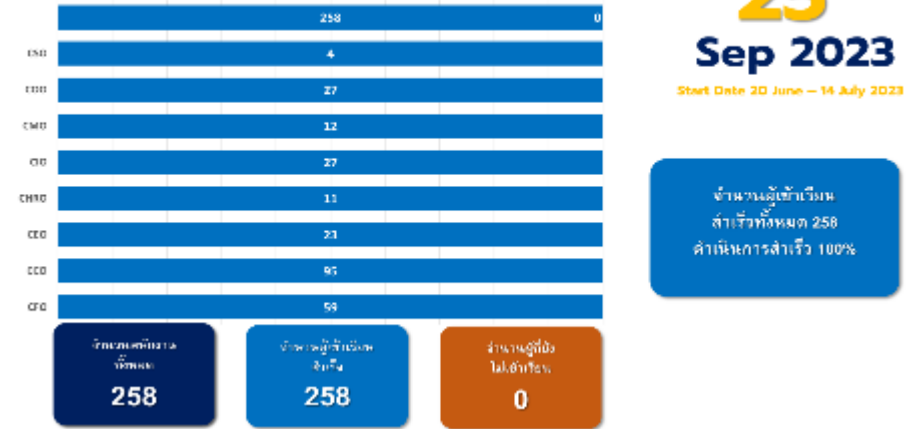
#### MC GROUP : ESG 101 เข้าใจความรู้พื้นฐานเกี่ยวกับความยั่งยืน



#### MC GROUP : P01 หลักสูตรพื้นฐานด้านความยั่งยืนของธุรกิจ



#### MC GROUP : จริยธรรมธุรกิจ (Business Ethic )



#### MC GROUP : BMD1010 Value and Resilience Through Risk Management

