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.