MC GROUP

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.

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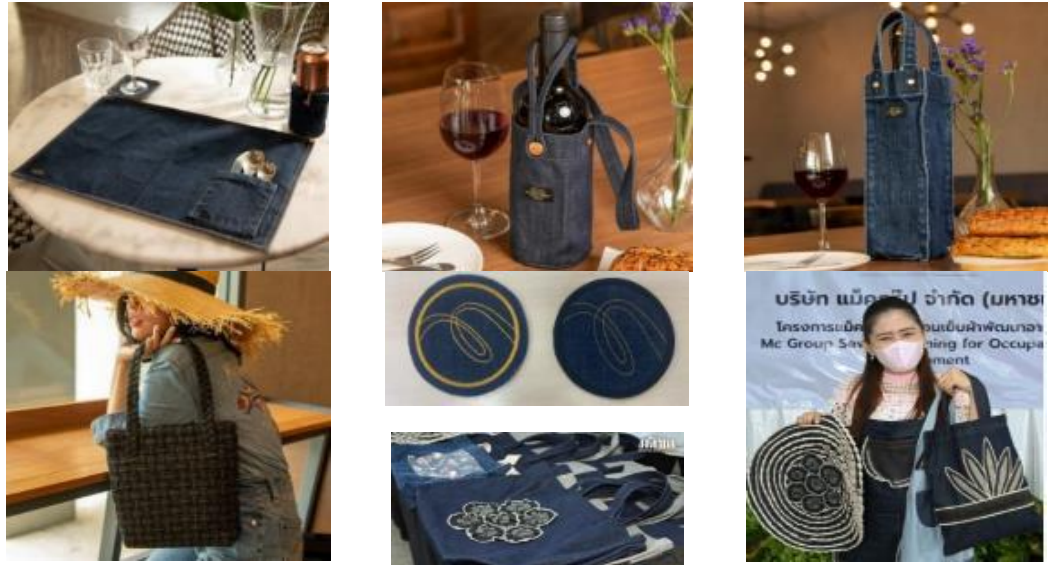
8. The company has adopted environmentally friendly production innovations with plans to implement recycling innovation. This involves taking waste denim fabric from jeans production, spinning it into yarn, and weaving it into denim fabric for t-shirts. This approach not only reduces the amount of waste 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.

Inventory Turnover (times)

15.0X	12.6X	11.9X	10.7X
FY21	FY22	FY23	FY24
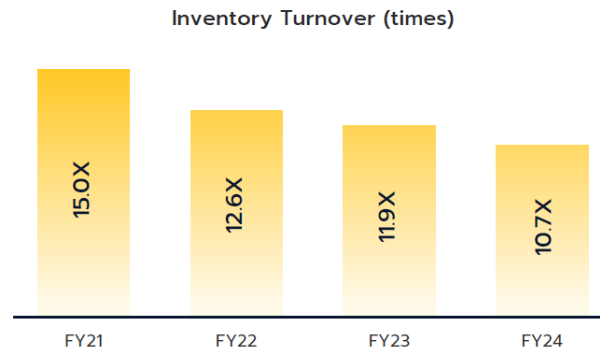
- **Waste Separation Campaign**

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.