

# CORPORATE SOCIAL RESPONSIBILITY



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Forward-looking business leaders are working across sectors to map a collective route towards sustainability, prioritizing key technologies, reviewing resource management efficiency and developing new skill profiles to gear up for a transition. Reflecting the founder's values and compassion throughout its 33 years in operation, MK Restaurant Group Public Company Limited has continued to place a strong emphasis on good corporate governance, ethical principles and long-term commitment to be a responsible business. Through engaging in socially responsible internal management practices and sharing some of its profits with external partners, the Company believes that a stable, competitive performance and sustainability go hand-in-hand. Aligned with its vision, "To serve happiness to our customers through delicious, quality meals and extraordinary restaurant experience while working toward the greater good for our employees, community and environment," the Company is dedicated to integrating both CSR-in-process and CSR-after-process into various aspects of its business practice.

### CSR-IN-PROCESS

Traditional business and CSR tend to be more focused on one or the other separately. MK Restaurant Group Public Company Limited believes that companies could bring business and society together if they redefine their purpose as creating "shared value." The concept of CSR-in-process and CSR-after-process builds on the idea that economic value can be generated in a way that also produces value for the society and reconnects company sustainable success with social progress.

### GOVERNANCE

Corporate governance is essential in business because it is a system

that instills policies and rules for maintaining cohesiveness of an organization. Good corporate governance holds a company accountable for its financial, legal and ethical conducts as well as drives an organization towards organizational excellence.

### FAIR BUSINESS PRACTICE

To ensure fair and transparent business practice, MK Restaurant Group Public Company Limited has laid down policies to treat suppliers fairly and equally. In other words, the Company requires that remunerations and benefits involved be on the basis of equality and fairness to suppliers as well as all parties involved in the whole supply chain.

The Company also has a policy to proceed in line with fair competition framework. The Company is committed to engage with its suppliers to solve significant issues fairly and timely. In addition, the Company shall neither violate nor acquire through unscrupulous means trade secrets of its competitors and never seek its competitors' confidential information via dishonest or improper methods. Strictly, the Company shall not damage its competitors' reputation with false and malicious accusations.

## ANTI-CORRUPTION PRACTICE

Corruption is a national issue that roots deep within the Thai society. It lowers economic growth, erodes trust, discourages investment, and marginalizes markets. Due to this persisting problem, heavy economic burden is put on the poor and social and economic development has only been able to progress at a slow pace. In a bid to effectively combat this problem, leaders from both government and private sectors have joined forces to pursue corruption-free practice on a serious and continued basis. Such cooperation has also been embraced by the business sector.

Listed on The Stock Exchange of Thailand (SET), MK Restaurant Group Public Company Limited makes it an important mission to set good example

of corruption-free practice for other members in the private sector. The Company is committed to conducting its business in line with good ethics, corporate governance, transparency and accountability that is free from any form of corruption. In order to hold itself accountable, the Company has pledged under the Declaration on Thailand's Private Sector Collective Action Coalition against Corruption on September 23, 2014. The chairman and CEO of the Company also established an anti-corruption panel on October 24, 2014 for the purpose of suppressing corruption with greater efficiency. The panel is tasked with the responsibility to review the Company's anti-corruption measures and formulate practical guidelines

on anti-corruption. In 2015, the anti-corruption policy and guideline, developed by the anti-corruption panel, was approved by the Board of Directors and enacted as guidance for directors, management teams and employees. In addition, on August 18, 2017, the Company has certified to be a member of Thailand's Private Sector Collective Action Coalition against Corruption which the certification is valid for 3 years.

In addition to setting a policy against corruption, the Company has also instilled in its employees an attitude of not taking bribes, money or gift from other parties. In the event that employees must accept gifts on special occasions, all received items shall be commonly redistributed.

## RESPECT FOR HUMAN RIGHTS

"MK Culture" serves as a key value and guideline for the Company's promotion of respect for human rights. As the driving force behind the Company's operation, the MK Culture instills respect, teamwork and management style that unites all members to work toward shared goals. The Company treats all its employees equally and does not discriminate on

the basis of social class, ethnicity, nationality, domicile, complexion, sexual preference and religion. The Company is well aware that these factors are not indicators of human value and firmly believes that all humans have honor, dignity, rights and liberty.

The Company also runs a program which employs staff with hearing

impairment, intellectual disability and communication disorders. Along with the hope to help them attain a better quality of life and empower them with capabilities and job opportunities, the Company is confident that the disabled community holds a potential to contribute to the society within the scope of their capabilities.

## FAIR LABOR TREATMENT

Recognizing that employees are valuable assets, the Company treats all employees fairly and commits to provide fair compensation, remunerations, transfers, promotions, as well as opportunities for personal development as follows:

(1) The Company is polite to its employees and respects their individuality as well as human dignity

(2) The Company offers fair remunerations to its employees

(3) The Company provides safe working environment to its employees both in terms of their lives and their property

(4) Any appointment, transfer, reward or punishment for the Company's employees are done, in good faith, based on their knowledge,

abilities, and qualifications

(5) The Company recognizes the importance of human resource development, thus offering comprehensive and regular opportunities for its employees to enhance their knowledge and abilities

(6) The Company listens to employees' opinions and recommendations when they are based on their occupational knowledge

(7) The Company strictly complies with laws and regulations related to its employees

(8) The Company refrains from any unfair action, which otherwise could affect employees' job security, intimidate employees or put them under pressure

With the emphasis on occupational

safety, the Company makes sure that all its workplaces and processing plants are equipped with adequate tools and protocols to ensure employee safety and provide good work environment. Additionally, the Company established an Employee Relations Department to provide employees with a channel to seek counseling or discuss grievances.



## EMPLOYEE ENGAGEMENT

People are an organization's key driver. A strong and healthy workforce raises productivity, rates of retention and customer satisfaction. Empowered and engaged employees have potential to introduce creativity and bottom-up innovation. In line with its intention to promote good health for its employees, the Company organizes sports and health-focused recreational activities to emphasize to employees the importance of good health and the principle of eating well. Moreover, these activities also contribute to stress release from work. The activities held in the year 2018 are as follows:

(1) With an aim to raise awareness on the benefits of good health and nutrition, the Company started the Fat to Fit Healthy Body Project to help employees with high BMI Index combat obesity and learn the benefits of exercise and of eating well. Through the project, it promotes simple everyday fitness to employees company-wide. The Company also made available for free to its employees a gym at its headquarter and sponsored exercise equipment.

(2) The Company also held Chair ball Competition at the Headquarter in order to create the unity among departments as well as Zumba Class in which professional trainers were brought in to lead the activity. The Company also provided the health checkup program for employees attending the class in order to measure the muscle index and the health fitness.

(3) MK Soccer League 2018. The

tournament has been held for the third consecutive time in order to promote exercise and tighten the relationship between executives and employees. Special programs during the tournament include a friendly match between senior executives and factory management team, with the highlight being a free kick competition with the CEO, Mr. Rit Thirakomen. To engage a wider range of employees, the Company also include a cheerleading competition, which created a fun and lively atmosphere for all participants at the event.

(4) MK Running Charity Mini-marathon 2018. Organized for the first time on December 14, 2018, the Company transformed the MK Central Kitchen (CK5) into a runner's track. The Company donated all runner's subscription fee without deducting expense to The Operation Smile Foundation, a foundation with a mission to help children with cleft lip syndrome. There are more than 500 employees joining this activity with the donation amounted Baht 300,000.

(5) The Company also allocates a sports budget to encourage business units in different locations to exercise, allowing employees to pick and choose activities that match their needs. For example, in-house mini-marathon at the Central Kitchen (CK5) and football field rental for Maintenance division.

(6) This year, the Company also held the biggest competition of the year, the MK Olympics 2018, where restaurant staff from all over the

country competed for the Gold Medal title. The Gold Medal is given to staff in each position that is able to best meet restaurant standards without compromising on quality and food safety. Not only that this competition reward operation staff with their high performance, the competition also helped raise awareness company-wide on the emphasis of food standards and quality. For MK brand, the awards include Best Branch Manager, Best Front of House, Best Dessert Kitchen, Best Suki Kitchen, Best Roasted Duck Kitchen, and Best Dishwashing Station. For Yayoi brand, the awards include Best Store Manager and Best Japanese Kitchen. For Miyazaki brand, the award includes Best Teppanyaki Chef. For Le Petit brand, the award includes Best Barista. For Hakata brand, the award includes Best Ramen Kitchen.

(7) The Company believes in career development and internal promotion. In collaboration with partner universities, the Company offers educational loans to employees who wish to pursue an advanced degree. Under this program, employees not only get a chance to earn a bachelor's degree, but also gain an opportunity to excel in their career path.

(8) The Company also annually awards scholarships to employees' family. With the intention to open a wider opportunity for our employee's family and enable a higher quality of life, the Company awarded 1,324 scholarships, totaling at Baht 5.95 million in 2018.

## RESPONSIBILITY TO CONSUMERS

Aligned with its vision, MK Restaurant Group Public Company Limited aims to delight and nourish our customers with quality food and excellent service. Food at the Company comes from a simple idea. It wants to serve quality ingredients with great taste. With this idea, the Company has always placed a special focus on customer's health and food safety. The Company employs expert team to ensure compliance of food safety standards at all stages, starting from ingredient delivery, handling, cooking and food delivery to storage and preparing at each location.

The Company also provides training to all its employees so that they understand and adhere to the Company's standards. The Company has been certified by various institutions:

- ISO 9001:2015 certification: certifies that MK central kitchens use quality management and food safety systems that are on par with international standards

- Hazard Analysis Critical Control Point (HACCP) certification: ensures food safety by verifying critical control points and procedures in food manufacturing industry. HACCP standards apply to all organizations that handle food, from primary producers to retailers

- Good Manufacturing Practices (GMP) certification: certifies for quality products by validating manufacturing processes, equipment and delivery process to end consumers

- Fruit/Vegetable Contaminant Testing certification from the Department of Medical Sciences, the Public Health Ministry: certifies the Company's qualification to conduct contaminant tests on fresh vegetables and fruits in a systematic manner

- Food Safety certification from the Department of Medical Sciences, the Public Health Ministry: certifies the Company's qualification to conduct contaminant tests (borax, salicylic acid, sodium hydrosulfite, formalin and pesticide) on food items

- "Q Restaurant" certification from a program of the National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Cooperatives: encourages restaurants to use Q products, or materials produced in line with good manufacturing practices, to ensure product safety

- "No MSG" project certification, the Food Institute, the Ministry of Industry: awarded this certification after the Food Institute inspected the Company's food handling systems and conducted tests on food samples, seasonings and sauces. Lab results showed all MK dishes are free from MSG or Monosodium Glutamate. The Food Institute has now granted "No MSG" certification signboard to all MK branches

Additionally, the Company closely monitors the level of polar compounds in cooking oil used for deep-frying. No reuse is allowed when the level exceeds safety limits. To further demonstrate

its commitment to the health of the community, the Company makes sure only to sell its used cooking oil for the production of biodiesel.

Guided by this same principle to take care of its customer's health, the Company has worked with Mahidol University's Food Institute to develop a calorie-calculation program. This program counts the calorie of what customers have eaten in their meal at MK restaurant, and at the end of each meal, provides a slip showing the calorie intake of each diner. Health-conscious customers particularly value this data because the provided nutritional information assists them in controlling their diets.

## ENVIRONMENTAL CARE

The Company tries to minimize its environmental impact throughout its supply chain. For the purpose of protecting the ecological system and the environment of communities in which it operates, the following actions have been taken:

- Stringent process is put in place to dispose of infected waste. Infected waste is only disposed of at the microbiological lab within the Company's factory, applying a sterilization method at a temperature of 121 degrees Celsius

- The Company treats its wastewater with water-quality tests to ensure that it passes proper standards under the Factory Act of B.E. 2535, the Ministry of Industry, before any

discharge to public waterways

- The Company strictly complies with the standards of the Department of Industrial Works, international standards, and all applicable laws and regulations. A policy is set in place to track and reduce energy usage at its central kitchens and restaurant outlets

- Since late 2013, the Company has started installing and replacing LED light bulbs at its branches as LED bulbs are more energy efficient and durable

- To improve energy efficiency in our logistics system, the Company conducted a fleet optimization program. The logistics team did a study to redraw delivery routes in

order to minimize fuel usage and maximize carriage space. The Company has also enacted a speed limit policy and installed technology to monitor its fleet so that its speed range falls between 80 – 90 kilometers per hour. Its drivers have been trained fuel-saving driving technique. All delivery vehicles are equipped with GPS (Global Positioning System) devices, which allow the Company to conveniently manage its logistics network

- The Company continues to encourage its employees to use available resources with prudence through daily actions; for example, recycling paper, saving water, reducing electricity usage and separating garbage

## COMMUNITY DEVELOPMENT

True to the Company's belief in the value of CSR-in-process, the Company builds on the idea of integrating social value with the way its value chain functions and tries to connect its business success with social progress.

### **(1) Sourcing fresh produce from The Royal Project Foundation**

The Company tries to locally source its produce. Since 2015, it has been

doing contract farming with the Royal Project Foundation. More than half of its produce supply is currently being sourced from farms under the Royal Project Foundation in Chiang Mai. The Company's partnership with the foundation goes beyond being just buyer and seller. It has been engaged with the Royal Project Foundation in social development projects and has funded to help farming communities

### **(2) Providing educational scholarship and career opportunities for vocational students under the Dual Education System Project**

Hand in hand with the Office of Vocational Education Commission (Ovec) and 65 participating colleges, the Company offers educational scholarships and job opportunities for vocational students under the Dual Education System Project.

This collaboration between educational institutions and business organizations integrates vocational education with on-the-job training right on business premise to ensure students acquire practical knowledge, abilities and qualifications required by entrepreneurs prior to their graduation. This project is open to students of vocational-certificate, high-vocational-certificate and bachelor degree levels to gain a real-world work experience in the service sector. The Company participates in the program full-loop from recruiting, creating mutual understanding with teachers, parents, and students, supervising students during the term, funding for academic terms and living expenses, providing prep curriculum before training and organizing commencement ceremony. In 2018, over 1,135 students graduated from the program and 49 from the graduating class further their career with the Company.

The Company's collaboration with vocational colleges has extended further. In 2018 the Company with Ovec, kicked off the Vocational Classroom Thailand 4.0 Project, a public-private collaboration to align vocational curriculum with the national strategy. In line with the Thailand 4.0 strategy, the project

offers work experience in the strategic value-added service industry along with additional opportunities to learn through specialized tracks. Since 2015, the Company has been engaged with Chiang Rai Vocational College to explore its community need and funded a training center, "MK Brain Center", with a goal to provide the community a restaurant service learning space that closely simulates a real working place and offers service training classes as well as related curriculums. In 2018, MK donated Vocational Classroom Thailand 4.0 to two colleges including Srisaket Technical College and Surin Vocational College by built the learning room for electrical and bakery room which will be ready for use in March 2019.

### **(3) Providing job opportunities for students with disabilities**

The Company tries its best to support and empower communities with disabilities by offering job opportunities to students from more than 18 institutions, including schools for the hearing impaired, Panyanukun schools and schools for students with communication disorders. In line with the Company's hope to help students with disabilities attain a better quality of life, the Company applies MK Training Center's

dual-education curriculum for senior secondary education in providing service training to these students in order to help them acquire necessary skills. As part of the course, students and parents are oriented, toured around training site and participated in on-the-job training at restaurant outlets. Following training, students are open to options to apply for a job at the Company if they wish to earn more income and experience. Visits by the Company's Employee Relations unit are conducted regularly to ensure students' smooth transition and to specially address any unique issues that may arise. At present, the Company provides career opportunities to 200 students with disabilities.

## INNOVATIONS

Ever since the start of its journey, the Company has always put a focus on design and process innovation. In the past, one of the main causes for explosions and fires in Thailand were related to gas. Concerned with worker and customer safety, the Company tackled the issue of gas stove, invented its own electric suki pots, and was able to ban gas usage in both front of house and kitchen operations in all restaurants. This red suki pot has also since then grown to become the signature icon. The Company has continued to improve the design of its pot and eventually introduced an induction system, which completely prevents the risk of an electric shock.

In order to alleviate the problem of limited tabletop space, MK has

also created an innovative serving plate called “condo.” Inspired by the design of a condominium, the condo plates can be stacked high on top of one other. They not only immensely helped free up table space, but also help control food safety standards.

MK Restaurant Group Public Company Limited equips all its branches with the PDA system. The system made the work of its service staff smoother by automating the food-ordering process, thereby increasing staff efficiency, reducing human error and cutting down customer wait time. The Company has also partnered with Bangkok University to fund a student research program in inventing a serving robot. The inventive program not only has

brought a unique and fun experience to the restaurants through its serving robots, but also allowed the student team to hone technical skills, practice real world problem-solving and enable them to see the project come to life.

As the digital trend has arrived, MK Restaurant Group Public Company Limited continues to challenge itself to come up with innovations that redefine our service experience. The Company has experimented with customer self-ordering system since 2013 and constantly advanced the capability of the program. At present, self-order tablets have been installed in over 110 branches and are smoothly servicing customer orders.

## CSR-AFTER-PROCESS

Aligned with its vision, the Company is dedicated to create a positive impact on the communities it serves. In partnership with Aunty Thongkam Foundation, MK Restaurant Group Public Company Limited annually extends assistance to various organizations. In 2018, the Company and Foundation donated over Baht

50 million. The projects that the Company supports include:

- Allocated budget internally to groups of employees who wish to volunteer their time for social works. In 2018 MK allocated baht 300,000 for volunteer projects initiated by more than 10 divisions of MK Restaurant Group PCL.

- Supported various organizations and foundations in 4 core missions as follows:

### **Mission 1: Improving Family's Nutrition**

We believe that eating well is the basis of good health. The Foundation supports and partners with

organizations that combat nutritional deficiencies for disadvantaged communities and teach families about nutrition as well as help to integrate the concept into everyday life. The projects are as follows:

- The Thai Red Cross AIDS Research Centre
- Chulabhorn Royal Academy (Cancer Institution)
- Yuvabadhana Foundation (Food for Good Project)

### **Mission 2: Fostering Healthcare for Underserved Communities**

As part of our company's commitment to improving health, we support healthcare organizations that are devoted to aiding underserved communities. Our grants support underfunded public hospital, district health hospital, community hospital, and research institution as follows:

- Faculty of Medicine, Chulalongkorn University (for the purpose of research)
- Prachuap Khirikhun Hospital (Purchase medical equipment in operation room)
- Khamtakla Hospital (Purchase medical equipment)
- Faculty of Business Administration, Thammasat University, BBA Charity Concert #12 (Net income after deducting expense was donated

to the hospital to purchase medical equipment)

With an ambition to deliver a good quality of life through its food service business, the Company has also committed to donate a hundred percent of its net income after deducting expense, from its four restaurants (MK Restaurant, Yayoi, Hakata Ramen and Le Petit) established at Siriraj Hospital's Piyamaharajkarun Building, to the hospital foundation.

### **Mission 3: Nurturing Young Leaders**

With energy and passion, young people have a lot to contribute to their communities. Our donations and grants program helps give youth the opportunity to fulfill their potential and make a difference by reinforcing their efforts to make the world a better place as follows:

- Unicef Foundation
- Pothichaitongpittayakom School
- Bannokkamin Foundation
- Duengprateep Foundation
- Blixpop (Imaginative toy designed for children with disabilities)

### **Mission 4: Special Project**

Every year, Thailand suffers from natural disasters such as flash floods and draught. The Foundation reserves

part of its funds to provide emergency aid to those who are in most need.

In addition, the Foundation also supports disaster prevention projects that help agricultural communities mitigate natural disasters and improve access to water resources as follows:

- The Royal Project Foundation
  - Sunlight Foundation (Wat Pratumvanaram)
  - Sponsor food including:
    - Business Administration of Siam University (Foundation for the Blind)
    - Thairthon (Act Center) Khon Kean province
    - Rescue team to help The Moo-Pa Academy (Chiang Rai province)
- Moreover, the Company also supported food in activity called "Opportunity-OKAS" for Contemplative Education Center of Mahidol University. This project has the purpose to help re-integrate inmates back into society.