

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 34 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.

The Company has guidelines regarding the respect of human rights as follows:

1. Pay respect to human right and treat each other with respect and honor

on equality basis without considering differences in physical and mental appearances, race, nationality, religion, gender, language, age, skin, education, social status and any other factors.

2. Perform duties with care to prevent any risks from human rights violation in business and oversee to protect the human rights.

3. Support actions to protect human rights.

4. Communicate, disseminate, educate, set guideline and provide support to stakeholders in the business value chain including suppliers, contractors, and partners in order to

participate in conducting business with morality, respect of human rights and treating everyone according to human rights principle.

5. Monitor and provide any support

to protect human rights, report to supervisor or the responsible person when finding a violation of human rights as well as cooperate in the investigation. If there is any question,

consult with supervisor or person in charge.

6. Determine to create and maintain corporate culture committed to respecting human rights.

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 2019 are as follows:

(1) In partnership with Kao Kon La Kao Foundation, this year the Company organized two running activities to promote health benefits and raise awareness on healthcare for employees. The first activity was to engage our employees in each region of Thailand to join the Kao Kon La Kao mini-marathon,

a public event to raise funds for local small hospitals. In addition, MK with Aunty Thongkam Foundation also donated 1 million Baht to Kao Kon La Kao for each regional event, totaling up to Baht 5 million nationwide.

The second activity was "MK Virtual Run". The activity invited employees to download the distance tracking application and submit the number of kilometers they collected to turn into donations. For every 1 kilometer collected, the

Company matched Baht 1 in support for Kao Kon La Kao Foundation. More than 500 employees participated in the activity and accumulated a combined distance of more than 50,000 kilometers, raising more funds for local small hospitals.

(2) Annually, the Company also organized its own charity mini-marathon to raise funds for small-sized non-profit organizations and community hospitals. Held for the second year in 2019, the Company transformed the Central Kitchen and M-Senko Logistics Center into a runner's track. All proceeds from the runners' subscription fee without expense deduction were donated to Bangbo Hospital to fund for the hospital's emergency unit. This year, the number of participants increased by 30% compared to last year. The Company, together with more than 650 employees who joined the mini-marathon, raised more than Baht 130,000 for Bangbo Hospital.

(3) The Company allocated a sports budget to encourage all units in different locations to exercise, allowing employees to pick and choose activities that match their needs. For instance, the Central Kitchen and Warehouse Division chose to spend their allocated budget for a soccer league and mini-marathon. At the Call Center, employees voted for Ping Pong and Fitness equipment. At the Head Office, the Badminton

Championship was held. To further inspire our employees, the Company invited a professional athlete from Indonesia to participate in the tournament by showcasing and competing with representative athletes from different divisions.

(4) The Company held the biggest competition of the year, the MK Restaurant Group Olympics 2019, where restaurant staffs from all over the country competed for the Gold Medal title. The Gold Medal was awarded to restaurant staff who was able to best meet restaurant standards without compromising on quality and food safety. Not only that this competition rewarded staff with trophies and prizes on their high performance, the competition also helped emphasized company-wide the importance of food standards and quality. For MK brand, the positions that competed in the event included Best Store Manager, Best Front of House, Best Dessert Kitchen, Best Suki Kitchen, Best Roasted Duck Kitchen, and Best Dishwashing Station. For Yayoi brand, the positions that competed in the event included Best Store Manager and Best Japanese Kitchen. For Miyazaki brand, the positions that competed in the event included Best Teppanyaki Chef. For Le Petit brand, the position that competed in the event included Best Barista. For Hakata brand, the position

that competed in the event included Best Ramen Kitchen. To further develop professional skills of our employees, this year the Company also added the Best Dance Team Competition as well as opened an exclusive league for our disabled employees.

(5) 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. The Company also annually awarded 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 1,735 scholarships at Baht 4,500 per scholarship and add more MK Gift voucher Baht 1,000 per scholarship, totaling at Baht 9.54 million in 2019. (Scholarships for the year 2018 totally was 1,324 scholarships at Baht 7.28 million)

(6) Internal budget allocation to groups of employees who wish to volunteer their time for social works. In 2019, the Company allocated Baht 186,300 for volunteer projects initiated by more than 6 divisions.

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 applies quality management, food safety and service 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 introduced a calorie-calculation program. This program counts the number of calories that the customers consume during their meal at MK Restaurant and provides a slip at the end of the meal to inform the calories intake of each diner. Health-conscious customers particularly value this data because the provided nutritional information assists them in controlling their diet.

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 improve access to agricultural infrastructure and childcare.

This year MK funded the Royal Project Foundation in support for a community learning center, school building renovation, and facilities for the Royal Project's model community. The supporting fund also include

installation of water filters in 14 communities to ensure that communities have access to clean water, as well as organization of youth training camps to raise awareness of environmental resources in their homeland. Future projects include supporting programs related to agricultural innovations, education and water.

(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 2019, over 1,722 students graduated from the program and 93 from the graduating class further their career with the Company.

The Company's collaboration with vocational colleges has extended further. In 2019 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 work place and offers service training classes as well as related curriculums. In 2019, the Company donated Vocational Classroom for two colleges including Srisaket Technical College and Surin Vocational College. The classrooms, which offer vocational students an operation-based learning space, opened on November 18, 2019.

In support for the bilateral vocational education management in 2019, MK Restaurant Group Public Company Limited was honored with certificate plaque of co-operation from OVEC for partnership in Ubon Ratchathani province, from the Public Private Joint Subcommittee of Vocational Personnel Development, and from Bang Na Commercial College for vocational

education development.

(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 21 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 Disabilities Empowerment Team are conducted regularly to ensure students’ smooth transition and to specially address any unique issues that may arise. In 2019, the Company provided career opportunities to 220 students with disabilities.

In addition this year, the Company organized a Disability Empowerment Workshop, in which disabled employees and their supervisors were invited from various departments to learn about each other and brainstorm ways to better work with one another in the work place. Insights from the workshop were then taken to design a disability empowerment manual.

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.

The Company has equipped 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 140 branches and are smoothly servicing customer orders.

In 2019, the Company has introduced the Mobile Application with the aim to enhance MK loyalty program and provide convenience to customers who own membership cards. After downloading the myMK application onto their mobile phones, customers are able to check their membership information including usage history, collected points and discount redemption via mobile phone. Customers also receive benefits such as discount coupons via mobile phone while the application also allows customers to search for the nearest MK branch, make a reservation in advance, and order their food ahead of time. In

addition, this year MK has partnered with LINE Business Connect to merge MK membership cards onto the LINE MK Official account platform, enabling customers to seamlessly link their my MK application in all respects to their LINE application. The ease of use of the Mobile Application thus met the needs of our customers in the digital age.

In 2019, MK Restaurant Group Public Company Limited, in joint venture with Senko Group Holdings, has opened a new logistics company called M-Senko Logistics, located on Bangna-Trad km.21 near the Central Kitchen, the distribution center brought in innovation from Japan to manage logistic operations, including both cold-chain and dry food, as well as equipment, for all stores nationwide. With the goal to improve productivity, reduce human error, and save on operating costs, M-Senko Logistics implemented the Cold Storage Auto Rack Robot: 9 Crane. The Auto Rack digitally sorts and picks items from the cold storage without the need for human intervention. Not only that this innovation helped

reduce manpower and turnover, it also improved the work conditions and health of employees who no longer have to operate in a minus degree environment for an extended period of time.

At the same time, with the objective to increase production efficiency and reduce production cost in our supply chain, the Central Kitchen continues to improve and apply new technological innovations. New innovations include the electric cart, which helps increase the efficiency by reducing the time of raw material transportation by more than 35%. The electric cart also improves the ergonomics of employees by reducing the need for employees to exert and haul heavy objects.

Another innovation at the Central Kitchen includes the Digital Assorting System (DAS). This technology helps ensure accuracy of the sorting process in the product distribution workflow by using visual control to display numeric signal, which instructs employees to correctly sort the specified items onto their trays.

CSR-AFTER-PROCESS

Aligned with its vision, the Company is dedicated to create a positive impact on the communities it serves. Every year, the Company shares some of its operating profits to support various non-profit organizations and foundations.

- With an ambition to deliver a good quality of life through its food service business, the Company has made

a lifelong commitment to donate a hundred percent of its net income after deducting expense, from our four restaurants (MK Restaurant, Yayoi, Hakata Ramen and Le Petit) established at Siriraj Hospital's Piyamaharajkarun Building, to the Siriraj Hospital Foundation annually, in support for expense and purchase of medical equipment and

treatments. From the past year's operations, the Company donated Baht 5 million to the Siriraj Hospital Foundation.

- The Company specifically organized promotional campaigns to raise funds for the Yuvabadhana Foundation in the "Food4Good" project, of which part of the revenue gained from every

order made under the promotional campaign is donated to school lunch program in underserved communities. Through this campaign, customers also get to contribute in the donations. At the end of the campaign, the Company has donated a total of Baht 400,000.

In partnership with Aunty Thongkam Foundation, MK Restaurant Group Public Company Limited annually extends assistance to non-profit and social organizations to help those in need. In 2019, the Company and Foundation donated over Baht 78 million in support for projects aligned with our 4 missions:

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:

- Yuvabadhana Foundation

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:

- The Nawamin Bophit 84th Building at Siriraj Hospital, Bangkok Province
- The Gastrointestinal Endoscopy Center at Buddhachinaraj Hospital, Phitsanulok Province
- The Emergency Unit at Bang Bo Hospital through charity mini-marathon
- General fund for community hospitals in Mae Ngon, Chiang Mai Province through mini-marathon sponsorship
- Kao Kon La Kao Foundation
- The Heart Foundation of Thailand under the Royal Patronage
- Foundation of the Elderly of Thailand
- Contemplative Education Center, Mahidol University

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:

- Bannokkamin Foundation, Bangkok province
- Ban Non Sawang School, Nongbua Lamphu province
- Ban Nong Thanon School, Buriram province
- Wat Pong School, Chonburi province
- Surin Vocational College, Surin province

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 supported for the Community Learning Center and installation of water filters in the community
- Utokapat Foundation under the Royal Patronage supported for Muang Chum Community, Chiang Rai province
- Flood Emergency Relief donate for Ubon Ratchathani province
- Sang Tawan Fund at Pathum Wanaram Temple, Bangkok province