



GLOBAL COMPACT RESPONSIBILITY REPORT

2014

STATEMENT OF CONTINUED SUPPORT

I am pleased to confirm that YKKO Group of Companies Limited reasserts its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In our annual Communication on Progress, we describe our actions to continuously improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to share this information with our stakeholders using our primary channels of communication.



A handwritten signature in blue ink, consisting of stylized, flowing lines that represent the name 'U Nyan Lin'.

Yours Sincerely,

U Nyan Lin

Chairman of YKKO Group of Companies Limited, Myanmar, COP for 2014

AN OVERVIEW OF YKKO GROUP OF COMPANIES LIMITED

- NOW OPERATING 22 SHOPS

SINCE 1988

A TIMELINE OF YKKO HISTORY

1980s

Yankin Kyay-Oh was founded.

1990s

YKKO Kyay-Oh and BBQ House was opened on Saya San Rd, Bahan Township, YANGON.

2000s

YKKO Group of Companies Ltd is established.

6 more shops are opened:

- 1 in NAY PYI TAW
- 5 in YANGON

2010s

15 more shops are opened:

- 8 in YANGON
- 1 in MANDALAY
- 1 in MAWLAMYEIN
- 5 in NAY PYI TAW

VISION

To instantly recognize YKKO as a successful Myanmar Brand and to last for centuries.

MISSION

To provide customers with 100% satisfaction operating on '3' principles of foundation:

Quality, Cleanliness, and Service

EVOLUTION

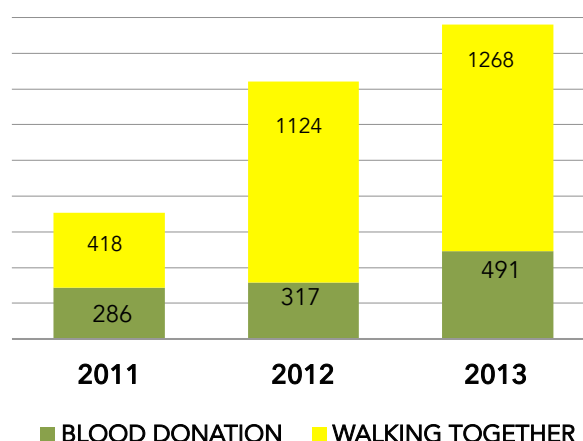
YKKO GROUP OF COMPANIES LTD. now operates **22 SHOPS ACROSS MYANMAR**. With this growth, we realized the need to address our corporate social responsibility, in terms of our behaviours as a company, the conditions of the workers, community development and the impact on the environment. We began reviewing our corporate sustainability and responsibility practices, imbuing responsible action as the basis for our business success. These actions were made to permeate several areas and activities: ethics, corporate governance, risk management, safety, communications, human resources, purchasing, product and service development, customer issues, community involvement and environment.

Our slogan **'Serving With Our Hearts'** had to reach beyond our immediate customers, applying to all members of the community. YKKO considered for the long term, implementing sustainable CSR

	2011	2012	2013
Blood Donation	✓	✓	✓
Walking Together	✓	✓	✓
World Autism Day			✓
Si Mee	✓	✓	✓

actions into our core operations. Sketching out our plans, we first began with developing an internal organization with central values of honesty, integrity and determination that defined our corporate personality. We hoped that nurturing these intrinsic characteristics would help each individual employed under the company create a ripple effect that would carry out into their own communities.

STAFF INVOLVEMENT



In planning and executing social contributions events, we not only provide financial support but also pursue activities that place emphasis on employee involvement in volunteer activities and opportunities to participate.

We have also formed the **Social & Sports Sub Committee**, intended to develop YKKO's values into the roots of the organization, down to our





strategies and culture. Since 2011, the Committee has held annual events with staffs participating in our initiatives to leverage our community involvement. These campaigns include '**Blood Donation**', '**Walking Together**' where many employees attend in mile/km walk around Kan Daw Gyi to build teamwork and interpersonal skills.

THINGYAN DONATIONS

During our country's annual Thingyan – Water Festival holiday, YKKO opens five shops which continues operating during the break. Since 2013, we have donated 50% of our revenue to **Mhaw Pyi Monastery School**, which provides free education for children of the area who do not have access to public schools.

WORLD AUTISM AWARENESS DAY

Our staffs assisted the **Myanmar Autism Association** during **World Autism Awareness Day 2013**, helping supervise children of disabilities, and aided in operations and clean up duties.

27TH ASEAN SEA GAMES MYANMAR 2013

After 44 years of absence, in 2013 Myanmar was given the honor of hosting the South East Asian Sea Games. YKKO staff volunteered as stewards in the Equestrian competitions to assist in the organisation and the set up of the games during the entire event.



MHAW BI MONESTARY SCHOOL

YKKO people have been greatly involved in the development of **MHAW BI MONESTARY**. Recognizing the need of the children in these areas, we've created accommodations for the teachers living in the area, open classrooms and have also offered meals for the students. It is the aim of YKKO to help renovate the monastery in the future.



STRATEGY AND SUSTAINABILITY

In recent years, YKKO has become more oriented in social strategies.

With the introduction to the ten principles in our participation with the UN Global Compact, YKKO has become more aware of the improvements we can make to build a long-term sustainable future.

The perspective of our strategies and management has gradually branched from our history of focusing on employee volunteer work, corporate giving and philanthropy, to also add both sustainable social and environmental management.



HUMAN RIGHTS

YKKO is organizationally oriented on career development at all levels. We focus on evoking new insights about the organization, community, industry and culture. Our training offers learning experiences to the employees that are job related, whilst encouraging career advancement beneficial to both employee and the company.



ASSESSMENT, POLICY AND GOALS

YKKO has begun a monthly collection of '**Employee Happiness Survey**' to conduct an assessment of our company's employee engagement, how their standing impacts productivity, retention, and organizational health. We recognize that human capital is our company's major driving assets. We strive to find out how happy people were with YKKO and seek more clarification to issues present.

Our policy handbook prohibits religious, race, and gender discrimination in our hiring practices, promotion and advancement of all individuals.

IMPLEMENTATION

YKKO includes a '**Communication Plan**' in the employee survey process to increase participation and encourage submission of honest feedback. The communication plan includes how the employee and organization will benefit from the survey, and what the company intends to do with the information gathered from the survey.

We have also hosted seminars consistently – '**Attitude Training**' by Dr. Aung Tun Thet – which staffs of all levels are encouraged to attend.

MEASUREMENT OF OUTCOME

Our questionnaire includes a section titled '**Cause**' to determine existing concerns. This helps us narrow down the issues and quickly isolates matters we must immediately address. We also create **Leadership-Led Engagement Discussions** to build trust and understanding with regard to the factors that will help the employee and organization relationship.

SENIOR MANAGEMENT ACCORDING TO GENDER	FEMALE	MALE
Chairman	-	1
Managing Director	-	1
Director	2	2
TOTAL	2	4

AVERAGE DAYS OF FURTHER TRAINING PER YKKO GROUP EMPLOYEE	GROUP	NUM. OF EMPLOYEES	TOTAL DAYS
2011	14	818	16
2012	15	1,101	17
2013	2	80	41
2014	2	182	2
TOTA	2	4	4



LABOUR

YKKO has never sought competitive advantage at the cost of labour. We've implemented several labour rights standards in our company's code of conducts.

ASSESSMENT, POLICY AND GOALS

YKKO has put in place, a standard of requirements that must be met by staffs should they enter our employment. We've implemented these labour standards by increasing information and providing incentives to develop the rule of good governance, which in turn, improves the preconditions for stable growth as a foundation in our business dealings.

We have a strict 'No Employment Under the Age of 16' directive.

New recruits are placed under a 3-6 month provision as a general worker. After a year, the skills and knowledge they have gained in the daily operations are examined. It is an additional two years before they are allowed to become cooks.

We offer training and education such as computer classes for those who are interested and encourage further learning and development.

IMPLEMENTATION

We have dormitories rented for staffs that work as waiters or waitresses in our branches. Older staffs often act as mentors and support groups for the younger persons who had just joined the company. Our branch managers also ensure that the younger staffs only act as observers in the beginning to understand the workflow and functions of they before they are promoted to positions of great workload and pressure.

Measurement of Outcome

EDUCATION BACKGROUND OF PERSONNEL (OFFICE)	FEMALE	MALE	TOTAL
Postgraduate	7		7
Graduate	60	19	79
Pre-Graduate	6	7	13
High school	3	12	15
Middle school		3	3
TOTAL			117

EDUCATION BACKGROUND OF PERSONNEL (SHOP)	FEMALE	MALE	TOTAL
Graduated	120	25	145
Pre Graduate	84	65	149
High School	199	237	436
Middle School	68	239	307
TOTAL			1,037

ENVIRONMENT

In recognition of the environmental impacts that concern the global community, YKKO has worked actively to promote greater environmental responsibility into our business activities. We have set social and environmental standards in our product development and in the provision of our products and services.



Assessment, Policy and Goals

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YKKO's future goals include reducing paper usage, by using electronic devices to take customers orders and in the coming future, will also be changing our use of bamboo chopsticks to those made of metal.

2013 BAMBOO CHOPSTICKS CONSUMPTION			
NO.	BRANCH	USAGE	
		PER MONTH	PER DAY
1	SYS	24,300	784
2	HD	24,900	803
3	SKT	13,100	423
4	TGGN	14,700	474
5	YKN	9,500	306
6	8-Miles	18,200	587
7	CPT-TKT	16,600	535
8	TMN	9,600	310
9	JS	21,600	697
10	RC	13,300	429
11	WDN	14,100	455
12	LPW	4,200	135
13	SBH	8,900	287
14	TPG	28,100	906
15	MMZ	9,400	303
16	CPT-NPT	12,700	410
17	NPT-OTT	10,700	345
18	JS-NPT	4,500	145
19	MLM	6,300	203
20	CATS	22,700	732
TOTAL		287,400	9,271

Implementation

The final wastes from our chains are removed responsibly. Our collaborations with the municipals of each district ensure that these removals are effectively carried out.

Currently, our **Chairman – U Nyan Lin**, and Managing Director – **U Kyaw Kyaw Naing** are involved in a farming project located in Mhaw Bi.

The farm has been functioning for over a year, designed to harvest the vegetation used in our **Kyah-Oh**, for long-term sustainability. Production reports are given periodically where all employees provide a duty of care to the environment and the effects their actions cause. A proper irrigation system is also being employed to reduce water wastage. The farm also includes cultivation of trees – **Teak, Mahogany, Bandar** and **Rain** trees.

Measurement of Outcome

As these projects are still undergoing, we have yet to collect qualitative and quantitative data.



ANTI-CORRUPTION

YKKO Group of Companies Ltd. enforces a zero tolerance approach to exploitation and corrupted dealings. Our enhanced introduction of sound corporate governance practices in transactions with our suppliers and negotiations with chosen business associates further solidifies our stance against anti-corruption.

Assessment, Policy and Goals

Our policies include:

- A clearly articulated and visible corporate policy prohibiting bribery
- Emphasis on individual employee responsibility for compliance
- Effective auditing and monitoring systems
- Strong internal controls in place to ensure accurate recording keeping and prevention of concealment of bribery
- Periodic reviews and action to update and improve the program

Implementation

YKKO administers Freedom of Information, giving access to staffs of all levels into organization reports in sales, P&L and income statements. We ensure our transparency by going regularly over our data tables and charts for quick and effective analysis.

Our anti-corruption programs also include mechanisms to monitor the ongoing compliance functions to encourage employees to report violations. Our internal auditors, including other senior management are tasked with the monitoring function. Specific anti-corruption

financial controls are also implemented in risk areas such as petty cash, procedure-to-pay transactions.

At minimum, we ensure that all our accounting and financial employees receive anti-corruption compliance training.

Our senior management continuously updates our anti-corruption policies. Any changes made are distributed across the company matrix, updating the training and providing it to new or transitioning employees.

Measurement of Outcome

YKKO's internal auditor team is responsible for monitoring the daily control activities. The efficiency and proficiency of the firewalls implemented against corruption are inspected regularly. Any shortcomings found are reported to the Board of directors. Supplier transactions are also reported on a daily, monthly and quarterly basis.

The assessment of YKKO Group of Companies Ltd.'s anti-corruption is measured through access to documentation, our determination to introduce greater transparency and reputational image after years of credible and honest top leadership.

YKKO Group of Companies Ltd. has also recently been acknowledged as one of the **Top 500 Highest Tax Paying Companies of Myanmar.**