



YKKO Group of Companies Limited

UN Global Compact

Communication on Progress Report
(June 2017-June 2018)



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STATEMENT FROM THE CHAIRPERSON

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, Labor, Environment and Anti-Corruption. In our first 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 black ink, appearing to be 'Daw Yu Yu Lwin'.

Yours Sincerely,
Daw Yu Yu Lwin
CHAIRPERSON of YKKO Group of Companies Limited, Myanmar

OVERVIEW

NOW OPERATING 35 SHOPS

SINCE 1988

VISION

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

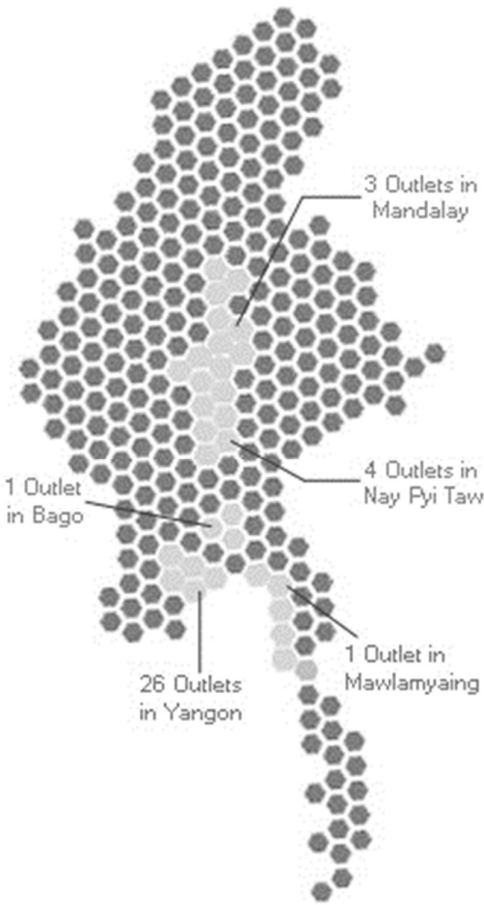
MISSION

To provide customers with 100% satisfaction operating on

‘3’ principles of foundation:

Quality, Cleanliness, and Service

YKKO at a Glance



Founded
1988

Employees
1367

Cities
5

Outlets
35

The background image is a grayscale photograph of a community event, likely a water distribution drive. In the foreground, numerous clear plastic cups are arranged in neat rows on the ground. A young man on the right is handing a cup to a young woman on the left. Other people are visible in the background, some holding umbrellas, suggesting an outdoor setting. The overall tone is community-oriented and social.

ABOUT THIS REPORT

YKKO Group of Companies Limited has been a signatory of the UNGC since 2012. The Compact is a voluntary framework for businesses committed to aligning their operations and strategies to stimulate organizational change in accordance with the Ten Principles covering human rights, labor, the environment and anti-corruption. As a voluntary initiate, we are committed to submitting a Communications on Progress (COP) to the UNGC on an annual basis.

The reporting period for this COP is from 3 June 2016 to 1 June 2017 and the report highlights select activities of YKO in relation to the ten principles. This COP report is not a comprehensive disclosure of our activities in relation to the UNGC. It is designed to provide an overview of how we implement the Ten Principles and, outline our compliance. We also aim to report on our wider sustainability and citizenship activities and how our business operations enhance our commitment to our communities.



Our Activities

For YKKO, corporate sol is about taking accountability regarding our social, economic and environmental impact on the community in which we operate and consideration of human rights. Acting with integrity in how we conduct our business, being transparent and communicating openly with our employees and working together with our stakeholders is all part of our responsibility.

Since 2011, we have formed the **Social & Sports Sub Committee** and the committee has been holding annual events with staffs participating in our initiatives to leverage our community 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

YKKO Group of Companies Limited is a network of family-oriented restaurant chains, operating across Myanmar. We have branches in 5 states and have 1,367 people working in outlets across the country. Our core service has always been to deliver a great kyay oh experience for our customers through our YKKO ethos and actions. These principles evolved over time to not only extend towards our customers but also involve stakeholders.



Blood Donations

Since 2011, YKKO has been a **blood donor group** for **Myanmar National Blood Center** and **every year**, YKKO hold a blood donation program and usually more than 100 staff members participate in the program. On **20th October, 2017**, YKKO held **7th annual Blood Donation** and **250 staff members** contributed to the program. As there is no substitute for human blood, the supply depends entirely on generous donations, and all types of blood are in short supply. To mitigate this shortage, beside annual blood donation program, **YKKO staff members help and donate blood whenever the blood supply shortage occurs** in National Blood Center. In this year, on **28th March, 2018**, **70 staff members** of YKKO donated blood to satisfy the need of blood in National Blood Center.

Walking Together

YKKO put focus on healthy lifestyle as well as work-life balance of employees. **Since 2011**, YKKO has held walking together program every year. At the beginning of **2018, on 9th January**, our Social & Sports Sub Committee held 5th **Walking Together Program** to **build teamwork and for physical well-**

being of our YKKO family in 3 cities and 1200 staff members participated in this program.

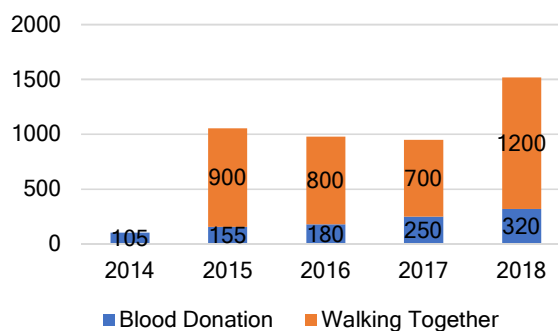
Thingyan Donations

During this year Thingyan – Water Festival holiday, YKKO opened 1 outlet (Saya San Branch) during the holiday. **50% of the revenue (9,675,900 Kyats)** from this operation **went directly into the fund of Social & Sports Sub Committee.**

Clean Yangon Campaign

YKKO participated in Clean Yangon Campaign as volunteers. Starting from Yangon University Avenue Road, the volunteers **picked up trashes** around Yangon University Campus. In this Campaign, we also **provided water bottles and juices for all volunteers** who participated in the Campaign.

Staff Participation



Mhaw Bi Monastery School

Since 2013, YKKO has **supported Mhaw Bi Monastery** through **financial aids every year**. Mhaw Bi Monastery is a Monastery School which **provides free education for children in the area**

who has difficulties going to government-run public schools. Also, in this year YKKO continues to support Mhaw Bi Monastery School through financial aid to cover monthly expenses, such as teachers' salaries and building maintenance costs.

Sponsorship at Sailing Tournament

Since 2011, YKKO has been a sponsor for Myanmar Sailing President's Cup Tournament which was organized by Myanmar Yachting Federation to encourage youth to participate in sports. In June 2017, YKKO supported a Sailing Team as a sponsor in 7th President's Cup Tournament.

YKKO Scholarship Program for High School Students

For 2018-2019 academic year, YKKO will be offering Scholarship Program to High School Students with good academic records but has financial difficulties. 30 students from outskirts of Yangon, Mandalay, and Naypyitaw will be selected based on their past academic performance and financial needs with the recommendations of the district educational authorities, and each will be provided with monetary reward of 1,000,000 Kyats.



The Ten Principles of the UN Global Compact



Human Rights

- Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2. Make sure that they are not complicit in human rights abuses.



Anti-Corruption

- Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.



Labor

- Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4. The elimination of all forms of forced and compulsory labor;
- Principle 5. The effective abolition of child labor; and
- Principle 6. The elimination of discrimination in respect of employment and occupation.



Environment

- Principle 7. Businesses should support a precautionary approach to environmental challenges;
- Principle 8. Undertake initiatives to promote greater environmental responsibility; and
- Principle 9. Encourage the development and diffusion of environmentally friendly technologies.

We believe

YKKO believes that conducting business with a high standard of professional conduct, ethics and proficiency is critical to our success and the satisfaction of our customers. We continually strive to improve our processes and procedures to achieve the highest quality products and the best services for our customers in accordance with all applicable laws and regulations and in respect of the principles of the UN Global Compact.



Human Rights

Principle 1. Business should support and respect the protection of internationally proclaimed human rights; and

Principle 2. Make sure that they are not complicit in human rights abuses.

YKKO is an organization committed to respecting human rights and upholding labor standards, and to ensuring that all internal and external stakeholders are treated with dignity and respect.

We understand that human capital is our company's major driving assets and acknowledge our responsibilities for the people we work with.

We promote a **positive culture** and the **continuous improvement of working conditions** with respect to human rights. We developed a policy handbook and it **prohibits religious, race, and gender discrimination** in our hiring practices, promotion and advancement of all individuals. We acknowledge that every employee is entitled to work in a professional atmosphere, free from all forms of harassment. We **promote a culture of treating each other and our customers with respect, courtesy and dignity**.

Over the last fiscal year, out of 729 new hires, 45% were from marginalized groups (includes women, non-Buddhist religions, and non-Burmese). **All our 1367 employees are above the minimum wage level** set by the government of the Republic of the Union of Myanmar. A total of **US\$ 254,700** has been spent over the year **on staff welfare** (includes accommodation, healthcare, interest-free staff loan).

Out of 7 Board of Directors, the highest governing body of YKKO, 3 are women. In YKKO, there is **no difference in hourly pay wage between men and women of the same rank**. Salary, increments, and bonuses are considered solely on performance merit basis.

YKKO is organizationally oriented on **career development** at all levels. We focus on evoking new insights about the organization, community, industry and culture. We additionally strive to **create a rewarding, respectful and safe place of work**, where our employees are motivated and thrive professionally and personally.



A photograph of four young people (two women and two men) standing on a wooden deck, likely on a boat. They are all wearing yellow VKKO caps and light blue t-shirts with a yellow logo. They are smiling and posing for the camera. In the background, there is a body of water and some buildings under construction. A semi-transparent blue circle is overlaid on the image, containing the word 'Labor' and a list of principles.

Labor

- Principle 3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4. The elimination of all forms of forced and compulsory labor;
- Principle 5. The effective abolition of child labor; and
- Principle 6. The elimination of discrimination in respect of employment and occupation.

YKKO's commitment to equal opportunity is an investment in our people and our future growth.

YKKO is further committed to providing a **safe and healthy work environment** that is free from harassment, discrimination, harsh treatment and acts or threats of violence by implementing several labor rights standards in our company's code of conducts.

The prohibition of compulsory and child labor has always been our company's practice. We **do not support child labor in any matter or form in any level of the organization**. According to our company policy, children **under the age of 18 is restricted** to be recruited or employed.

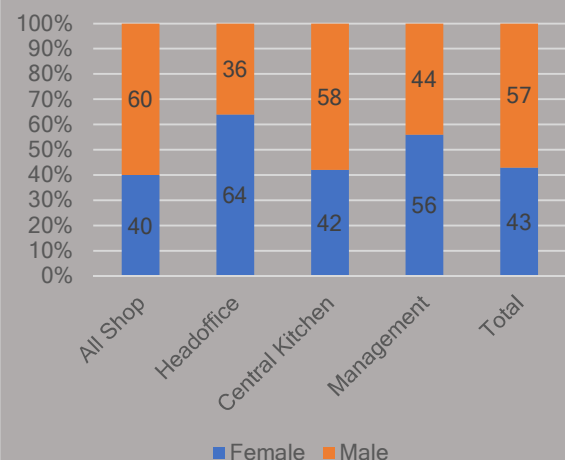
YKKO condemns all forms of compulsory labor. **YKKO does not condone the use of forced, bonded or indentured labor, involuntary prison labor or the trafficking of persons**. YKKO holds an environment where work is voluntary and employees are free to terminate their employment we do not withhold a part of any personnel's salary, benefits, property, or documents in order to force such personnel to continue working for the company.

At YKKO, over 80% of our workforce comes from the other states outside of Yangon. We employ a diverse workforce and do not tolerate unlawful discrimination. We **seek to provide a work environment free of unlawful discrimination** based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, or marital status.

YKKO endeavors to address non-discrimination by fostering an environment in which everyone is **treated equally and given the same opportunities**. Evaluating and compensating employees based on their qualifications, demonstrated skills, and achievements, striving to avoid any unconscious bias. **All employment decisions** – such as hiring discipline, terminations, promotions, and job assignments – **are based on individuals' performance and potential**. These decisions are made without regard to a person's cultural background, ethnicity, personal beliefs, or any other characteristic.

YKKO also offers training and development opportunities to extend our employees' knowledge and skills. We also promote the continued growth and development of their careers. We provide learning and development opportunities such as we hosted a seminar – **Customer Service Training by U Tin Zan Kyaw** – to train all operation staffs in undertaking their jobs effectively and efficiently.

Gender Ratio in YKKO



Environment

-Principle 7. Business should support a precautionary approach to environmental challenges;

-Principle 8. Undertake initiatives to promote greater environmental responsibility; and

-Principle 9. Encourage the development and diffusion of environmentally friendly technologies.

Clean Yangon
Together
with You

လမ်းပေါ်က အမှိုက်များဟာ
နိုင်ငံသားတိုင်းအတွက်
ရှက်စရာပါ

သင့်အမှိုက်တစ်ခုကြောင့်
ရန်ကုန်မြို့အလှကို
မပျက်စီးစေနဲ့

ရေမြောင်းများ

လမ်းကြားများသည်

အမှိုက်ပုံမဟုတ်

Clean Ya
Togeth
with Y

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. We understand that we are responsible for **minimizing all possible negative effects on the community, environment and natural resources.**

YKKO do care about the wellness of our environment and the surroundings. In 2017 August, YKKO participated in **Clean Yangon**

Campaign and provide water bottles and juices for all volunteers. **YKKO staffs also contributed as volunteers and pick up trashes** in the area around Yangon University. **Clean Yangon Campaign is being initiated by the volunteers including NGOs and CSOs with the support of Yangon City Development Committee.** This campaign mainly focuses on natural environmental conservation while nurturing good habit of garbage throwing, collecting trash, and raising public awareness to become clean surroundings.

YKKO's environmental footprint consists of **reducing the usage of plastic bags and bamboo chopsticks.** YKKO has been reducing the usage of bamboo chopsticks since 2016 **by providing plastic chopstick instead of bamboo chopstick** for inhouse customers. In the first year, we **could reduce the usage of bamboo chopstick by 13%.**





Anti-Corruption

-Principle 10. Business should work against corruption in all its forms, including extortion and bribery.

YKKO is committed to complying with anti-corruption and anti-bribery laws of our country

At YKKO, **we value integrity and ethical behavior in the conduct of our business.** We do not tolerate any form of bribery or corruption. 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.

We **develop and implement policies and procedures** that prohibit bribery and corruption by our employees and anyone representing our interests. 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

Our 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.

YKKO's **Finance Department is responsible for maintaining adequate accounting books and records and appropriate controls at all levels of organization** that ensure accuracy of our financial reporting, including the investigation of potential fraudulent financial activity or results. Such controls provide reasonable assurances that, among other things, transactions have been executed in accordance with generally accepted accounting principles.

And our **Internal Audit Department is responsible for evaluating, testing and monitoring accounting control systems and daily control activities** on an ongoing basis to ensure that the controls in place continue to be appropriate and function properly. Any shortcomings found are reported to the Managements. Supplier transactions are also reported on a daily, monthly and quarterly basis.

YKKO **administers Freedom of Information**, giving access to staffs of all levels into organization reports in sales, P&L and income statements. Our anti-corruption programs also include mechanisms to monitor the ongoing compliance functions to encourage employees to report violations.

The assessment of YKKO Group of Companies Ltd.'s anticorruption 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 been acknowledged as one of the **Top 500 Highest Tax Paying Companies of Myanmar.**



“Serving with Our Hearts”

YKKO