



YKKO Group of Companies Limited

UN Global Compact

2019 Communication on Progress Report



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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. Since the beginning of our commitment to the UN Global Compact, we have mindfully made efforts 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 38 SHOPS

SINCE 1988

VISION

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

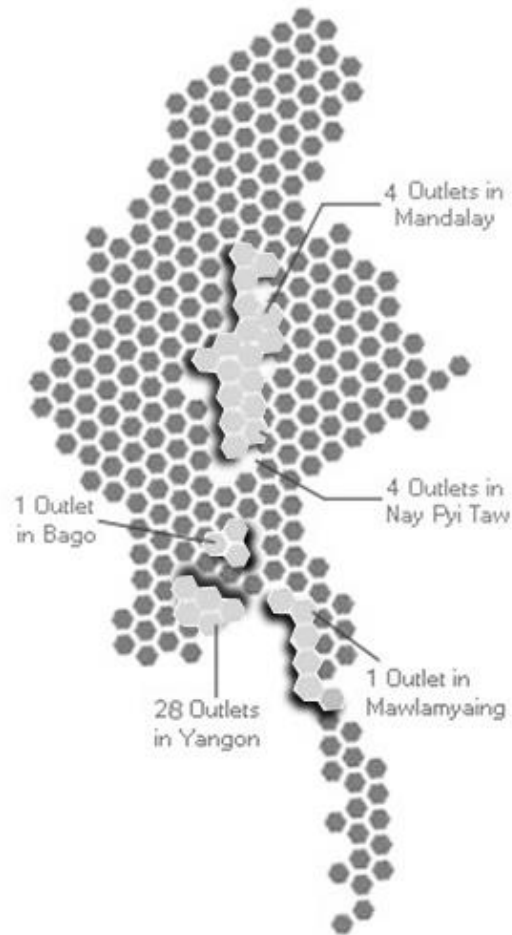
MISSION

To provide customers with 100% satisfaction operating on

'3' principles of foundation:

Quality, Cleanliness, and Service

YKKO at a Glance



Founded
1988

Employees
1490

Cities
5

Outlets
38

ABOUT THIS REPORT

YKCO 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 1 June 2018 to 1 June 2019 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.





YKKO Group of Companies Limited is a network of family-oriented restaurant chains, operating across Myanmar. In 2018, we celebrated our 30th anniversary with 38 branches in 5 states. The group now comprise of 1,490 people working in outlets, central kitchen, and the support office. Our core service has always been delivering 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 to our stakeholders.

Our Activities

For YKKO, corporate sol is about taking accountability of 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**, which has been organizing annual events and activities with staffs participating in our initiatives on 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.



Blood Donations

Since 2011, YKKO has been a **blood donor group at Myanmar National Blood Center**, and every year YKKO holds a blood donation day with more than 100 donors participating in the program in just Yangon. Staff members from other four cities also donate blood at their regional blood bank facilities on the same day as Yangon.

Our **8th Annual Blood Donation Day** took place on 9th January 2019 with **250 staff members** donating blood in Yangon. **YKKO** also donated **500,000 Kyats** to the **Blood Donation Center**.

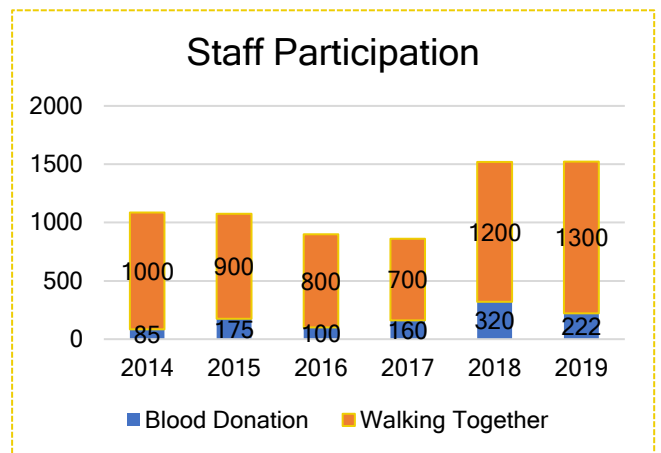
As there is no substitute for human blood, the supply depends entirely on generous donations, and all types of blood are in short supply. To mitigate this shortage, beside annual blood donation program, **YKKO staff members help and donate blood whenever the blood supply shortage occurs in National Blood Center.**





Walking Together

YKKO put focus on healthy lifestyle as well as work-life balance of employees. Since 2011, YKKO hold a walking together program every year. At the beginning of 2019, on 16th January, our Social & Sports Sub Committee held 7th Walking Together Program to build teamwork and for physical well-being of our YKKO family in 3 cities and 1300 staff members participated in this program.





Kason Full Moon Day

The full moon day of Kason is a day of threefold significance, it is the day Lord Buddha was born, the day He attained enlightenment and is the day of his demise. It is the day on which the original Bayan Tree arose from out of the earth as an assurance of the coming of the Lord Buddha. Lord Buddha attained enlightenment meditating under the Bayan Tree. And this is celebrated in the Kason Festival by men and women of all ages going to pagodas in a procession and pouring water on the sacred Bayan Tree at the pagodas. On Kason full moon day of 2019, 18th May, YKKIO celebrated Kason full moon festival at Kabaraye Pagoda, not only participated water pouring ceremony at the Bayan tree but also offered cold drinks to the visitors who came to the pagoda.



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.

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 2018, YKKO supported a Sailing Team as a sponsor in 8th President's Cup Tournament.

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 of the area who do not have access to public schools. YKKO continues to support Mhaw Bi Monastery School through financial aid to cover monthly expenses, such as teachers' salaries and building maintenance costs.



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.**

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.



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 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.

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

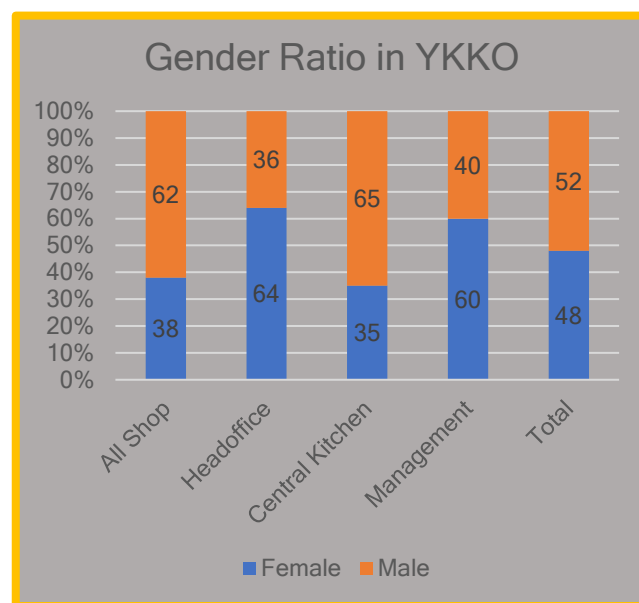
The prohibition of compulsory and child labor has always been our company's practice. We do not support child labor in any matter or form in any level of the organization. According to our company policy, children under the age of 16 is restricted to be recruited or employed, and those below age-18 have restricted working hours.

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 to train all operation staffs in undertaking their jobs effectively and efficiently.



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.

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**. We also work closely with our suppliers to educate and encourage them to practice good food handling procedures and be mindful of their impact on community and environment.

YKKO do care about the wellness of our environment and the surroundings. YKKO's environmental footprint consists of **reducing the usage of plastic box**. YKKO has been reducing the usage of plastic by **using steel pans instead of plastic box** for the storage of broth.

In recognition of the environmental impacts that concern the global community, YKKO has worked actively to promote greater environmental responsibility into our business activities.

The consumption of takeaway food is increasing worldwide. Single-use containers used for takeaway food represent a significant source of waste and environmental impacts due to their low recyclability.

Consequently, it is important to reduce the environmental impacts of food containers by using plastic alternatives. For this purpose, YKKO is **planning to use eco friendly take out containers, coffee cups, and straws instead of plastic packaging starting from August 2019**. And YKKO is also **planning to introduce "YKKO launch box carrier"** which can be used as a takeaway box and we will encourage our customers to buy and use it every time they order a takeaway.



Anti-Corruption

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

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.

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

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