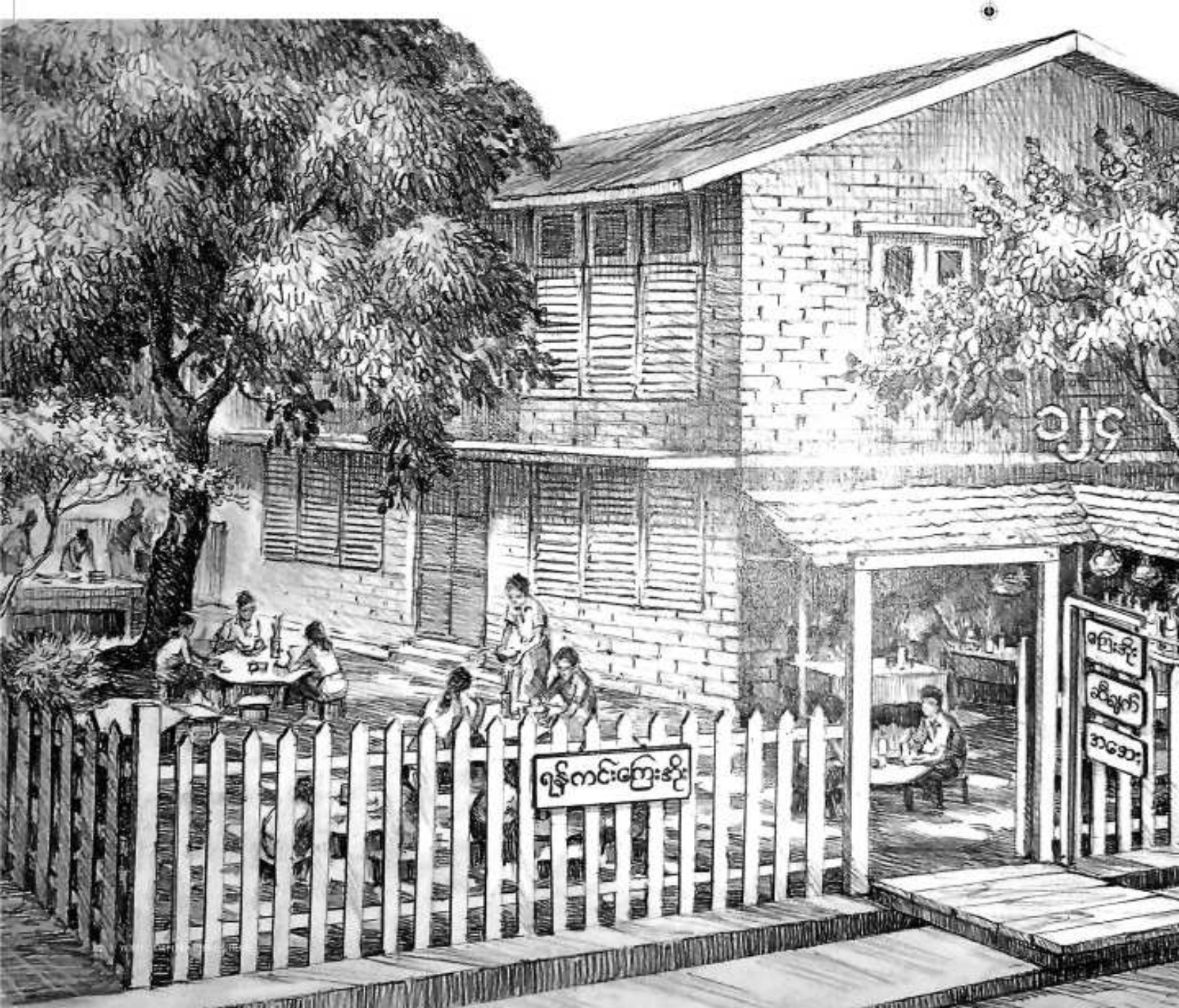




YKKO Group of Companies Limited

UN Global Compact

2020 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. 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 black ink, appearing to be 'Daw Yu Yu Lwin', written in a cursive style.

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

OVERVIEW

NOW OPERATING 35 SHOPS

SINCE 1988

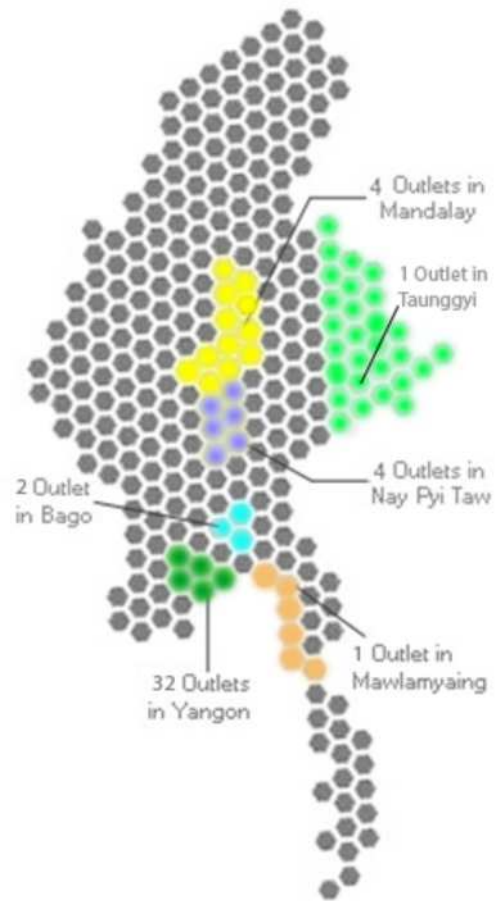
VISION

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
1481

Cities
7

Outlets
44

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 1 June 2019 to 1 June 2020 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 Activities

For YKKO, corporate social responsibility 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. Our efforts include not only what our company does, but also what our employees do, a commitment that stems from our People-first culture.

Our activities are not only about giving back to the society; it's about building a collaborative and inspired team that cares about the other and wants a better future for all of us. It's also a way of making a positive influence, using our expertise to help the communities in which we operate.

YKKO Group of Companies Limited is a network of family-oriented restaurant chains, operating across Myanmar. We have 44 branches in 6 states and have 1,481 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.

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

Blood Donation Program

Every year, YKKO hold a blood donation program and on **11th July, 2019**, YKKO held **8th annual Blood Donation** and **300 staff members** contributed to the program. On **17th September, 2019**, **100 staff members** of YKKO donated blood to satisfy the need of blood in National Blood Center.

Walking Together Program

Since **2011**, YKKO hold a walking together program every year. At the beginning of **2020**, on **7th 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 **1500 staff members** participated in this program.

Financial Aid to Mhaw Bi Monastery

Since **2013**, every year YKKO 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 2019, **YKKO supported a Sailing Team as a sponsor in 9th President's Cup Tournament.**

Fundraising Activity for M2030 Program

Starting From last year 2019, **YKKO is participating in M2030 Malaria Elimination Program by means of fundraising.** From 2019 August to April 2020, YKKO collected total MMK 827,000 contributions for M2030 program. It will go directly to the malaria elimination program that will save thousands of lives.

Supporting Health Care Workers

On **25th March, 2020**, **YKKO delivered Kyay-oh for healthcare workers on the frontlines of responding to the Covid 19 crisis** to show respect and support to frontline heroes.



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.

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.

Anti-Corruption

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



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 are committed to upholding the dignity of all people and oppose human rights abuses. We respect all human rights standards throughout our operations at our 44 locations in 6 states.

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. YKKO invests significant effort to promote policies that are consistent with our goals. Our commitments to human rights are embedded within the company's policies. 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's commitment to equal opportunity is an investment in our people and our future growth. YKKO employees are the core of our business, and we conduct our business with respect for and adherence to principles of diversity and equal employment opportunity. YKKO is further committed to providing a safe and healthy work environment that minimizes the incidence of work-related injury, is free from harassment, discrimination, harsh treatment and acts or threats of violence.

Our goal is to promote an environment that encourages open communication, promotes mutual respect and teamwork, and which encourages individuals to develop and learn.

Child, forced and compulsory labor

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.

Non-discrimination and equal employment opportunity

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 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.

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. YKKO's

environmental footprint consists of **reducing the usage of plastic bags, takeaway boxes 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%.** To encourage our customers to reduce the use of plastic and to change the habit of consumption, **YKKO started a plastic reduction campaign** in August 2019. In this campaign, we promoted to reduce the usage of plastic by implementing a program in which every customer who bring their own non plastic containers for takeaway are offered 200 MMK off for every bowl of Kyay-Oh takeout.



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.**


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YKKO

Since 1988

**YANKIN
KYAY-OH**

**AUTHENTIC
FLAVOURFUL
WHOLESOME
COMFORTING
PREPARED
WITH CARE**

Serving with
our hearts



Since
1988

“Serving with Our Hearts”

YKKO