



Communication on Progress

Period covered (4 December 2020 - 4 December 2021)

Date: 1 December 2020

Subject Statement of continued support by CEO

To our stakeholders,

I am pleased to confirm that Yoma Bank reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruptions.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compacts and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Dean Cleland

Chief Executive Officer

Yoma Bank

1. Human Rights

Assessment, Policy and Goals

- ✓ Yoma Bank (YB) supports the Universal Declaration of Human Rights (UDHR), International Finance Corporation's (IFC) Performance Standards, and the ten Principles of United Nations Global Compact (UNGC).
- ✓ As the Responsible Bank, it is our mission to bring responsible banking to the country with a strong emphasis on good corporate governance, environment, and social standards.
- ✓ Yoma Bank HR Manual, Code of Conduct & Business Ethic and its Policies embody the fundamental conditions of service and the basic rights, duties, and obligations of Yoma Bank employees.
- ✓ Our Policies ensure that all our employees, business partners, vendors and suppliers respect the fundamental of human rights standard. Bank will not assist or serve as an accessory to any form of violation and abuse of human rights.
- ✓ Bank's Code of Conduct & Business Ethic provides the guidance on how employees should apply and required to follow both the spirit and the letter of code in our dealings with others both internally and externally, and in our financial dealing.
- ✓ Our policies are as follow:
 - To treat our staff equitably at all times.
 - To reward them fairly, taking into account their individual performance, the performance of our Bank as a whole and our competitive position.
 - To communicate our business strategy to them and to seek their input.
 - To keep them apprised of proposed changes that might affect them and to discuss any such changes with them.
 - To give them every opportunity to raise any grievances they may have and to deal with these grievances in an equitable and transparent manner; and
 - To observe all the requirements of labor law.

Implementation

- ✓ Yoma Bank's Code of Conduct and Business Ethics provide basic guideline to all employees and is the standard that we uphold in our relationships with customers, suppliers, employees, government, and regulators.
- ✓ Bank policies apply to all employees including contractors and consultants of Yoma Bank. It also provides the guidance on how we expect to do business with customers and external partners based on their conduct and reputations.
- ✓ Bank committed to provide the equal opportunities to all our employees including developing the abilities of all employees according to their individual merit, to the best efforts of both Bank and employees.
- ✓ All Yoma Bank's employees are required to report any suspected breach, or potential breach, of our Code of Conduct and Business Ethics. People leaders together with HR will investigate reports and take action when necessary. Bank will not tolerate harassment or retaliation against anyone who seeks advice, raises a concern, or reports a suspected breach. A dedicated email address, speakupyoma@gmail.com, has been created for employees to submit their reports to the Chief of People Officer. In Yoma Bank website, enquiry/feedback box is created for anonymous submission.
- ✓ Yoma Bank's Code of Conduct Policy covered Bullying and Harassment guidelines ensures that all employees deserve an environment free from bullying and/or harassment in which to perform their duties. All employees will be expected to comply with this Policy and management will take appropriate measures to ensure that bullying and/or harassment is minimized. Appropriate disciplinary action, including dismissal for serious offences, will be taken against violators of the policy. The Policy applies to employees both in the workplace and at professional events such as meetings, conferences and work related social events, whether on premises or offsite. The Policy applies to bullying and/or harassment not only by fellow employees but also by clients, customers or other business contacts to which an employee might reasonably expect to come into contact within the course of his/her employment.
- ✓ Bank's Code of Conduct and Business Ethic and HR's employee manual is provided to all employees and it is part of employee orientation and training. Yoma Bank implemented the learning hub where every employee is assigned Code of Conduct and Business Ethic as mandatory training.
- ✓ Yoma Bank's Code of Conduct and Business Ethics policy is review regularly and update including submission to the Board in the event of any material changes.
- ✓ Employment Rules and Standards of Conduct are essential to maintain the integrity of Yoma Bank. All employees are required to familiarize themselves and follow the rules and standards faithfully in the performance of their duties. Employees who deviate from these rules and standards will be subject to corrective action, up to and including termination of employment.
- ✓ The Bank will continue to support advocating human rights principles and respect for all employees and their rights including our customers, suppliers, regulators, and government. As the bank expands its business and branch network, the effort of advocacy around the country will also be expended.
- ✓ Our commitment includes operating with integrity and accountability with the respect of the Labor Employment Law of Myanmar and any applicable regulatory directives, all relevant codes of practices (including voluntary code to which the bank subscribes) and all bank's policies.

Measurement of outcomes

- ✓ Yoma Bank's Code of Conduct and Business Ethics has published in our website as well as internal workplace platform for transparency and accessibility to create awareness for the employees across the Bank.
- ✓ Policies and guidelines are being track as part of the individual employee KPI to complete the training in learning hub. The target of the training is to enhance the knowledge and awareness of the guidelines in the code of conduct and business ethic.
- ✓ Speak-up guideline is established for human rights for all employees and to report any potential breach of the code and ensuring that employees' feedback and concerns are taking care of with actions through the dedicated channels. All employees are accountable for their actions and, as such, the Bank regards genuine reports as witnesses of wrongdoing, not as complaints. We hold each other accountable, so an individual making a properly motivated report in good faith is acting to defend the Bank's reputation and integrity and is supporting the word and spirit of this Code of Conduct and Business Ethics. Bank ensures that each employee experiences equality of opportunity regardless of factors such as his/her religion, sexual orientation, marital status, age, family commitments, disability, creed, color or ethnic background.
- ✓ YB implemented the whistleblowing hotline as well as customer complaints via private or confidential discussion with People leader or senior manager of Yoma Bank and the matters will be investigated by a triage team within 24 hours of notification to ensure the right team are involve to investigate. All the employees, customers' voices and feedback are tracked and kept carefully.

2. Labor

Assessment, Policy and Goals

- ✓ Yoma Bank fully supports the International Labor Organization's (ILO) Core Convention, and IFC's Labor and Working Conditions Standards.
- ✓ With over 3,000 employees, Yoma Bank maintains compliance with Myanmar Labor Law as well as compliance with the minimum wage standards. The bank is well placed to build a customer-oriented environment that focus on our employees' teamwork and cooperation. There is transparency between leadership team and employees while concentrating on clear recruiting practices and management of Human Resources practices.
- ✓ Yoma Bank foster greater awareness of human right across the bank including equal opportunity, anti-discrimination, promoting safe and healthy work conductions, employee well-beings and prohibiting any use of forced labor.
- ✓ Employment Contract stating the terms and conditions will be issued by HR to the new employees together with the HR Manual for reference. HR Manual consist of guideline and information on employee benefits, welfare, staff loans, training, and career development.

Implementation

- ✓ The Recruitment and Appointment guideline provide equal opportunities to all employees. Each employee experiences equality of opportunity regardless of factors such as his/her religion, sexual orientation, marital status, age, family commitments, disability, creed, color, or ethnic background. Selection for all positions will be based on merit, that is, on the performance, capability, and suitability of the individual. Selection will take place on the basis of fair and objective selection processes.
- ✓ The Training, Development, and Career Planning guideline provides training for the ongoing development of the employees. We will align training to our Bank's business needs with an innovative approach. We recognize that our employees have individual abilities and talents and YB will provide them with opportunities to realize their full potential to the extent of its capacity to do so. Bank implemented the Learning Hub platform for all levels of employees to involve heavily in training and provide both internal and external training courses availability for all our employees.
- ✓ The Health and Safety Policy ensures that the health, safety and welfare of colleagues, contractors, customers, and any other persons affected by our business activities are protected.
- ✓ The Attendance and Leave Policy ensures that all employees are expected to keep punctual working hours and are entitled to leave without compulsory labor.
- ✓ It is YB's Promotion Policy to appoint the most suitable employees to fill vacancies and all employees will be given every opportunity for career growth within the bank. Employees will be considered for promotion if he/she is suitably qualified and deserving of such promotion. Once promoted, staff would receive a salary increased. At any time, an employee may be eligible for promotion, change of job or transfer, which would typically require a salary review.
- ✓ Employees' supervisors are required to fill in Key Performance Indicator form annually, which will be review by People Department for salary and promotion appraisal.
- ✓ In order to prevent the recruitment of juveniles, Bank will not support child employment and avoid recruiting of underage staffs.
- ✓ Bank leadership team has implemented the program call "Above and Beyond" to promote sustainable workplace in which three employees are awarded every month for their exceptional performances.

Measurement of outcomes

- ✓ Yoma Bank has not received any labor related complaints.
- ✓ Yoma Bank Learning Hub ensures that all our staffs are aware of current trainings to be aware of current YB policies, guidelines, benefits, and employee obligation. By using Learning Hub portal, the bank can tract the training hours for each employee.
- ✓ As part of the employee development, Bank has invested in 51250 training hours with 2808 Training program from 1st Oct 2019 to 30th Sep 2020.
- ✓ Bank human capital investment is key driver that make possible for us to go from 58 branches from April 2016 to 86 Branches as of 30th Sep 2020.
- ✓ Yoma Bank in partnership with Prudential Myanmar provide life insurance as a benefit to all employees.
- ✓ Bank making sure that to treat all employees with respect, dignity, promoting diversity in the workplace to be consistent with Bank's policies and procedures.
- ✓ The policies, employee handbook are regularly updated and continuously review by related teams to ensure that the bank is setting clear and transparent guidelines for employees, customers, suppliers, and regulators as well as up to date with the applicable rules and regulations.
- ✓ YB is honored and proud to be featured among "Best Companies to Work in Myanmar 2020" Award in Corporate category. It is encouraging to witness that employees recognize and appreciate YB's culture, values, and workplace. With the Bank's purpose of "Building a Better Myanmar for its People", YB will continue investing in the people to ensure to create a happy workplace for the employees.

3. Environment

Assessment, Policy and Goals

- ✓ The Environmental and Social (E&S) Policy is designed to help our customers overcome the challenges of operating and competing in a climate of enhanced environmental and social responsibility. Incorporating international standards and best practices while being sensitive to the unique realities of Myanmar, the E & S Policy assists our customers to put in place more responsible practices to adapt and operate successfully in a new environment.
- ✓ The E&S Policy consists of Risk Assessment and Control Measures for Fire, Visual Display Unit (VDU), Manual Handling Work, and Office Equipment Hazard.
- ✓ The results of borrower-specific E&S due diligence and portfolio performance monitoring will be periodically aggregated and summarized for senior management of the Bank. The Environment Social Management System Officer, in coordination with Chief Compliance Officer, will prepare periodic reports on key E&S issues surrounding the Bank's portfolio.
- ✓ The E&S Policy also includes IFC Environment, Health, and Safety (EHS) Guidelines which focus on key areas of Environmental, Occupation Health and Safety (OHS), Community Health and Safety, and Construction and Decommissioning. The EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP). It contains the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable costs.
- ✓ The Bank actively seeks to minimize the adverse impacts of its lending activities on human health, the environment, workers and affected communities on a daily basis.
- ✓ IFC's Investment/Legal Agreement(s) requires YOMA BANK to prepare a comprehensive Annual Environmental and Social Performance Report (AEPR) describing (i) the implementation and operation of the Environmental and Social Management System (ESMS), and (ii) the environmental and social performance of the sub-borrowers/clients of the Financial Institution. This document comprises IFC's preferred format for E&S performance reporting.

Implementation

- ✓ Promote responsible waste management and reduce consumption of electricity and water.
- ✓ Yoma Bank has a formal environmental and social management system (ESMS) and policy in place to minimize the adverse impacts of its lending activities on human health, the environment, workers, and the affected communities. To achieve this, YB will generally not invest in business activities which are contained on the “IFC Exclusion List”, “CBM Exclusion List” and continues to make assessments of potential clients’ business activities as part of its responsible lending practices.
- ✓ For every loan case, environmental risk classification will be evaluated with preliminary assessment questionnaire by YB’s staff. Risk classification at an early stage of a project, the Bank will not consider the application of possible mitigation measures identified during the environmental and social assessment at the project identification stage. This will be based on professional judgement, and the information available at the time of project identification.
- ✓ Bank will only invests in business activities that: (i) comply with all applicable environmental, health, safety, and labor laws and regulations of Myanmar and local authorities; (ii) apply technically and financially feasible resource efficiency and pollution prevention principles and techniques (i.e., GIIP) that are best suited to minimize adverse impacts on human health and the environment; and (iii) operate consistent with labor and working condition requirements of ILO Conventions.
- ✓ For loans above 1 billion kyats, risks and impact are first evaluated by a set of questionnaires (prepared by E&S). If the loans are deemed as high risk, then an external third party will be involved for further evaluation.
- ✓ Discontinued the use of single use plastic throughout the bank and replaced with glass-water and mug.

Measurement of outcomes

- ✓ YB limits exception list to 5% of the total portfolio.
- ✓ Our customer's ability to successfully adapt to new climate will determine whether they succeed or fail. The Bank seeks to help customers successfully manages these risks. To the extent that some of our customers may face difficulties in the future, staffs need to be aware of how best to protect the Bank from credit losses. Although E&S risk management is primarily the reasonability of our customers, we need to understand these risks to properly manage Bank exposure. It will also help protect the Bank from losses resulting from customer pollution or labor problems and from potentially larger cleanup liabilities which banks could face due to legal uncertainties in Myanmar. Accordingly, the information contained in the E&S policy is intended to incorporate E&S risk management into lending analysis and decision-making, and to help our customers establish responsible practices. We have continued to monitor and review customer business interests to ensure compliance with our E&S policy and to mitigate the risks associated with E&S.
- ✓ Yoma Bank implemented ESMS (Environmental and Social Management System) and Environmental and Social Analyst to take over the overall management of the ESMS process within the Bank. Currently the ESMS process is embedded in both the Bank's loan teams (both corporate and the branch network) and in the Bank's Corporate Affairs Department.
- ✓ Accordingly, the information contained in the E&S policy is intended to incorporate E&S risk management into lending analysis and decision-making, and to help customers to establish responsible practices. YB has continued to monitor and review customer business interests to ensure compliance with E&S policy and to mitigate the risks associated with E&S practices.
- ✓ Bank provides reusable steel and glass water bottles to all employees.

4. Anti-Corruption

Assessment, Policy and Goals

- ✓ Yoma Bank's Code of Conduct prohibits employees from being involved with bribery, corruption and acceptance of gifts, sponsorships, invitations, or other benefits if they could be deemed to influence or compromise employee position or any business decision of the Bank.
- ✓ Bank Anti-Money Laundering and Combating the Financing of Terrorism Policy is to ensure that the bank's products, services, and reputation are not used by those engaged in money laundering or terrorist financing activities. YB complies with all applicable laws and regulations in Myanmar, as well as international standards where relevant for its business, and will follow a risk-based approach in identifying and managing ML & FT risks.
- ✓ Bank has a high level of transparency and operates ethically and has zero tolerance for corruption, bribery, and extortion. The bank has disclosed the data in the website www.yomabank.com.
- ✓ Yoma Bank implemented the guideline on the "Supplier selection" process and procurement system.
- ✓ First Myanmar Investment (FMI) is a public company and the parent company of Yoma Bank. Therefore, Yoma Bank has a high level of transparency and operates ethically and has zero tolerance for corruption, bribery, and extortion.

Implementation

- ✓ In assessing Yoma Bank's Money Laundering and Financing of Terrorism Program, we have consulted Transparency International Corruption Perceptions Index (2014).
- ✓ The Bribe and Corruption Policy in HR Manual also states that YB does not tolerate any form of bribery or any corruption. We do not accept or grant any improper advantages (inducements) of any kind, irrespective of whether the person offering or demanding such advantage is working in the public or private sector or given in good faith (such as after the event).
- ✓ We are careful in our selection of business partners, advisors, intermediaries, and all other parties supporting us in doing business. We also ensure that such parties do not pay or accept bribes or facilitate payments within the scope of their business relationships with Yoma Bank.

Measurement of outcomes

- ✓ YB has continued to grow its Internal Audit function, along with its Audit Committee, to ensure full oversight on YB's financial controls, with particular emphasis on: (1) the integrity of internal controls and financial reporting; (2) the performance of the internal auditors; (3) the qualification and independence of external auditor; (4) the performance of internal audit function and external auditor; and (5) compliance with legal and regulatory requirements.