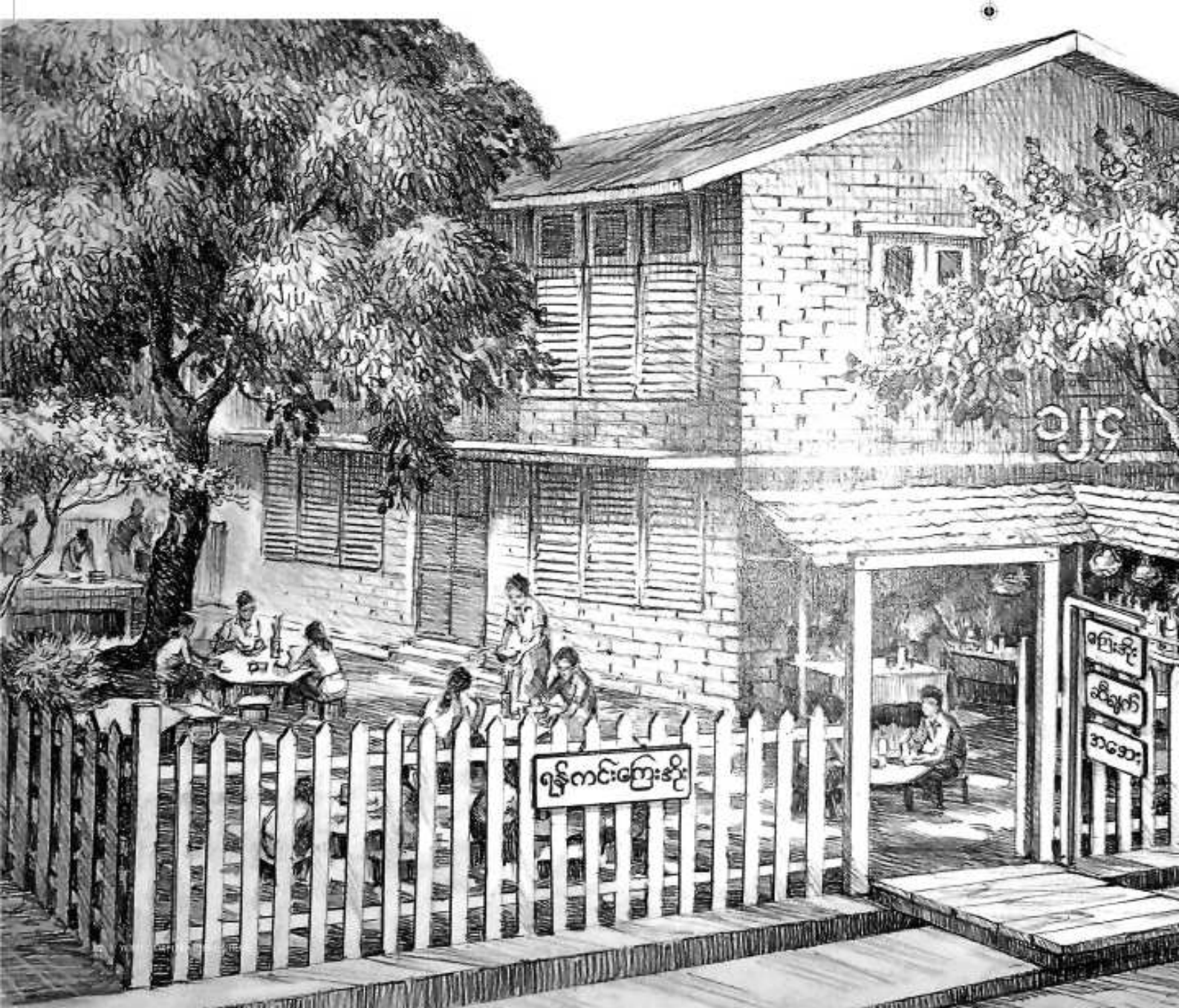




YKKO Group of Companies Limited

UN Global Compact

2021 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'.

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

OVERVIEW

NOW OPERATING 40 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 Outlets at a Glance



Founded
1988

Employees
800

Cities
7

Outlets
38

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 2020 to 31 May 2021 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 is about building a collaborative and inspired team that cares about the other and wants a better future for all of us. It is also a way of making a positive influence, using our expertise to help the communities in which we operate.

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 38 branches in 6 states and have 800 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.

Despite 2020-21 being a challenging year for the business due to the global pandemic COVID-19, we continued our support of **financial aid to Mhaw Bi Monastic Education Center** (which we have initiated since 2013) to cover monthly expenses of teachers' salaries.

YKKO **supported food to frontline healthcare workers** responding to the COVID-19 crisis at several facilities across Yangon in March 2020 (first wave) and October 2020 (second wave), and also donated financial aid to affected families due to decreased economic activity.

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 38 stores in 6 states, Central Production facility, and Head Office.

We understand that human capital is our company's major driving assets and acknowledge our responsibilities for the people we work with. Which is why throughout the year of low business due to COVID-19, we maintained our previous year staff number of 1100 (apart from those who left the cities voluntarily), it was only after the infamous Military Coup (1st Feb 2021) that many more staff members left (upon their own decision) due to security concerns. The business puts paying maximum possible salary to the staffs as the main priority while ensuring the company is sustained.

We promote a **positive culture** and the **continuous improvement of working conditions** with respect to human rights. Our store-level staffs are provided with good nutrition and

supplementary vitamins, as well as personal protection gear as they continued working in the front-line of the pandemic outbreak. The company also updated its medical policy and doubled maximum amount of IPD and OPD claims during the start of the second wave (September 2020), and introduced life-insurance policy for all the staff members.

Our policy handbook commits to human rights and promote policies that are consistent with our goals. We acknowledge that every employee is entitled to work in a professional atmosphere, free from all forms of harassment. Since the first wave of COVID19 hits Myanmar in March 2020, only consenting and agreeing staffs are asked to come to work and those who are in the high-risk category are encouraged to stay home and work. Necessary precautionary measures were also put in place in all our ferries and staffs that are required to work are provided with transportation service. 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 strive to **create a rewarding, respectful and safe place of work**, where our employees are motivated to 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 and continued to work on plastic and waste reduction in our business practices.

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 continue to improve on its environmental footprint which consists of **reducing the usage of plastic bags, takeaway boxes, and bamboo chopsticks.**

YKKO's plastic reduction campaign, which started in August 2019 continues. 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. With dine-in closure and takeaway channel growth due to COVID19, use of takeaway plastic containers increased. To rectify this, from 29th October 2020, YKKO invested and changed to double-stacked containers for soup-based menu's which typically uses two plastic containers, reducing plastic usage by 20%. We also changed packaging for our dry oil-based menu to paper-boxes from plastic boxes. Further reducing our plastic usage by 40%.

During the year, we have also provided our staff members with 3-ply cloth masks to reduce one-time-use disposable masks, thus trying to reduce waste to the environment.



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. also continue being acknowledged as one of the **Top 500 Highest Tax Paying Companies of Myanmar.**

YKKO

Since 1988

YANKIN
KYAY-OH

AUTHENTIC
FLAVOURFUL
WHOLESOME
COMFORTING
PREPARED
WITH CARE

Serving with
our hearts



Since
1988

“Serving with Our Hearts”

YKKO