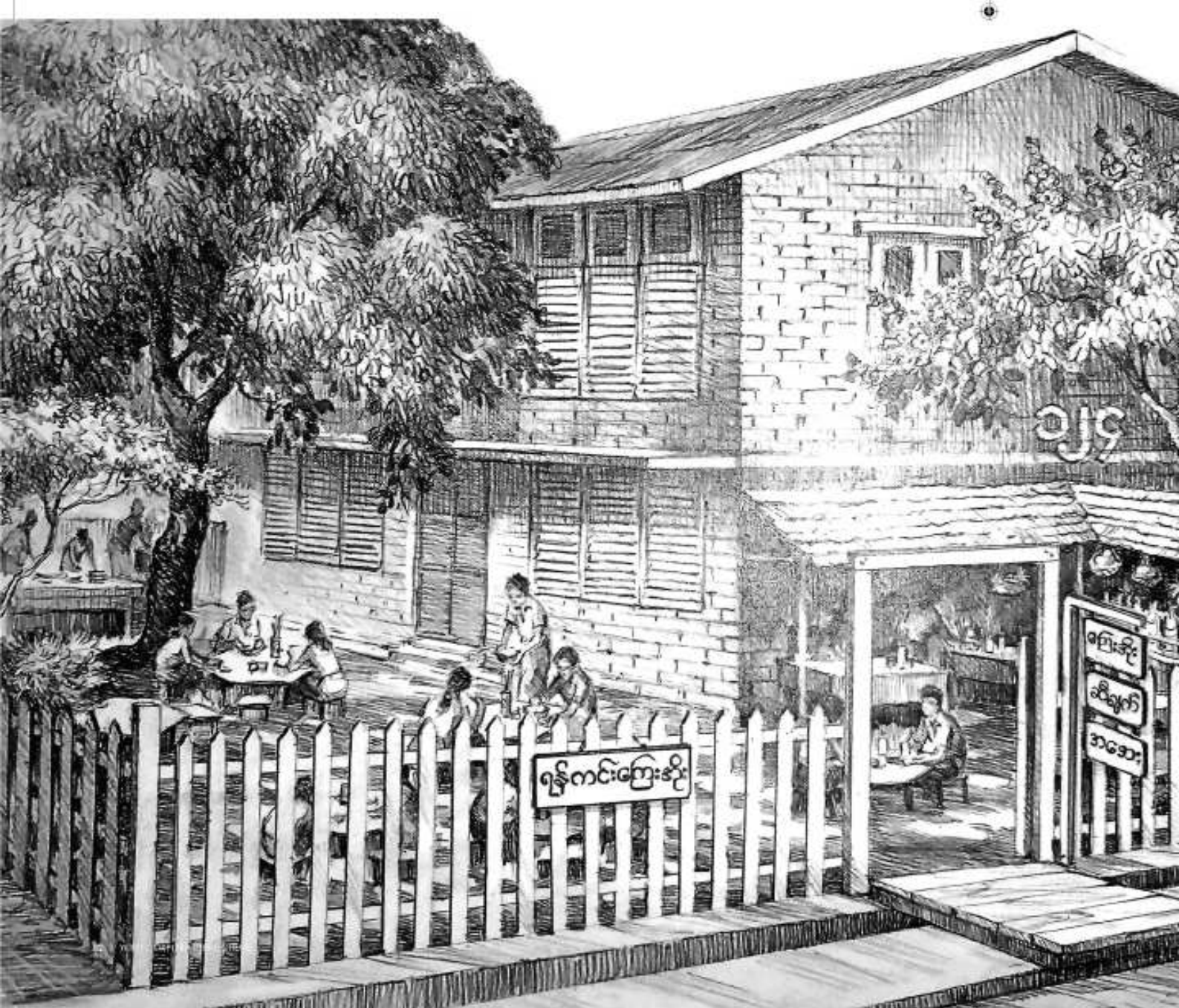




YKKO Group of Companies Limited

UN Global Compact

2022 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 on Human Rights, Labor, Environment and Anti-Corruption. With this communication, we describe our actions to continuously improve and implement the integration of the Global Compact and its ten principles into the strategy, culture, and day-to-day operations of our company.

We will make a clear statement of this commitment to our stakeholders by using our primary channels of communication.



A handwritten signature in black ink, consisting of stylized, flowing characters.

Sincerely yours,
Yu Yu Lwin
CHAIRPERSON
YKKO Group of Companies Limited, Myanmar.

OVERVIEW

OUR 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**



HYGIENIC

Good food hygiene practices are observed in every aspect of YKKO's operation



HEALTHY

YKKO meals have no food enhancers, additives, or artificial ingredients



FRESH & TASTY

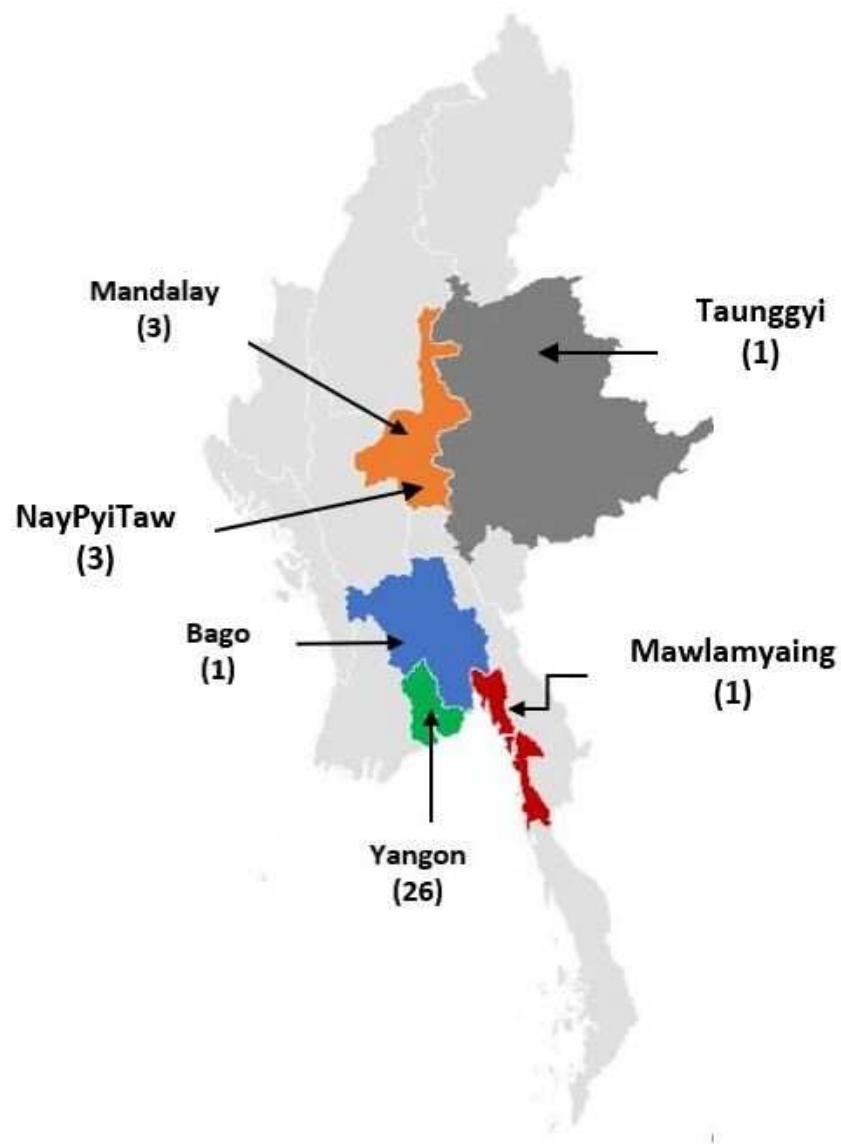
Ingredients are always grown or purchased fresh and makes for tasty meals



AUTHENTIC

Our recipes are one of a kind, authentic to the YKKO brand

YKKO Locations



Founded Year

1988

Employees

901

Cities in Myanmar

6

Outlets

35

The background of the page is a photograph of a bowl of food, likely a noodle dish, with chopsticks resting on the side. The image is slightly blurred and has a soft, muted color palette, serving as a background for the text.

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 2021 to 1 June 2022 and the report highlights select activities of YKKO 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.

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 truly made in Myanmar brand, YKKO stays true to its roots by remaining accessible to customers from all walks of life. Serving with our hearts, we continue to provide affordable, quality food and services to our customers at many of our conveniently located outlets. We have 35 branches in 6 states and have 901 people working in outlets across the country.

Despite 2021-2022 being a challenging year for the business due to the global pandemic COVID-19 and political situation in Myanmar. We have been greatly involved in the development of **to Mhaw Bi Monastery Center** (which we have initiated since 2013). We make regular donations to help with the upkeep and maintenance of the center and provide meals for the students.

We've also involved in one of our business partners' CSR donating program-meals plan and provided lunch boxes for their delivery riders.



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 35 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 901 (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**.

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. All the staffs and their families vaccinated with vaccines.

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. Necessary precautionary measures were also put in place in all our ferries and staffs that are required to work are provided with transportation service.

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.

One of our goals are to keep our employees safe and healthy. All Employees are pivotal resources that directly impact the success of the Company. YKKO welcomes the diversity of all team members and encourages the integration of their unique skills, thoughts, experiences, and identities. The company's workforce is made up of 45 percent women and 55 percent men.

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 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.

Our organization believes investing in the education, training, and development of employees contributes to the overall success of the business. The company has an ongoing training session on different topics to promote the continued growth and development of our employees' careers.



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.

To encourage our customers to reduce the use of plastic and to change the habit of consumption, YKKO started a plastic reduction campaign since August 2019. In this campaign, we've 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.



The ongoing COVID-19 pandemic presents unique challenges to the Company and its daily operations in labored shortage, supply chain

challenges and the costs of goods have all increased, creating an incredibly difficult operating environment. As we navigated these challenges, we never wavered in our dedication to the safety of our team members, our responsibility to the communities in which we live and work, and our commitment to making the right investments in our future.

During Covid-19 pandemic, many people are staying at home and restaurants has not allowed to eat Dine-in, thus on-times deliveries in which we compete and have evolved to meet the changing needs and preferences of today's consumers.

We aim to assure and continually improve customer satisfaction by developing and launching Packaged Food product segment. These are well-stocked in many retail stores refrigerated shelves, so our customers can cook and eat conveniently at home.

YKKO has been assessed and registered against the provisions of "Hazzard Analysis and Critical Control Points – HACCP" and we are operating based on HACCP management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement, and handling, to manufacturing, distribution, and consumption of the finished product.

We are committed to comply with local laws and regulations to ensure that we pay active attention to the use of raw materials, consumption of energy and prevention of pollution.

Anti-Corruption

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

YKKO is committed to work against bribery and corruption in all its forms which includes both public and commercial bribery.

At YKKO, **we value integrity and ethical behavior in the conduct of the company's 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
- Employees must not accept, seek, or offer bribes or monetary advantages of any kind
- Full and independent audit is performed monthly, quarterly, and annually ensuring compliance across each functional area with local laws and regulations
- 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 to be acknowledged as one of the **Top 300 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