

## **Investing in the Military Cartel: Nine international banks invest over US\$24 billion in companies linked to Myanmar regime and atrocities**

**Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial Group, JPMorgan Chase, UBS, Credit Suisse, Morgan Stanley, Bank of America, Wells Fargo and BNP Paribas among the top banks investing in companies linked to the Myanmar military junta**

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On 1 February 2021, Myanmar's military staged a coup in a brutal attempt to reimpose military rule, nullifying the results of the November 2020 elections, arresting and detaining democratically elected members of parliament and declaring a state of emergency. Over 820 civilians have been killed and thousands detained since the coup. Attacks against ethnic communities have intensified, including indiscriminate airstrikes. Gross human rights violations have become widespread and systematic, amounting to crimes against humanity.

Despite the brutal violence of the Myanmar military continuing, analysis conducted by BankTrack and Justice For Myanmar has found that nine internationally operating banks have invested over US\$24 billion in 18 companies that have either direct and longstanding commercial ties to Myanmar's military (see Category 1 below), or to state entities that the military is attempting to control as a result of the coup (see Category 2 below).

This research follows the publication in March 2021 of the [“Investing in the Military Cartel: Two Dutch pension funds invest US\\$2.3 billion in companies linked to the Myanmar military's atrocities”](#) report by Justice for Myanmar and OECD Watch and May 2021 resource [“Public Companies Financially Supporting the Illegitimate Myanmar Junta”](#) by Justice For Myanmar.

### **International condemnation of foreign companies' ties to the Myanmar's military**

In August 2019, the United Nations Independent International Fact-Finding Mission on Myanmar released a report on the economic interests of the Myanmar's military.<sup>1</sup> It found that the military owned and operated two major holding companies - Myanmar Economic Holdings Limited (MEHL) and Myanmar Economic Corporation (MEC). MEHL, MEC and their subsidiaries generated revenue dwarfing all civilian-owned companies in Myanmar.<sup>2</sup> The UN Fact-Finding Mission concluded that the military's business empire enables it to

secure financial resources to support its unlawful activities, including acts of genocide, war crimes and crimes against humanity, and to evade accountability and oversight.<sup>3</sup>

Significantly, the UN Fact-Finding Mission considered that foreign companies involved in commercial relationships with Myanmar's military, MEHL or MEC pose a "high risk" of contributing or being linked to violations of international human rights and humanitarian law.<sup>4</sup> It urged foreign companies to "sever their relationships" with these entities, or otherwise risk being complicit "in law, fact or the eyes of the broader public", in contributing to the financial resources available to the military.<sup>5</sup> The report "put companies on further and effective notice" of the human rights implications that arise from maintaining business relationships with the military.<sup>6</sup>

## **Links between international banks and the military**

We conducted research into the shareholders of 18 companies with commercial ties to Myanmar's junta. These companies fall into two categories:

1. Seven companies have a direct and long-term relationship with the Myanmar military or military-controlled businesses predating February 1, 2021: port operator Adani Ports and Special Economic Zone Ltd; Bharat Electronics Ltd, a supplier of military equipment to the Myanmar junta; global construction corporation Daiwa House Industry Co Ltd; global hotel chains Hilton Worldwide Holdings Inc and Shangri-La Asia Ltd; diversified steel and energy corporation Posco and its listed subsidiary Posco International; truck manufacturer Sinotruk Hong Kong; and real estate developer and manager Tokyo Tatemono Co Ltd.
2. Ten companies have a direct commercial relationship with Myanmar state-owned enterprises that came under military control following the February 1, 2021 coup. Eight of these companies operate in the oil and gas sector (Chevron Corp, Eneos Holdings Inc, ENI Spa, Gail (India) Ltd, Oil and Natural Gas Corporation, PTT Exploration and Production PCL, Royal Dutch Shell, Total SE) and two operate in the telecommunications sector - KDDI Corp and Sumitomo Corp.

See Appendix 1 for references.

We identified nine internationally operating banks which collectively manage over US\$24 billion in shares of these companies with ties to the Myanmar military businesses and the military junta. These are Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group, headquartered in Japan; JPMorgan Chase, Morgan Stanley, Bank of America and Wells Fargo, headquartered in the US; UBS and Credit Suisse, headquartered in Switzerland; and BNP Paribas, headquartered in France.

The table below shows the amount (in million USD) that each of these banks holds in shares in each of the companies in category one and two.

## Bank shareholdings in companies with ties to Myanmar military to the nearest USD million

Company	Sector	MUFG	SMFG	JP Morgan	UBS	Credit Suisse	Morgan Stanley	Bank of America	Wells Fargo	BNP Paribas
<b>Direct relationship and/or long-term relationship with the military in Myanmar</b>										
Adani Ports and Special Economic Zone Ltd	Transportation	<0.5	1	-	5	3	-	-	-	-
Bharat Electronics Ltd	Military technology	-	-	5	-	-	-	-	-	5
Daiwa House Industry Co Ltd	Real estate	17	55	2	2	1	<0.5	-	<0.5	1
Hilton Worldwide Holdings Inc	Tourism	36	103	175	124	63	74	171	75	9
Posco	Oil and gas	<0.5	2	116	33	17	<0.5	-	11	5
Shangri-Las Asia Ltd	Tourism/ real estate	-	-	-	3	1	<0.5	-	-	-
Sinotruk Hong Kong Ltd	Transportation	<0.5	<0.5	1	3	4	-	-	1	-
Tokyo Tatemono Co Ltd	Real estate	177	269	13	5	3	<0.5	-	-	<0.5
<b>Direct relationship with Myanmar state-owned enterprises</b>										
Chevron Corp	Oil and gas	400	641	1,929	1,414	421	1,615	1,186	1,096	74
Eneos Holdings Inc	Oil and gas	752	626	198	19	24	1	-	26	2
Eni SpA	Oil and gas	<0.5	1	49	84	40	1	-	-	25
GAIL (India) Ltd	Oil and gas	<0.5	<0.5	<0.5	4	3	5	-	4	-
Oil and Natural Gas Corporation Ltd	Oil and gas	<0.5	-	10	5	4	-	-	<0.5	<0.5
KDDI Corp	Telecom	2,990	2,413	1,063	204	81	2	-	51	77
PTT Exploration and Production PCL	Oil and gas	-	-	-	-	-	<0.5	-	-	-
Royal Dutch Shell PLC	Oil and gas	44	19	90	409	1,231	2	-	47	36
Sumitomo Corp	Trading	591	736	34	24	15	<0.5	-	<0.5	6
Total SE	Oil and gas	<0.5	5	480	298	201	5	-	7	1,014
<b>Total Value in million USD</b>		<b>5,009</b>	<b>4,870</b>	<b>4,164</b>	<b>2,633</b>	<b>2,108</b>	<b>1,705</b>	<b>1,356</b>	<b>1,316</b>	<b>1,254</b>
<b>Grand total</b>										<b>24,477</b>

Data downloaded from Refinitiv. See appendix 1 for download dates.

Note that this selection of 18 companies is not exhaustive and that the banks likely own shares in many more companies with ties to Myanmar military companies and the Myanmar junta. Justice For Myanmar has published a more extensive list of publicly listed companies linked to the Myanmar military junta and its conglomerates that can be seen [here](#).

In addition, the nine identified banks represent the banks that each hold over USD1.2 billion in shares in the selected companies. We have also identified 23 other banks that hold shares to the value of over USD100 million respectively. These include: Goldman Sachs, Barclays, Royal Bank of Canada, Nordea, HSBC, ICICI, BMO, TD Bank, Dekabank, State Bank of India, DNB, Citigroup, CIBC, Mizuho, UniCredit, Danske Bank, La Banque Postale, Santander, Swedbank, Bangkok Bank, Caixabank, DZ bank, and SEB. To see the amount of shares held by these banks, see [here](#).

## **Expectations of companies**

Under the OECD Guidelines for Multinational Enterprises (OECD Guidelines) and the United Nations Guiding Principles on Business and Human Rights (UNGPs), companies whose products or services are directly linked to severe human right impacts through a business relationship (for example, with a military junta) are expected to consider responsibly and immediately disengaging. This responsibility is a global standard of expected conduct for all companies wherever they operate, and exists independently of States' ability and - as is the case for Myanmar's military - willingness to fulfil their own human rights obligations.

Applied specifically to the 18 companies listed above, this responsibility can be translated into two different categories of expected action, depending on the companies' relationship to the military and consequent connection to human rights abuses.

The seven companies in the first category, those with commercial ties to Myanmar's military and military conglomerations (see above) predating the February coup should immediately sever their business ties to the entity causing severe human rights impacts - Myanmar's military. These companies have longstanding ties to the military and thus also to the severe and ongoing human rights and humanitarian law violations in the country. Bharat Electronics must stop supplying military technology to the junta, as part of a moratorium on all sales of arms related weaponry and materials to Myanmar, and close their Myanmar office.

The eleven companies in the second category, those with significant commercial ties to Myanmar state-owned entities now controlled by the military (see above) should immediately suspend all contractually mandated payments to Myanmar state-owned entities. They should transfer all of these payments into an escrow account, to be held in trust until democracy is restored in Myanmar and the military is under civilian control. If these companies are unable to suspend such payments, then they should responsibly end their business with the Myanmar junta.

## **Expectations on investing banks**

International investors, including banks, also have a responsibility under the OECD Guidelines and UNGPs to use their leverage to convince their investee companies to act responsibly, and to divest from those companies if they do not act responsibly. Justice For Myanmar has recently published a [global call to action for investors to divest from](#)

companies with longstanding ties to the Myanmar military, and to use their leverage to convince their investee companies with ties to state-owned enterprises formerly under civilian control to act responsibly, and to divest from those companies if they do not do so.

Given the longstanding ties between the seven companies in category one above and the Myanmar military, banks and other investors should divest immediately from these seven companies. If they do not, under the OECD Guidelines, the banks may no longer simply be considered to be “linked” to the abuses, but could be considered to be “contributing” to them.

For those companies in category two above, those with a direct commercial relationship with enterprises that came under military control following the coup, banks and other investors have a responsibility to conduct meaningful, timebound engagement with these eleven companies to insist that they immediately take the specific steps outlined in order to bring themselves into compliance with the international standards. If the companies do not indicate that they are willing to take these steps and at least initiate a process to begin doing so, the banks should divest their shares of the companies until the companies are in compliance with the OECD Guidelines and UNGPs.

As of May 25, 2021 827 people have been killed by the Myanmar military since the coup, and 4313 are in detention according to the Assistance Association for Political Prisoners (Burma). It has been three months since the coup began and the military continues to commit war crimes and crimes against humanity with total impunity. The military have murdered, arbitrarily detained, tortured, rape and sexually violated innocent people who have continued to stand up for democracy. If international investors fail to take immediate action, they too will be complicit in these crimes. The international community must support the people of Myanmar by stopping the flow of money to military-owned businesses and helping to dismantle the military cartel.

## Acknowledgements

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## Appendix 1: Company links

For further information on links between the companies listed and the Myanmar military or state-controlled enterprises, see the following sources:

### Direct relationship and/or long-term relationship with the military in Myanmar

- Adani Ports and Special Economic Zone Ltd: Ibid, para 144; Justice for Myanmar, “Myanmar Military-Controlled Businesses and Associates that Require Targeted Sanctions,” 8 March 2021, <<https://www.justiceformyanmar.org/stories/myanmar-military-controlled-businesses-associates-that-require-targeted-sanctions>> (30 March 2021); Rawan Arraf, The Australian Centre for International Justice and Justice For Myanmar, Port of Complicity: Adani Ports in Myanmar, March 2021, p. 11, <<https://www.justiceformyanmar.org/stories/port-of-complicity-adani-in-myanmar>> (22 March 2021). Shareholder report downloaded from Refinitiv on 25/02/2021.
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- Daiwa House Industry Co Ltd: Daiwa House Industry Co Ltd is the parent company of Fujita Corporation, which is referred to in a joint submission by civil society organisations on Japanese entities operating in Myanmar: Human Rights Watch et al, “Joint Submission Concerning Japanese Business Entities Operating in Myanmar,” 16 February 2021, <<https://www.hrw.org/news/2021/02/16/joint-submission-concerning-japanese-business-entities-operating-myanmar>> (21 March 2021). Shareholder report downloaded from Refinitiv on 11/03/2021.
- Eneos Holdings Inc partially owns a pipeline now controlled by the Myanmar military. See Myanmar MEITI, “Myanmar’s Beneficial Ownership Disclosure”, <<https://bo.dica.gov.mm/pages/company-details/261/taninthayi-pipeline-company-llc-myanmar-branch>> (25 March 2021). Shareholder report downloaded from Refinitiv on 24/03/2021.
- Hilton Worldwide Holdings Inc: Justice For Myanmar, “Myanmar Military-Controlled Businesses and Associates that Require Targeted Sanctions,” 8 March 2021, <<https://www.justiceformyanmar.org/stories/myanmar-military-controlled-businesses-associates-that-require-targeted-sanctions>> (20 March 2021). Shareholder report downloaded from Refinitiv on 11/03/2021.
- Shangri-La Asia Ltd: Ibid; UN Human Rights Council, Independent International Fact-Finding Mission on Myanmar, A/HRC/42/CRP.3, 5 August 2019, “The Economic Interests of the Myanmar Military,” para 68, <[https://www.ohchr.org/Documents/HRBodies/HRCouncil/FFM-Myanmar/EconomicInterestsMyanmarMilitary/A\\_HRC\\_42\\_CRP\\_3.pdf](https://www.ohchr.org/Documents/HRBodies/HRCouncil/FFM-Myanmar/EconomicInterestsMyanmarMilitary/A_HRC_42_CRP_3.pdf)> (16 March 2021). Shareholder report downloaded from Refinitiv on 24/03/2021.
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- Tokyo Tatemono Co Ltd: Human Rights Now et al, “Submission by Civil Society Organizations concerning Japanese Business Entities Operating in Myanmar,” 17 February 2021, <[https://www.hrw.org/sites/default/files/media\\_2021/02/Joint%20Submission%20to%20Mr.%20Pesce\\_0.pdf](https://www.hrw.org/sites/default/files/media_2021/02/Joint%20Submission%20to%20Mr.%20Pesce_0.pdf)> (20 March 2021). Shareholder report downloaded from Refinitiv on 24/03/2021.
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## Direct relationship with Myanmar state-owned enterprises

- Chevron Corp: Justice For Myanmar, “How Oil and Gas Majors Bankroll the Myanmar Military Regime,” 8 February 2021, <<https://www.justiceformyanmar.org/stories/how-oil-and-gas-majors-bankroll-the-myanmar-military-regime>> (20 March 2021). Shareholder report downloaded from Refinitiv on 19/03/2021.
- Eneos Holdings: Eneos Holdings operates in Myanmar via Myanma Golden Star’s subsidiary MGS Lubricant, which has an agreement with JXTG Nippon Oil & Energy Corporation, one of Japan’s largest oil and gas companies. JXTG Nippon Oil & Energy Corporation is in a partnership with PTT Exploration and Production PCL, Petronas and MOGE in the Yetagun gas field, profits from which are channelled back to Myanmar’s military: Reuters, The Economic Times, “Oil Majors in Myanmar in Spotlight After U.N. Call for Sanctions,” 9 March 2021, <<https://energy.economictimes.indiatimes.com/news/oil-and-gas/oil-majors-in-myanmar-in-spotlight-after-u-n-call-for-sanctions/81415049>> (21 March 2021). Shareholder report downloaded from Refinitiv on 24/03/2021.
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- Sumitomo Corporation: Ibid.

## Endnotes

1. [UN Human Rights Council, Independent International Fact-finding Mission on Myanmar, A/HRC/42/CRP.3, 5 August 2019, “The Economic Interests of the Myanmar Military”](#)
2. Ibid, para 48
3. Ibid, paras 6a & 178
4. Ibid, para 145
5. Ibid, para 146
6. Ibid