



April 12, 2022

Press Release:
**ESG-labeled funds found to hold shares in corporations
linked to the Myanmar military**
Japanese companies exposed in report by rights groups

On March 9, 2022, human rights advocacy groups Inclusive Development International (IDI) and ALTSEAN-Burma published a report titled [“The Myanmar ESG Files: How ‘responsible investment’ is enabling a military dictatorship.”](#) The report documents how hundreds of funds carrying the ESG (Environmental, Social and Governance) label hold at least \$13.4 billion worth of shares in 33 corporations linked with the Myanmar military.

According to the report, the 33 companies including Japanese companies have armed and funded the Myanmar military. Data compiled by IDI show that ESG-labeled funds continued to hold shares in these companies even after the genocide against the Rohingya in 2017 and the crackdown following last year’s coup. Mekong Watch reiterates its concern over these Japanese companies continuing their businesses in Myanmar despite the risk of providing financial support to the Myanmar military’s international crimes and grave human rights violations, including murder, arbitrary detention, sexual violence, forced disappearances, and torture.

The following Japanese companies are listed in the report. The description of each company is drawn from the report unless otherwise noted.

Daiwa House Industry

A Daiwa House Industry subsidiary, Fujita Corporation, entered into a real estate joint venture to develop a project called the Y Complex in Myanmar. Rent payments for this project flows to the Quartermaster General, which oversees procurement for the Myanmar military. In an email response to Inclusive Development International, Daiwa House Industry did not dispute these findings, but said that it had suspended development of the project on the day of the coup.

KDDI Corp

KDDI Corporation and Sumitomo Corporation founded a telecommunication subsidiary in Myanmar which jointly operates the state-owned Myanmar Posts and Telecommunications (MPT). MPT collaborates with the military’s domestic surveillance program, according to a 2022 U.S. State Department report. That surveillance program allows the military to search and seize people’s belongings and intercept phone data without a warrant.

Kirin Holdings

Kirin Holdings jointly owns Myanmar Brewery with the military-controlled Myanmar Economic Holdings Limited. In addition, according to the 2019 U.N. fact-finding report, Kirin Holdings Pte Ltd., provided financial support to the military for “clearance operations” against the Rohingya.

Marubeni Group

According to the Burma Campaign UK, the company is involved in the development of the Shweli 3 dam in Northern Shan State, which is in a conflict zone and is opposed by local residents. Marubeni is also a developer of the Thilawa Special Economic Zone. Marubeni remains on the [Burma Campaign UK’s Dirty List](#).

Sumitomo Corp

Sumitomo Corporation and KDDI Corporation, founded a telecommunication subsidiary in Myanmar which jointly operates the state-owned Myanmar Posts and Telecommunications (MPT). MPT collaborates with the military's domestic surveillance program, according to a 2022 U.S. State Department report. That surveillance program allows the military to search and seize people's belongings and intercept phone data without a warrant.

* Note by Mekong Watch: Sumitomo Corporation is also a developer of the Thilawa Special Economic Zone along with Marubeni.

Tokyo Tatemono

Tokyo Tatemono entered into a real estate joint venture to develop a project called the Y Complex in Myanmar. Rent payments for this project flows to the Quartermaster General, which oversees procurement for the Myanmar military. In an email response to Inclusive Development International, Tokyo Tatemono said that it did not believe its money was flowing to the military and that it had not paid any fees since the coup.

Toshiba Corp

According to the Burma Campaign UK, a subsidiary supplies turbines for the controversial Upper Yeywa dam in Shan State. Security forces protecting the investment allegedly committed serious human rights violations, including extrajudicial killings and torture. Toshiba remains on the [Burma Campaign UK's Dirty List](#).

In addition to the seven companies above, we have pointed out that Japan's JX Nippon Oil & Gas Exploration (a part of the ENEOS Group), Yokogawa Bridge Corporation (wholly-owned subsidiary of Yokogawa Bridge Holdings), and Mitsubishi Corporation have ties to the Myanmar military. JX and Mitsubishi have shares in the Yetagun gas field which is an important source of revenue for the military. [Yokogawa Bridge is working in cooperation](#) with the military conglomerate Myanmar Economic Corporation (MEC) on the Bago River Bridge Construction project, which is backed by Japan's Official Development Assistance. Further, in addition to the Yetagun gas project, Mitsubishi Corporation is a developer of the Thilawa Special Economic Zone along with Marubeni and Sumitomo, two of the Japanese companies listed in the report by IDI and Altsean. In terms of ESG investing, ENEOS, Yokogawa Electric Corporation (major shareholder of Yokogawa Bridge Holdings), and Mitsubishi are [listed in the "FTSE Blossom Japan Index"](#) created by FTSE Russell, which is one of the ESG indexes for Japanese companies adopted by Japan's Government Pension Investment Fund (GPIF).

ESG investing is supposed to encourage corporate respect for human rights, but it is clear that in Myanmar, investment by ESG-labeled funds has little to do with how much consideration corporations are actually giving to human rights. Yuka Kiguchi, Executive Director of Mekong Watch, stated: "ESG investing is becoming increasingly popular in Japan, but not enough analysis is being done on what exactly such investment is supporting. Regarding companies operating in Myanmar, individual projects should be examined to ensure that funds do not flow to the military and that human rights and environmental impacts are avoided."

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Table: Examples of projects with Japanese investment that may be financially supporting the Myanmar military

Thilawa Special Economic Zone (SEZ) Development Project
<ul style="list-style-type: none">• Myanmar Thilawa SEZ Holdings (41%)• Japanese private companies (39%)<ul style="list-style-type: none">○ Sumitomo Corporation (32.2% of the above 39%)○ Marubeni Corporation (32.2% of the above 39%)○ Mitsubishi Corporation (32.2% of the above 39%)

- Mizuho Bank (1.13% of the above 39%)
- Sumitomo Mitsui Banking Corporation (1.13% of the above 39%)
- MUFG Bank (1.13%)
- Japan International Cooperation Agency (JICA) (10%)
- Thilawa SEZ Management Committee (10%)

Yetagun Gas Project

- Petronas Carigali (40.9%)
- Myanma Oil and Gas Enterprise (MOGE) (20.5%)
- PTT Exploration and Production (PTTEP) (19.3%)
- Nippon Oil Exploration (Myanmar) (19.3%)
 - Minister of Economy, Trade and Industry, Japan (50% of the above 19.3%)
 - JX Nippon Oil & Gas Exploration Corporation (wholly-owned subsidiary of ENEOS) (40% of the above 19.3%)
 - Mitsubishi Corporation (10% of the above 19.3%)

Landmark Project (Yoma Central Project)

- Special Purpose Company formed by Japanese participants
 - Mitsubishi Corporation
 - Mitsubishi Estate
 - Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN)
- Serge Pun & Associates' SPA Group
- Asia Development Bank (ADB)
- International Finance Corporation (IFC)

Thilawa Area Port Terminal Operation Project

- Kamigumi (51%)
- Special Purpose Company formed by Japanese participants (35%)
 - Sumitomo Corporation (36% of the above 35%)
 - Toyota Tsusho Corporation (34% of the above 35%)
 - Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) (30% of the above 35%)
- EFR Group (14%)