



June 11, 2024

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Re: Inquiry regarding human rights due diligence in relation to TASAKI's business partnership with sanctioned entity Myanmar Pearls Enterprise.

We are civil society organizations from Japan and Myanmar that make policy proposals urging Japanese companies to consider the environment, society, and human rights in their overseas business operations.

We understand from media reports that FountainVest Partners and Unison Capital are jointly intending to purchase TASAKI & Co., Ltd.¹ We are writing to you to express our concern regarding the company's continued partnership with Myanmar Pearl Enterprise (MPE), a US, UK, and Canadian² sanctioned state-owned enterprise under the Ministry of Natural Resources and Environmental Conservation that is illegally controlled by the Myanmar military junta.

Since February 1, 2021 when the Myanmar military attempted a coup, it has been committing war crimes and crimes against humanity with total impunity as it tries to take control of Myanmar. These grave international crimes include deliberate killings, arbitrary arrests, torture, indiscriminate airstrikes, and destruction of civilian property, which have led to the displacement of more than 3 million people across the country.³ There are grave concerns that the military is committing these crimes relying on revenue from MPE and other junta-controlled entities.

We are aware that MYANMAR TASAKI Co., Ltd, a subsidiary of TASAKI & Co., Ltd, has been in a business partnership with MPE since 1997 under a production sharing contract under a license granted by the now junta-controlled Ministry of Natural Resources and Environmental Conservation (MONREC). The military junta benefits from revenues generated through the pearl industry, including through a production sharing agreement under which MPE reportedly receives 20-25% of the pearls harvested.⁴ The junta also benefits from customs duties, other taxes and the transfer of technology that can support further production.

Of the companies that have been granted permission for pearl farming, MYANMAR TASAKI was the largest producer at over ten billion MMK (over US\$8 million at the time) worth of pearls in 2017-2018, the year with the most recently published data available.⁵ We understand that TASAKI has sold Myanmar pearls around the world, with TASAKI's website listing stores in Australia, China, France, Japan, Hong Kong, South Korea, Singapore, Taiwan, UK and USA among others and that the junta has continued to earn revenue from pearls. According to a Myanmar junta run newspaper, 400 pearl lots were up for sale this year during the 59th Myanmar Gems Emporium, which was attended by the junta leader and commander-in-chief of the Myanmar military, Min Aung Hlaing.⁶

In April 2021, over three years ago, TASAKI's business partner MPE was sanctioned by the US. In adding MPE on the Specially Designated Nationals list, the US stated that "pearl industries are key economic resources for the Burmese military regime that is violently repressing pro-democracy protests in the country and that is responsible for the ongoing violent and lethal attacks against the people of Burma, including the killing of children."⁷ The UK also sanctioned MPE and a state-owned timber enterprise to "target the junta's ability to profit from pearl and timber, 2 high-value natural commodities that generate millions in revenue for the military regime."⁸

While TASAKI's website states that pearls produced by the company's own pearl farms "are ethically and sustainably sourced", we are concerned that TASAKI's continuing partnership with MPE contravenes human rights responsibilities under the OECD Guidelines for Multinational Enterprises (OECD Guidelines) and the UN Guiding Principles on Business and Human Rights.⁹ Under the OECD Guidelines and the UN Guiding Principles, all businesses have a responsibility to respect human rights and are therefore required to exercise human rights due diligence to identify and prevent, mitigate and account for adverse human rights impacts.

We would like to reiterate our concern that by continuing its partnership with MPE, TASAKI is providing the junta with a source of revenue that it can use to procure the very weapons and jet fuel that it needs to continue to commit war crimes and crimes against humanity. We also believe that TASAKI's continued business with MPE undermines the effects of the sanctions imposed by the US, UK and Canada against MPE, which are intended to block the junta's access to revenue from the pearl sector. Justice For Myanmar, together with another Japanese organization, Human Rights Now, has previously issued a press release expressing concerns regarding TASAKI's continuing business with MPE.¹⁰

While we understand that an objective of TASAKI's philosophy on sustainability is "harmonious co-existence with local communities" inspired by a "spirit of sustainability,"¹¹ we are further concerned by several

Myanmar civil society reports on the situation of the indigenous Moken people of Myanmar, which were submitted to the UN in 2020.¹² According to these reports,¹³ TASAKI's pearl farms in Myanmar, which are located in the Tanintharyi Region of southern Myanmar, could lead to further forced displacement of Moken people from their ancestral lands due to loss of water and land access.

We urge you to take stock of all human rights considerations and due diligence in the purchasing of TASAKI, particularly in relation to its operations in Myanmar. We believe that by TASAKI remaining in business with MPE, they may be in contravention of their human rights responsibilities under OECD Guidelines and UN Guiding Principles, are undermining sanctions, and risk complicity in the military junta's international crimes.

We note that both FountainVest Partners and Unison Capital have made commitments to invest responsibly and have made your ESG policy and mission statement available on your websites. We further note that FountainVest Partners is a signatory to the UN Principles for Responsible Investment. In consideration of your stated commitments, we would like to inquire whether you have requested TASAKI to disclose their adherence to relevant norms and international standards, including the OECD Guidelines and UN Guiding Principles in relation to their business in Myanmar and whether it has conducted heightened and ongoing human rights due diligence since the military's coup attempt and taken any measures to prevent violations associated with TASAKI's business activities and its relationship with MPE. We request that all disclosures be made public.

In a letter sent to TASAKI, we have called on TASAKI to responsibly end all business with the military junta controlled MPE, fulfill their responsibility to respect human rights, and publicly disclose their transactions with MPE since the military's coup attempt. We believe that purchasing TASAKI would neglect your company's responsibility under the OECD Guidelines and UN Guiding Principles. Such a move would also be inconsistent with your stated ESG commitments as well as the UN Principles for Responsible Investment, posing serious reputational risks.

We would appreciate your timely reply to the contact address listed below by July 5, 2024 to share the requested data and to outline your course of action for addressing the issues raised. Furthermore, your response will be published on our organization's website among other platforms (including the fact of no response at the time of deadline). We look forward to receiving your response.

Sincerely,

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¹ Bloomberg, “FountainVest, Unison Said to Near Deal for Japanese Jewelry Firm Tasaki”, April 26, 2024
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³ UN Resident Humanitarian Coordinator a.i. for Myanmar, “Statement by the Resident and Humanitarian Coordinator a.i. for Myanmar”, May 3, 2024 <https://myanmar.un.org/en/267754-statement-resident-and-humanitarian-coordinator-ai-myanmar>.

⁴ Frontier Myanmar, “Moken Fear a Sea Grab in the Myeik Archipelago”, December 29, 2019
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⁵ Myanmar Extractive Industries Transparency Initiative, “Extractive Industries Transparency Initiative Myanmar, EITI Report 2017-2018”, January 2019 https://eiti.org/sites/default/files/attachments/meiti_reconciliation_report_2017-2018_final_signed_31st_march_2020.pdf.

⁶ The Global New Light of Myanmar, “400 Pearl, 160 Gem, and 4,550 Jade Lots Up for Sale”, May 2, 2024
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⁷ U.S. Department of the Treasury, “Treasury Sanctions Key Timber and Pearl Enterprises in Burma”, April 21, 2021
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⁸ Foreign, Commonwealth & Development Office and The Rt Hon Dominic Raab MP, “Foreign Secretary Announces Further Sanctions on Companies Linked to Myanmar’s Military Regime”, June 21, 2021 <https://www.gov.uk/government/news/foreign-secretary-announces-further-sanctions-on-companies-linked-to-myanmars-military-regime>.

⁹ Organisation for Economic Cooperation and Development (OECD), “OECD Guidelines for Multinational Enterprises on Responsible Business Conduct”, June 8, 2023 https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en; United Nations Office of the United Nations High Commissioner for Human Rights, “Guiding Principles on Business and Human Rights : Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, January 1, 2012
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¹⁰ Human Rights Now and Justice For Myanmar “Human Rights Now and Justice For Myanmar call on TASAKI to end business with the Myanmar military junta, following US designation of Myanmar Pearl Enterprise for sanctions”, April 21, 2021
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¹¹ TASAKI Website, “Our Sustainability”, accessed June 10, 2024. <https://www.tasaki-global.com/corporate/sustainability/about/>.

¹² Burma Human Rights Network, “The Coming Extinction: The Moken People of Burma’s Mergui Archipelago”, December 12, 2020
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¹³ United Nations Working Group on the Universal Periodic Review, “Summary of Stakeholders’ submissions on Myanmar: Report of the Office of the United Nations High Commissioner for Human Rights”, 12 November 2020, <https://digitallibrary.un.org/record/3893981?ln=en&v=pdf>.