



# MILITARY LTD

THE COMPANY FINANCING HUMAN RIGHTS  
ABUSES IN MYANMAR

AMNESTY  
INTERNATIONAL



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First published in 2020 by Amnesty International Ltd  
Peter Benenson House, 1 Easton Street, London WC1X 0DW, UK

**Index: ASA 16/2969/2020**  
**Original language: English**  
**[amnesty.org](http://amnesty.org)**



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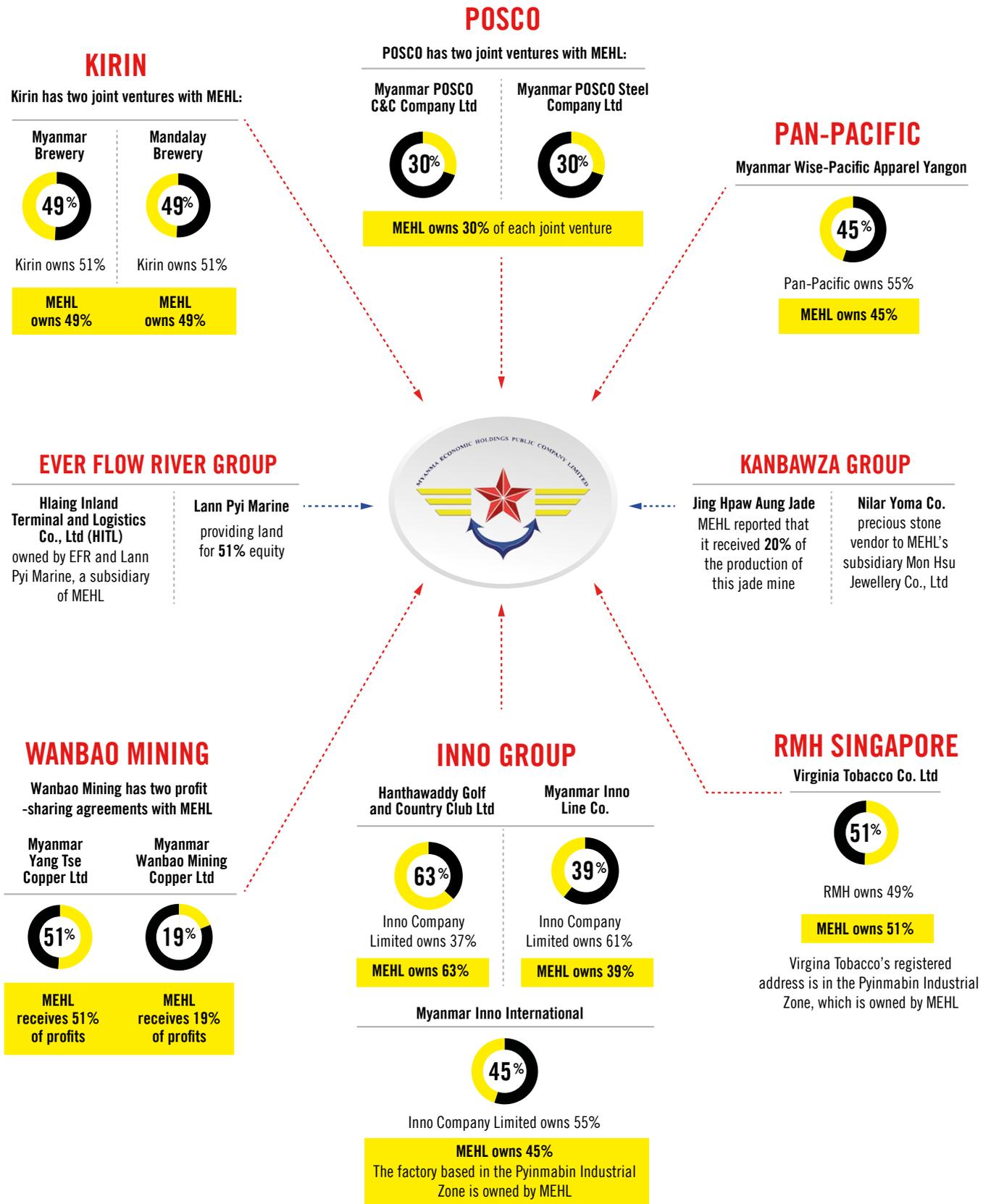
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# CONTENTS

<b>EXECUTIVE SUMMARY</b>	5
<b>ABBREVIATIONS AND GLOSSARY</b>	12
<b>METHODOLOGY</b>	13
<b>1. BACKGROUND: MYANMAR'S MILITARY</b>	15
<b>2. LEGAL FRAMEWORK AND STANDARDS FOR CORPORATE ACTORS</b>	20
2.1 RESPONSIBILITY OF COMPANIES TO RESPECT HUMAN RIGHTS	20
2.2 LIABILITY OF CORPORATE ACTORS FOR INTERNATIONAL CRIMES	21
<b>3. HOW MEHL OPERATES</b>	23
3.1 THE MILITARY'S ECONOMIC POWER	23
3.2 MEHL'S BUSINESS ACTIVITIES	24
3.3 MEHL'S LOCAL BUSINESS PARTNERSHIPS	25
3.4 MEHL'S FOREIGN BUSINESS PARTNERS	26
3.5 MEHL'S SHAREHOLDERS	32
3.6 MEHL'S DIVIDEND PAYMENTS	38
<b>4. HOW MEHL CONTRIBUTES TO HUMAN RIGHTS VIOLATIONS AND CRIMES UNDER INTERNATIONAL LAW</b>	40
4.1 INVOLVEMENT OF SHAREHOLDERS IN VIOLATIONS	41
4.2 FUNDING THE MILITARY'S OPERATIONAL COSTS	45
<b>5. HOW MEHL'S BUSINESS PARTNERS CONTRIBUTE TO HUMAN RIGHTS VIOLATIONS AND CRIMES UNDER INTERNATIONAL LAW</b>	47
5.1 CORPORATE RESPONSIBILITY TO RESPECT HUMAN RIGHTS	47
5.2 BEHAVIOUR OF COMPANIES	48
5.3 COMPANY FAILINGS	52
<b>6. CONCLUSIONS AND KEY RECOMMENDATIONS</b>	58
<b>ANNEX I</b>	62

# MEHL's Business Partners





# EXECUTIVE SUMMARY

For decades, Myanmar's armed forces (the Tatmadaw) have ruled with an iron fist while operating independently of civilian oversight and accountability. A key factor is their ability to access substantial revenue on top of their official budget. At the heart of this phenomenon is Myanmar Economic Holdings Public Company Ltd (MEHL), one of the country's largest conglomerates.

The military regime founded MEHL in 1990, and serving and retired military personnel continue to direct and own it. The conglomerate has built up a vast business empire that includes mining, beer, tobacco, garment manufacturing, banking, hotels, property, shipping and transportation. In many instances MEHL operates through business partnerships with other companies, including foreign ones.

What is not so well known is the specific nature of the relationship between MEHL and the armed forces, and the extent to which its business activities benefit them. Despite being a public company, MEHL is highly secretive about its ownership.

In this report, Amnesty International presents important new information on this matter, exposing the link between MEHL and military units that are implicated in crimes under international law and other serious human rights violations. This information has implications not only for the people and government of Myanmar, but also for MEHL's many foreign and local business partners. By doing business with the conglomerate, they too can be linked to these crimes and violations.

These findings build on a report by the UN Independent International Fact-Finding Mission on Myanmar (UN Fact-Finding Mission) into the military's economic activities, which was published in September 2019. The report concluded that revenue from MEHL "provides financial support for the Tatmadaw's operations with their wide array of international human rights and humanitarian law violations", and called on MEHL's business partners to cut ties with the conglomerate.

## MEHL'S SHAREHOLDERS EXPOSED

The new information on MEHL featured in this report is based on analysis of two sources. The first is a document filed by MEHL with Myanmar's Directorate of Investment and Company Administration (DICA) in January 2020. The document states that MEHL is owned by both 381,636 individual shareholders, who are serving and retired military personnel, and 1,803 "institutional" shareholders comprising "regional commands, divisions, battalions, troops, war veteran associations". The institutional shareholders own about a third of MEHL's shares.

The document names and provides certain details regarding 50 of MEHL's shareholders, representing a tiny fraction of the overall number. These nonetheless reveal significant information. Of the 50, eight are regional commands or units of the armed forces. The remaining 42 are mostly retired military officers and two veteran organizations.

The second source is a copy of a confidential MEHL shareholder report covering 2010-11 shared with Amnesty International exclusively by Justice For Myanmar, an activist group. It provides previously unpublished information about MEHL's shareholders, which appear to include every unit of Myanmar's armed forces (army, navy and air force). It also provides information on the considerable annual dividend payments received by shareholders between 1990 and 2011.

The total dividend payments in this period to all shareholders was nearly 108 billion kyats (107,869,519,830 kyats), equivalent to approximately US\$18 billion at the official exchange rate. Of this, MEHL transferred to military units 95 billion kyats (around US\$16 billion). (N.B. throughout this report, all dollar sums are calculated using what was then the official exchange rate. This was considerably less than the unofficial rate, which was not possible to calculate.)"



The 29<sup>th</sup> Annual General Meeting of MEHL's shareholders, Nay Pyi Taw, 24 July 2019. Source: Website of the Office of the Commander-in-Chief of Defence Services, <https://cincds.gov.mm/node/3644>

Amnesty International wrote to MEHL outlining its findings on two occasions. MEHL acknowledged receipt of the letters but did not challenge their accuracy or answer the questions they raised.

## INVOLVEMENT IN HUMAN RIGHTS VIOLATIONS

The two documents reveal that MEHL's shareholders include military units and high-ranking military officers directly implicated in crimes under international law and other serious human rights violations in Rakhine, Kachin and northern Shan States since 2016, as documented by Amnesty International. These include **Western Command**, the regional military command covering and overseeing operations in Rakhine State.

In August 2017, the military launched a devastating campaign of violence against Rakhine State's predominantly Muslim Rohingya minority population, forcing more than 730,000 women, men and children to flee to neighbouring Bangladesh. The UN Fact-Finding Mission found in its 2018 report on the human rights situation in Myanmar that, in addition to "consistent patterns of serious human rights violations and abuses", the military was also responsible for "serious violations of international humanitarian law".

Among those involved in the violence were battalions from the **33<sup>rd</sup> and 99<sup>th</sup> Light Infantry Divisions (LIDs)**, which were moved to northern Rakhine State in August 2017 by Myanmar's senior military leadership. In late 2016 and early 2017, these divisions had operated in northern Shan State where, according to Amnesty International's findings, they committed war crimes. Amnesty International also documented war crimes and serious human rights violations by soldiers from the 99<sup>th</sup> LID in northern Shan State in 2018 and 2019.

In 2019, Amnesty International documented further human rights violations by the military in Rakhine State involving the **22<sup>nd</sup> and 55<sup>th</sup> LIDs**, as well as battalions from Western Command, particularly some of those that are part of **Military Operation Commands (MOCs) 5, 9 and 15**.

The headquarters of all these units – as well as their component battalions – are listed in the MEHL 2010-11 shareholder report as having received annual dividend payments amounting to around 186.5 million kyats (US\$31 million). Indeed, the shareholder report states that in total, 95 separate military units under Western Command are MEHL shareholders, and that together they own more than 4.3 million shares and received payments of more than 1.25 billion kyats (US\$208 million) in 2010-11. Western Command is also listed as an MEHL shareholder in the document filed by MEHL with the DICA.

In addition, the report names senior military commanders as shareholders. These include officers who commanded troops involved in crimes under international law in Rakhine State before and since 2016.

They include **Senior General Min Aung Hlaing**, Commander-in-Chief and head of the War Office that has commanded military operations, including those in Kachin, Rakhine and Shan States, since 2016. In 2010-11 he owned 5,000 shares and received a dividend of 1.5 million kyats (US\$250,000).

## **DIVIDEND PAYMENTS CONTRIBUTE TO THE MILITARY'S OPERATIONAL COSTS**

There is no way for outsiders to know how these military units spend the dividends, but considering their size and regularity, it is reasonable to assume that they help finance them by contributing to operational costs.

MEHL says that its purpose is to support the “welfare” of active and retired military personnel. Even if MEHL contributed towards the pensions, or medical or other costs associated with “welfare”, these too can be considered as core operational costs that allow the military to function.

In providing this funding to military units, MEHL has contributed to, and continues to contribute to, human rights violations by the military that have taken place or are ongoing, in Kachin, Rakhine and northern Shan States. Furthermore, it is not simply a case of MEHL unwittingly providing finance to the military. The military created, directs and owns MEHL.

MEHL's board of directors undoubtedly knows how its dividend payments are used. The board consists entirely of serving and retired senior officers. The two most senior members of the military – the Commander-in-Chief and the Deputy Commander-in-Chief – chair MEHL's “patron group” that oversees the board. In their military roles, both have commanded forces that have been repeatedly implicated in serious crimes in recent years across the country.

## **RESPONSIBILITIES OF MEHL'S BUSINESS PARTNERS**

It is not only MEHL that is at fault. Its many business partners – both local and foreign – are linked to crimes under international law and other serious human rights violations by virtue of their business relationship with the conglomerate. MEHL works in collaboration with these business partners in establishing joint ventures or profit-sharing agreements in Myanmar; when profitable, dividends are shared with MEHL as shareholder. MEHL then disburses dividends to its own shareholders.

Amnesty International presented its findings not only to MEHL, but to eight of its significant business partners. Six of these are foreign, two are local. In their replies, three announced that they were reviewing their relationship with MEHL in the wake of Amnesty International's findings and following the publication of the UN Fact-Finding Mission report of 2019, which called for businesses to cut ties with MEHL. Others did not provide such commitments or did not respond at all.

### **Ever Flow River Group**

A Myanmar company with affiliates in various sectors, EFR has invested in a project to develop an inland port complex in Yangon. The joint venture tasked with the project is owned by EFR and a subsidiary of MEHL. EFR said in its communication with Amnesty International that it has not been involved with, or contributed towards, human rights violations, since the port project is yet to commence operations, and will take at least 10 years to be profitable.

### **Kanbawza Group**

Established in 1994, KBZ is another one of the largest conglomerates in Myanmar with businesses in a variety of sectors. MEHL partners with KBZ in jade and ruby mining operations. In its reply to Amnesty International, KBZ claimed that it is in the process of terminating its relationship with MEHL but provided no details.

## **Kirin**

Kirin Holdings is a Japanese beverage company and one of the major international brewers. Through its investments in two joint ventures with MEHL since 2015, Kirin says it controls 80% of Myanmar's growing and highly profitable beer market. Kirin wrote that it has opted to engage with MEHL to discuss the findings of this report and "ascertain whether proceeds for the joint-ventures with MEHL may have been used for military purposes." It also announced that it was "exploring alternative structural options for the ownership of the Myanmar joint-ventures".

## **INNO Group**

Inno Group, incorporated in 1991, is a South Korean company that has been conducting business in Myanmar for the past 14 years. It currently operates 13 companies, three of them partly owned by MEHL. These are a garment factory, a property and transportation project and a golf course and resort.

In its reply, Inno Group claimed that it was not linked to human rights violations since its three joint ventures have not yet paid any dividends to MEHL, as they have not started to generate profits. Inno Group did not provide any information to Amnesty International regarding any due diligence processes that it may have carried out.

## **Pan-Pacific**

Established in 1972, Pan-Pacific is a South Korea-listed company that manufactures clothing and exports its products to major brands around the world. In 2012 Pan-Pacific acquired 55% of a garment manufacturer in Yangon, the rest of which is owned by MEHL.

In its letter, Pan-Pacific said that MEHL received an average of US\$75,000 a year as dividends for the past three years, in addition to the fees paid by Pan-Pacific to lease the land owned by MEHL where its facilities operate. Pan-Pacific said that it has decided to terminate its relationship with MEHL, after it had tried and failed to receive information from the company about measures, "to ensure ethical responsibility." It said that by September 2020, it will have taken over MEHL's share in their joint venture. At the time of writing this had not yet happened.

## **POSCO**

Founded in 1968 in South Korea, POSCO is one of the world's largest steelmakers. POSCO has two joint ventures in Myanmar with MEHL. In its first response to Amnesty International, POSCO stated that "there is no way for companies to monitor and verify the use of dividends paid out to the shareholders." In a subsequent communication, POSCO clarified that "[Myanmar POSCO C&C Company Ltd] has never paid any dividends to MEHL since its incorporation in 2013 and no other dividend payment has been made by [Myanmar POSCO Steel Company Ltd] to MEHL since the last dividend payment made for the business performance of 2017." It also said that it had contacted MEHL in August 2020 asking "MEHL to confirm that the dividend payments in the past were used for MEHL's original business objectives." POSCO wrote that it had not yet received a response.

## **RMH Singapore**

RMH Singapore Pte. is a fund with a registered address in Singapore. Jointly with MEHL, it owns Virginia Tobacco Co. Ltd, established in 1993 and previously known as Rothmans Myanmar Holdings Private Ltd. This brand was previously owned by the UK multinational British American Tobacco until it withdrew from Myanmar in 2006. RMH Singapore's ultimate owners are hidden by a network of investment funds in Singapore and the British Virgin Islands. It did not reply to Amnesty International.

## **Wanbao Mining**

Wanbao Mining is a Chinese metal mining company. Since 2011, it has had business ties with MEHL through two subsidiaries: Myanmar Yang Tse Cooper Ltd and Myanmar Wanbao Mining Copper Ltd. Through these it owns the Sabetaung and Kyisintaung (S&K) and Letpadaung copper mines. The latter is Myanmar's largest mine. Wanbao Mining has a profit-sharing agreement with MEHL for both of these. Wanbao Mining did not reply to Amnesty International.



## **FAILURE TO CONDUCT DUE DILIGENCE**

Companies have a responsibility to respect all human rights wherever they operate in the world. This responsibility is laid out in the UN Guiding Principles on Business and Human Rights, an internationally endorsed standard of expected conduct.

This responsibility requires companies to avoid causing or contributing to human rights abuses through their own business activities and to address impacts with which they are involved, including by remediating any actual impacts. It also requires them to seek to prevent or mitigate adverse human rights impacts directly linked to their operations or services by their business relationships, even if they have not contributed to those impacts.

The responsibility to respect human rights requires that companies, such as MEHL's foreign and local business partners, seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations through their business relationships. Human rights due diligence is one important way for companies to identify these impacts.

In this case, any due diligence procedures – conducted before the start of, and throughout, their business relationships – should have necessarily included a close review of MEHL's shareholders. This is particularly relevant given the amount of existing public information on the ties between MEHL and the Myanmar military, and the military's well-known involvement in human rights violations in various parts of the country.

Of the six companies that replied to Amnesty International, only Kirin and Pan-Pacific made any reference to having conducted due diligence procedures, although the extent and nature of these was not provided in detail.



## **FAILURE TO EXERCISE LEVERAGE**

After a company identifies a human rights impact linked to its business operations, it must consider taking appropriate action to mitigate the impact, including by exercising its existing leverage – or by increasing it – vis-à-vis its business partner. In this case the impact is clear: profits derived from the operations of the joint ventures – when generated – were provided to MEHL, which then distributed dividends to its shareholders, many of which are responsible for human rights violations.

It seems that only three companies attempted to assert their leverage over MEHL. In all cases, this was to get information from MEHL, but the companies reported that these efforts were largely unsuccessful.

Pan-Pacific noted that it was “quite difficult... to detect” the “economic relations” between MEHL and the military given limited information provided by its business partner. Similarly, Kirin wrote that it had made “repeated requests to MEHL for proper documentation as the information initially provided was insufficient. Unfortunately, we have not received further updates or documentation from MEHL on this matter.”



## **FAILURE TO END RELATIONSHIP WITH MEHL**

When a company is unable to prevent or mitigate the human rights impact identified then the company should consider disengagement with the business relationship, taking into account credible assessments of potential social, economic and human rights adverse impact. MEHL has demonstrated an unwillingness or inability to engage with its business partners on this issue, leaving them with little choice.

In fact, Pan-Pacific has already arrived at this conclusion. In its letter to Amnesty International, the company said it had recognized the “serious impact of adverse human right[s]”, and did not “expect any significant measure and progress in effect by MEHL so far to ensure ethical responsibility despite [Pan-Pacific’s] continued approach”. It therefore concluded that it had to terminate its business relationship with MEHL.

Kirin said that it has started to explore alternative structural options for the ownership of its Myanmar joint ventures.

KBZ wrote to explain that it was withdrawing from its current business relationship with MEHL but did not provide further details.

In its letter, POSCO stated that it would consider revisiting its business relationship with MEHL in the event that “violations and suspected illegalities” linked to any use by MEHL of future dividend payments are considered “serious”.

Inno Group and EFR did not provide any indication that they will end (or even reconsider) their current business relationship with MEHL. The lack of response from RMH Singapore and Wanbao Mining suggest that these companies will likely also continue to partner with MEHL.

## **CONCLUSIONS AND KEY RECOMMENDATIONS**

The new information presented in this report provides significant detail regarding the connections between MEHL’s shareholders and the Myanmar military as well as the link between these shareholders and its many profitable partnerships with other companies. These shareholders include military units behind past and continuing crimes under international law and other serious human rights violations across the country. MEHL contributes to these violations by knowingly providing funds to these units through the regular payment of dividends.

MEHL’s “patron group” includes the very officers who have led the military during this period. The UN Fact-Finding Mission called for senior military officials, including members of the “patron group”, to be investigated and prosecuted for crimes against humanity and war crimes in Kachin, Rakhine and Shan States, and for genocide against the Rohingya population in Rakhine State.

MEHL cannot be trusted to reform itself. The Myanmar government must therefore intervene to break the link between the armed forces and the economy. Part of this must be a thorough reform of the ownership and management of MEHL, concluding with the dismantling or sale of its constituent parts to the state under parliamentary oversight or to civilians unrelated to the military.

In the meantime, MEHL’s business partners must immediately and thoroughly assess their current business relationship with the conglomerate.

MEHL has shown no willingness to engage transparently with its business partners to demonstrate that it can reform its structure. Therefore, and until it does so, these business partners have little choice but to disengage, responsibly, from MEHL.

## **KEY RECOMMENDATIONS :**

### **TO THE GOVERNMENT OF MYANMAR**

- Institute constitutional and other legal and policy reforms to place the military under civilian control and to ensure that parliament approves all military spending.
- Prohibit the military from engaging in any form of economic activity and ban the military's direct or indirect ownership of business conglomerates such as MEHL.
- Establish an independent commission, under parliamentary oversight, to investigate the role of military businesses and their shareholders in human rights violations and make the findings public.
- Remove and prohibit any serving or retired military officers or institutional shareholders linked to the military from serving as an MEHL director or senior manager.
- Ensure that MEHL is owned by the state under parliamentary oversight or by civilians; and that neither military units nor high-ranking serving or retired officers (individually or jointly) hold a controlling interest in MEHL.
- Ensure that Justice For Myanmar, its members, partners and associates, as well as any other party who shares information on MEHL, are not subject to reprisals, intimidation or any other form of harassment.

### **TO LOCAL AND FOREIGN COMPANIES PARTNERING WITH MEHL**

- End business relationships with MEHL, its subsidiaries and joint ventures, taking steps to ensure that disengagement is done responsibly, in accordance with the UN Guiding Principles.
- When considering options to disengage from MEHL, carefully assess potential adverse impacts, including heightened risks to workers' rights or measures that might strengthen the Myanmar military, such as the transfer of assets or funds to the military.

### **TO THE HOME STATES OF COMPANIES PARTNERING WITH MEHL, OPERATING IN MYANMAR OR CONSIDERING INVESTING IN MYANMAR**

- Ensure that multinational corporations domiciled in their countries are required to act responsibly and are held liable for their negative human rights impacts. They must require by law that these companies undertake human rights due diligence measures in respect of their global operations.
- Support the Myanmar government to remove the military from the country's economic life.

### **TO THE UNITED NATIONS**

- Ensure implementation of the UN Fact-Finding Mission's 2019 report on the economic interests of the Myanmar military (A/HRC/42/CRP.3), including through further investigations and reporting by the Office of the United Nations High Commissioner for Human Rights (OHCHR) and/or the Special Rapporteur on the situation of human rights in Myanmar.

# ABBREVIATIONS AND GLOSSARY

billion.....	1 billion = 1,000,000,000 in this report
DICA.....	Directorate of Investment and Company Administration
EFR .....	Ever Flow River Group Public Co., Ltd
GAD.....	General Administration Department
HITL .....	Hlaing Inland Terminal and Logistics Co., Ltd
ICC .....	International Criminal Court
KBZ .....	Kanbawza Group
kyat .....	Myanmar's currency. In this report, unless otherwise stated, the US\$ equivalent provided is based on the official exchange rate at the time, which has generally been considerably lower than the unofficial rate. Between 1990 and 2010-11, the official rate was about US\$1 = 6 kyats. The unofficial rate ranged from about US\$1 = 100 kyats in the early 1990s to US\$1 = 1,250 kyats in 2007.
LID .....	Light Infantry Division
MEHL .....	Myanma Economic Holdings Public Company Ltd
MEITI.....	Myanmar Extractive Industries Transparency Initiative
MOC.....	Military Operation Command
MWY .....	Myanmar Wise-Pacific Apparel Yangon
NLD.....	National League for Democracy
OECD.....	Organisation for Economic Co-operation and Development
OECD Guidelines.....	OECD Guidelines for Multinational Enterprises
OHCHR .....	Office of the United Nations High Commissioner for Human Rights
Tatmadaw .....	Myanmar's armed forces
UMEHL.....	Union of Myanmar Economic Holding Ltd
UN Fact-Finding Mission .....	UN Independent International Fact-Finding Mission on Myanmar
UN Guiding Principles .....	UN Guiding Principles on Business and Human Rights

# METHODOLOGY

Despite being a public company, Myanma Economic Holdings Public Company Ltd (MEHL) is highly secretive, with limited information about it publicly available.<sup>1</sup> It has a website with sparse information on its operations (when it is online) and has never released financial reports.<sup>2</sup> Its executives only occasionally make statements to the media.<sup>3</sup>

This report presents new information on MEHL from two sources. The first is a document lodged by MEHL with Myanmar's Directorate of Investment and Company Administration (DICA) in January 2020.<sup>4</sup> MEHL filed this document, dated 30 August 2019, to meet the requirements of the Myanmar Extractive Industries Transparency Initiative (MEITI) to provide certain information on its beneficial owners.<sup>5</sup> MEHL's submission included details of about 50 of its reported 383,439 shareholders, and some other information.<sup>6</sup>

The second source is a copy of a confidential MEHL shareholder report from 2010-11 that Justice For Myanmar, an activist group, exclusively shared with Amnesty International.<sup>7</sup> The 89-page *Report on the Status of Share and Dividends of Directorate Offices, and the Military Units under respective Regional Military Commands for the fiscal year 2010-2011*<sup>8</sup> provides unpublished information about MEHL's shareholders, which appear to include every unit of the armed forces (army, navy and air force), and the dividend payments that they received between 1990 and 2011.

- 1 Secondary sources include: US Cable, *How Myanmar Economic Holdings (MEHL) really works*, Wikileaks, 22 January 2008, [wikileaks.org/plusd/cables/08RANGOON46\\_a.html](https://wikileaks.org/plusd/cables/08RANGOON46_a.html) (hereinafter: US Cable, *How Myanmar Economic Holdings (MEHL) really works*); Maung Aung Myoe, *Building the Tatmadaw: Myanmar Armed Forces Since 1948*, Singapore: Institute of Southeast Asian Studies, 2009 (hereinafter: Maung Aung Myoe, *Building the Tatmadaw*); Aung Min and Toshihiro Kudo, *Business Conglomerates in the Context of Myanmar's Economic Reform*, H. Lim and Y. Yamada, eds., Myanmar's Integration with Global Economy: Outlook and Opportunities, Bangkok Research Centre Report, Institute of Developing Economies, Japan External Trade Organization, 2014, [www.ide.go.jp/English/Publish/Download/Brc/13.html](http://www.ide.go.jp/English/Publish/Download/Brc/13.html) (hereinafter: Aung Min and Toshihiro Kudo, *Business Conglomerates in the Context of Myanmar's Economic Reform*); Myanmar Extractive Industries Transparency Initiative (MEITI), *The Fourth MEITI Report, For the Period 1 April 2016 to 31 March 2017, (FY 2016 - 2017), Oil and Gas, Gems and Jade, Other Minerals and Pearl*, 30 March 2019 (hereinafter: MEITI, *The Fourth MEITI Report*); Gerard McCarthy, *Military Capitalism in Myanmar: Examining the Origins, Continuities and Evolution of "Khaki Capital"*, ISEAS – Yusof Ishak Institute, 2019, [www.academia.edu/38484434/Military\\_Capitalism\\_in\\_Myanmar\\_Examining\\_the\\_Origins\\_Continuities\\_and\\_Evolution\\_of\\_Khaki\\_Capital\\_ISEAS\\_Trends\\_2019](http://www.academia.edu/38484434/Military_Capitalism_in_Myanmar_Examining_the_Origins_Continuities_and_Evolution_of_Khaki_Capital_ISEAS_Trends_2019) (hereinafter: Gerard McCarthy, *Military Capitalism in Myanmar*); UN Independent International Fact-Finding Mission on Myanmar, *The economic interests of the Myanmar military*, UN Doc. A/HRC/42/CRP.3, 5 August 2019 (hereinafter: UN Fact-Finding Mission, *The economic interests of the Myanmar military*).
- 2 The company's homepage has historically been found at this link (although it was not active at the time of publication): <https://www.mehl.com.mm/Default.aspx>
- 3 For example, "Military conglomerate hoping for more JVs", *The Myanmar Times*, November 2016, [www.mmtimes.com/business/23774-military-conglomerate-hoping-for-more-jvs.html](http://www.mmtimes.com/business/23774-military-conglomerate-hoping-for-more-jvs.html); Michael Peel, "Myanmar: The military commercial complex", *Financial Times*, 1 February 2017, <https://www.ft.com/content/c6fe7dce-d26a-11e6-b06b-680c49b4b4c0>
- 4 Myanma Economic Holdings Public Company Ltd (MEHL), "50 original shareholders and registry of shareholders as of 30 August 2019", available as a "supporting document" at the bottom of MEHL's report on beneficial ownership, [bo.dica.gov.mm/en/bosubmission/myanma-economic-holdings-public-company-limited](http://bo.dica.gov.mm/en/bosubmission/myanma-economic-holdings-public-company-limited) and [bo.dica.gov.mm/en/system/files/supporting-documents/full\\_page\\_photo.pdf](http://bo.dica.gov.mm/en/system/files/supporting-documents/full_page_photo.pdf)
- 5 Directorate of Investment and Company Administration (DICA), "Beneficial ownership", [bo.dica.gov.mm/](http://bo.dica.gov.mm/)
- 6 "Myanma Economic Holdings Corporation Ltd, Original Shareholder Registry (50), until (30-8-2019)", 3 September 2019, [bo.dica.gov.mm/en/system/files/supporting-documents/full\\_page\\_photo.pdf](http://bo.dica.gov.mm/en/system/files/supporting-documents/full_page_photo.pdf)
- 7 Justice For Myanmar is an activist group campaigning for justice and accountability for the people of Myanmar. It is calling for an end to military business and for federal democracy and a sustainable peace. Amnesty International received a scanned copy of the shareholder report in Burmese, the contents of which are being made public on the group's website on the same day as the publication of this report: <https://www.justiceformyanmar.org/stories/how-business-finances-the-crimes-of-the-myanmar-military>. On 27 August 2020, the Myanmar Ministry of Transport and Communications blocked access of Justice for Myanmar's website accusing the group of spreading "fake news" ("Myanmar blocks activist website, saying it spreads fake news," *Reuters*, 1 September 2020, <https://www.reuters.com/article/us-myanmar-politics/myanmar-blocks-activist-website-for-fake-news-idUSKBN25S4R3>). Justice for Myanmar responded by stating that this government action was a bid to silence critical voices. The group has provided an alternative, mirror website for users inside Myanmar that can be accessed here: <https://justiceformyanmar.github.io/justiceformyanmar.org/index.html>
- 8 Published by MEHL on 3 June 2011. On file with Amnesty International.

Amnesty International considers this document authentic. Firstly, MEHL's submission to DICA in 2020 confirms significant parts of the information included in the shareholder report. Secondly, publicly available information on MEHL and its shareholders, both historically and following the 2016 restructure, corroborate parts of the shareholder report, including the different types of shares, the nature of the shareholder base, and the names of certain individual and institutional shareholders.<sup>9</sup>

Amnesty International twice wrote to MEHL outlining its findings, including details of the 2010-11 shareholder report. MEHL acknowledged receipt of the letters but did not reply to challenge their accuracy or answer the questions raised.

For the purposes of this report, Amnesty International chose to focus on two Myanmar and six foreign companies because they have operations in Myanmar with direct MEHL involvement and all have been operating in the country for the past five years. The two Myanmar companies in partnership with MEHL are Kanbawza Group (KBZ) and Ever Flow River Group Public Co., Ltd (EFR). The foreign companies are either in joint ventures with MEHL or in close partnerships. As a result of these partnerships, MEHL receives (or may receive) significant dividends or profits – either as a shareholder of the joint venture (anywhere from 30% to 63% ownership) or as a beneficiary of a profit-sharing agreement (receiving between 19% to 51% of profits).

Amnesty International wrote to the eight companies to provide them with an opportunity to respond to its findings. Six responded. Amnesty International reviewed the responses and took appropriate account of information provided in updating its findings. Copies of the companies' responses can be found in Annex I to this report.

This report draws on Amnesty International's extensive documentation of violations of human rights and international law in Myanmar over the years and the role of the Myanmar military in these violations.<sup>10</sup> It also draws on the findings of other organizations, including the UN Independent International Fact-Finding Mission on Myanmar (UN Fact-Finding Mission), which published a report – *The economic interests of the Myanmar military* – in September 2019.<sup>11</sup> Amnesty International's research builds on this report but does not use any of its information unless corroborated by other sources.

Amnesty International's work on the link between businesses and human rights abuses in Myanmar began in 2015 with an investigation into the operations of two large copper mines in which MEHL is involved.<sup>12</sup> In 2018, Amnesty exposed how the Japanese brewing multinational Kirin had made payments to Myanmar's military and authorities at the height of the crimes against humanity committed against the Rohingya people in late 2017.<sup>13</sup> These payments were made via Kirin's Myanmar subsidiary, Myanmar Brewery, which it owns jointly with MEHL.

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9 Secondary sources include: US Cable, *How Myanmar Economic Holdings (MEHL) really works*; Aung Min and Toshihiro Kudo, *Business Conglomerates in the Context of Myanmar's Economic Reform*; MEITI, *The Fourth MEITI Report*; Gerard McCarthy, *Military Capitalism in Myanmar*; and UN Fact-Finding Mission, *The economic interests of the Myanmar military*.

10 Amnesty International, *'We Are At Breaking Point' – Rohingya: Persecuted in Myanmar, Neglected in Bangladesh* (Index: ASA 16/5362/2016) (hereinafter: Amnesty International, *'We Are At Breaking Point'*); Amnesty International, *'All The Civilians Suffer': Conflict, displacement and abuse in northern Myanmar* (Index: ASA 16/6429/2017) (hereinafter: Amnesty International, *'All The Civilians Suffer'*); Amnesty International, *'Caged Without A Roof': Apartheid In Myanmar's Rakhine State* (Index: ASA 16/7484/2017) (hereinafter: Amnesty International, *'Caged Without A Roof'*); Amnesty International, *'We Will Destroy Everything': Military Responsibility for Crimes Against Humanity in Rakhine State* (Index: ASA 16/8630/2018) (hereinafter: Amnesty International, *'We Will Destroy Everything'*); Amnesty International, *'No One Can Protect Us': War crimes and abuses in Myanmar's Rakhine State* (Index: ASA 16/0417/2019) (hereinafter: Amnesty International, *'No One Can Protect Us'*); Amnesty International, *'Caught In The Middle': Abuses against civilians amid conflict in Myanmar's northern Shan State* (Index: ASA 16/1142/2019) (hereinafter: Amnesty International, *'Caught In The Middle'*).

11 UN Fact-Finding Mission, *The economic interests of the Myanmar military*.

12 Amnesty International, *Open for Business? Corporate Crime And Abuses At Myanmar Copper Mine*, 10 February 2015 (Index: ASA 16/0003/2015) (hereinafter: Amnesty International, *Open for Business?*); and Amnesty International, "Myanmar: Suspend copper mine linked to ongoing human rights abuses" (Press release, 10 February 2017), <https://www.amnesty.org/en/latest/news/2017/02/myanmar-suspend-copper-mine-linked-to-ongoing-human-rights-abuses/>.

13 Amnesty International, "Japan: Investigate brewer Kirin over payment to Myanmar military amid ethnic cleansing of Rohingya" (Press release, 14 June 2018), <https://www.amnesty.org/en/latest/news/2018/06/japan-investigate-brewer-kirin-over-payments-to-myanmar-military-amid-ethnic-cleansing-of-rohingya/>

# 1. BACKGROUND: MYANMAR'S MILITARY

For almost five decades, Myanmar's military ruled the country with an iron fist, overseeing a series of governments that imposed severe restrictions on the lives and human rights of the population. Its grip began to ease when the 2010 elections installed a quasi-civilian government. This started a top-down reform process during which the military gradually eased some political and human rights restrictions while re-engaging with the international community. The process culminated in the 2015 elections, which resulted in a landslide victory for the National League for Democracy (NLD) led by Aung San Suu Kyi, a long-time opposition leader who had spent years under military-imposed house arrest. Constitutionally barred from the presidency, Aung San Suu Kyi was appointed State Counsellor in March 2016, a tailor-made role that made her de facto leader of the quasi-civilian government.



Myanmar military's flag.

Despite the reforms, the military retained considerable political power.<sup>14</sup> Under the 2008 Constitution, the military has a guaranteed 25% of seats in Parliament, giving it an effective veto over any constitutional amendments, which require a more than 75% majority.<sup>15</sup>

The military also retained control of the three key ministries of Defence, Border Affairs and Home Affairs, the last of which manages the administration of the Myanmar Police Force and the Border Guard Police. Until the end of 2018, it also controlled, as part of Home Affairs, the General Administration Department (GAD), which oversees the administration of the country from national to village level. Even after the GAD was transferred to a civilian-controlled ministry, its personnel remained largely unchanged, allowing the military to continue to exercise influence.<sup>16</sup>

In addition to wielding significant power, the military operates independently of civilian oversight, including civilian courts, effectively shielding its members from accountability. Under the 2008 Constitution, the military controls its own judicial processes. The final arbiter of military justice is the Commander-in-Chief of the Defence Services, whose decision is "final and conclusive".<sup>17</sup> The Constitution also protects state officials, including security force personnel, from prosecution for human rights violations and crimes under international law committed while the country was under military rule.<sup>18</sup>

14 Article 6(f) of the Constitution states in part that among the "Union's consistent objectives" is "enabling the Defence Services to participate in the National political leadership role of the State." See Melissa Crouch, "Pre-emptive Constitution-Making: Authoritarian Constitutionalism and the Military in Myanmar", *Law & Society Review*, Volume 54, Number 2 (2020): 487-515.

15 In February 2019, the Myanmar government established a new committee tasked with proposing amendments to the Constitution, and in March, the proposed amendments were voted on. However, no substantive amendments were made.

16 Tan Hui Yee, "Whiff of scepticism as Myanmar transfers key department to civilian control", *The Straights Times*, 14 January 2019, <https://www.straitstimes.com/asia/whiff-of-scepticism-as-myanmar-transfers-key-dept-to-civilian-control>; "Govt Announces Transfer of Military-Controlled Dept to Civilian Ministry", *The Irrawaddy*, 21 December 2018, <https://www.irrawaddy.com/news/govt-announces-transfer-military-controlled-dept-civilian-ministry.html>; "Changes in store for top govt agency", *The Myanmar Times*, 8 March 2019, <https://www.mmtimes.com/news/changes-store-top-govt-agency.html>

17 Article 343(b) of the 2008 Myanmar Constitution. See also 1959 Defense Services Act.

18 Article 445 of the 2008 Myanmar Constitution.

The resulting impunity has had dire consequences for Myanmar's ethnic and religious minorities, who have suffered decades of discrimination and violence at the hands of the military. The military's human rights violations of ethnic and religious minorities have included unlawful killings, rape and other sexual violence, arbitrary arrests, enforced disappearances, torture and other ill-treatment, the burning of homes and villages, forced labour, and the recruitment and use of child soldiers. In many instances, these violations have amounted to war crimes and crimes against humanity, yet the vast majority of perpetrators have gone unpunished.<sup>19</sup>

Since 2011, the Myanmar military has launched brutal campaigns in several parts of the country, including Kachin, Rakhine and northern Shan States. These have continued, and in many instances escalated, since the formation of the NLD-led government in 2016.



**In August 2017, the military launched a devastating campaign of violence against Rakhine State's predominantly Muslim Rohingya minority population, forcing more than 730,000 women, men and children to flee to neighbouring Bangladesh.**

<sup>19</sup> See Amnesty International reports '*We Are At Breaking Point*'; '*All The Civilians Suffer*'; '*Caged Without A Roof*'; '*We Will Destroy Everything*'; '*No One Can Protect Us*'; and '*Caught In The Middle*'. See also Fortify Rights, '*They Gave Them Long Swords: Preparations for Genocide and Crimes Against Humanity Against Rohingya Muslims in Rakhine State*', July 2018, [https://www.fortifyrights.org/downloads/Fortify\\_Rights\\_Long\\_Swords\\_July\\_2018.pdf](https://www.fortifyrights.org/downloads/Fortify_Rights_Long_Swords_July_2018.pdf); Fortify Rights, '*They Block Everything: Avoidable Deprivations in Humanitarian Aid to Ethnic Civilians Displaced by War in Kachin State, Myanmar*', August 2018, [https://www.fortifyrights.org/downloads/They\\_Block\\_Everything\\_EN\\_Fortify\\_Rights\\_August\\_2018.pdf](https://www.fortifyrights.org/downloads/They_Block_Everything_EN_Fortify_Rights_August_2018.pdf); Human Rights Watch, '*All of my body was pain*': *Sexual violence against Rohingya women and girls in Burma*, November 2017, [https://www.hrw.org/sites/default/files/report\\_pdf/burma1117\\_web\\_1.pdf](https://www.hrw.org/sites/default/files/report_pdf/burma1117_web_1.pdf); Human Rights Watch, *Massacre by the River: Burmese Army Crimes against Humanity in Tula Toli*, 19 December 2017, <https://www.hrw.org/report/2017/12/19/massacre-river/burmese-army-crimes-against-humanity-tula-toli>; UN Fact-Finding Mission, *Report of the detailed findings of the Independent International Fact-Finding Mission on Myanmar*, UN Doc. A/HRC/39/64, 17 September 2018; UN Fact-Finding Mission, *Sexual and gender-based violence in Myanmar and the gendered impact of its ethnic conflicts*, UN Doc. A/HRC/42/CRP.4, 22 August 2019.

In August 2017, the military launched a devastating campaign of violence against Rakhine State's predominantly Muslim Rohingya minority population, forcing more than 730,000 women, men and children to flee to neighbouring Bangladesh. The UN Fact-Finding Mission found that, in addition to "consistent patterns of serious human rights violations and abuses", the military was also responsible for "serious violations of international humanitarian law".<sup>20</sup> It called for senior military officials to be investigated and tried for crimes against humanity, war crimes and genocide.<sup>21</sup>

These risks continue to exist today. On 30 March 2020, the UN Human Rights Council expressed grave concern at "the culture of impunity" and "the continuing forced displacement of civilians, mass and systemic human rights violations and abuses, and killings, and the dire humanitarian situation due to the conflict" in Rakhine, Chin, Kachin and Shan States between the armed forces of Myanmar, the Arakan Army (an ethnic Rakhine armed group) and other armed groups.<sup>22</sup>

Likewise, the outgoing Special Rapporteur on the situation of human rights in Myanmar reported on 29 April 2020 that the Myanmar military

***"... is systematically violating the most fundamental principles of international humanitarian law and human rights. Its conduct against the civilian population of Rakhine and Chin States may amount to war crimes and crimes against humanity."***<sup>23</sup>

In July 2020, Amnesty International released the findings of a new investigation detailing how indiscriminate airstrikes by the Myanmar military killed civilians, including children, amid the worsening armed conflict in Rakhine and Chin States.<sup>24</sup> These attacks and other serious human rights violations are taking place in townships where the Internet has been cut off for more than a year.<sup>25</sup>

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20 UN Fact-Finding Mission, *Report of the detailed findings of the Independent International Fact-Finding Mission on Myanmar*, para. 48.

21 UN Fact-Finding Mission, *Report of the detailed findings of the Independent International Fact-Finding Mission on Myanmar*.

22 Human Rights Council, *Situation of human rights in Myanmar*, 30 March 2020, UN Doc. A/HRC/43/L.23, [https://ap.ohchr.org/documents/dpage\\_e.aspx?si=A/HRC/43/L.23](https://ap.ohchr.org/documents/dpage_e.aspx?si=A/HRC/43/L.23).

23 Office of the United Nations High Commissioner for Human Rights (OHCHR), *Myanmar: "Possible war crimes and crimes against humanity ongoing in Rakhine and Chin States"* – UN Special Rapporteur Yanghee Lee, 29 April 2020, <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25838&LangID=E>

24 Amnesty International, "Myanmar: Indiscriminate airstrikes kill civilians as Rakhine conflict worsens" (Press release, 8 July 2020), <https://www.amnesty.org/en/latest/news/2020/07/myanmar-indiscriminate-airstrikes-kill-civilians-rakhine>

25 Amnesty International, "Myanmar: Indiscriminate airstrikes kill civilians as Rakhine conflict worsens".

# TIMELINE

1990

The Myanmar military government establishes Myanma Economic Holdings Public Company Limited (MEHL).



2007 INNO GROUP

Inno Company acquires stake in Hanthawaddy Golf and Country Club Ltd, a joint venture with MEHL. (The company subsequently acquires additional stakes in Myanmar Inno International and Myanmar Inno Line in 2012 and 2016, respectively.)

2003

RMH SINGAPORE

Distinction Investment Holdings acquires, through RMH Singapore Pte., a stake in Virginia Tobacco Company Ltd, a joint venture with MEHL, after British American Tobacco sells its shares under pressure from the UK government and campaigners.

2010



The Myanmar general elections install a quasi-civilian government and signal a start of a top-down reform process during which the military gradually eases some political and human rights restrictions.

2011 WANBAO MINING

Wanbao Mining Limited establishes (1) Myanmar Wanbao Mining Copper Limited (MWMCL) to build and operate Myanmar's largest copper mine, the Letpadaung mine; and (2) Myanmar Yang Tse Copper Limited through which it owns and operates the Sabetaung and Kyisintaung copper mines. In both cases, it entered into profit-sharing agreements with MEHL.

2014

POSCO

POSCO enters into a joint venture with MEHL and establishes Myanmar Posco Coated and Color Steel Co., Ltd. (Two years later in 2016, POSCO enters into another joint venture with MEHL, Myanmar Posco Steel Co. Ltd.)

2012

PAN-PACIFIC

Pan-Pacific acquires a stake in Myanmar Wise-Pacific Apparel Yangon, which it co-owns with MEHL.

2012-2015

Considerable documentation and reporting on serious human rights violations by the Myanmar military during this period, particularly in Kachin and Rakhine States.



LATE 2016-2019

In late 2016 and early 2017, battalions from the 33<sup>rd</sup> and 99<sup>th</sup> Light Infantry Divisions operated in northern Shan State, where according to Amnesty International's findings they committed war crimes. In August 2017, these same battalions were involved in the commission of crimes against humanity against the Rohingya population, including massacres of women, men and children committed during the military's operations in northern Rakhine State. War crimes and serious human rights violations were also committed by soldiers from the 99<sup>th</sup> Light Infantry Division in northern Shan State in 2018 and 2019. In 2019, Amnesty International documented further human rights violations by the military in Rakhine State involving the 22<sup>nd</sup> and 55<sup>th</sup> LIDs, as well as battalions from the Western Command.

2017

August: The Myanmar military launches a devastating campaign of violence against Rakhine State's predominantly Muslim Rohingya minority, forcing more than 730,000 women, men, and children to flee to neighbouring Bangladesh.



2015

KIRIN

August: Myanmar Brewery, Myanmar's largest beer maker, jointly owned with MEHL. (In 2017, Kirin purchases a stake in Mandalay Brewery, through another separate joint venture with MEHL.)

2016

MEHL is registered as a public company and restructures its ownership so that it is no longer partly owned by the Ministry of Defence and the Directorate of Defence Procurement.



2020

March: The UN Human Rights Council expresses grave concern at the "culture of impunity" that exists in the Myanmar security forces and at the dire humanitarian situation due to the conflict in Rakhine, Chin, Kachin and Shan States between the armed forces of Myanmar, the Arakan Army, an ethnic Rakhine armed group, and other armed groups.



April: The outgoing Special Rapporteur on the situation of human rights in Myanmar reports that the conduct of the Myanmar military against the civilian population in Rakhine and Chin States may amount to war crimes and crimes against humanity.

2019

Further human rights violations carried out by the Myanmar military in Rakhine State, including battalions from Western Command.

September: UN Fact-Finding Mission releases its report on economic interests in Myanmar.



2018

September: The UN Fact-Finding Mission calls for senior military officials to be investigated and prosecuted for crimes against humanity and war crimes in Kachin, Rakhine and Shan States, and genocide against the Rohingya population in Rakhine State.



# 2. LEGAL FRAMEWORK AND STANDARDS FOR CORPORATE ACTORS

## 2.1 RESPONSIBILITY OF COMPANIES TO RESPECT HUMAN RIGHTS

Companies have a responsibility to respect all human rights wherever they operate in the world. This responsibility is laid out in the UN Guiding Principles on Business and Human Rights (UN Guiding Principles), an internationally endorsed standard of expected conduct.<sup>26</sup>

This responsibility requires companies to avoid causing or contributing to human rights abuses through their own business activities and to address impacts with which they are involved, including by remediating any actual impacts. It also requires them to seek to prevent or mitigate adverse human rights impacts directly linked to their operations or services by their business relationships, even if they have not contributed to those impacts.

A company's "business activities" include both actions and omissions, and its "business relationships" include "relationships with business partners, entities in its value chain, and any other non-State or State entity directly linked to its business operations, products or services".<sup>27</sup>

To meet its corporate responsibility to respect human rights, a company must take proactive and ongoing steps to identify and respond to its potential or actual human rights impacts. This includes putting appropriate policies and processes in place within their operations such as:

- (a) a policy commitment to meet the responsibility to respect human rights;
- (b) a due diligence process to identify, prevent, mitigate and account for how they address their human rights impacts; and
- (c) processes to enable the remediation of any adverse human rights impacts that they cause or contribute to.<sup>28</sup>

They should also take steps to ensure these policies are embedded throughout their operations and that they are applied regularly. The due diligence process, in particular, should involve assessing actual and potential human rights impacts and acting upon those findings.<sup>29</sup>

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26 This responsibility was expressly recognized by the UN Human Rights Council on 16 June 2011, when it endorsed the UN Guiding Principles, and on 25 May 2011, when the 42 governments that had then adhered to the Declaration on International Investment and Multinational Enterprises of the OECD unanimously endorsed a revised version of the OECD Guidelines for Multinational Enterprises (OECD Guidelines). See Human Rights Council, Human Rights and Transnational Corporations and other Business Enterprises, Resolution 17/4, UN Doc A/HRC/RES/17/4, 6 July 2011; OECD Guidelines for Multinational Enterprises, 2011, OECD Publishing, [www.oecd.org/corporate/mne/](http://www.oecd.org/corporate/mne/)

27 UN Office of the High Commissioner for Human Rights, Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework (2011), UN Doc HR/PUB/11/04, Principles 11 and 13 including Commentary, [www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

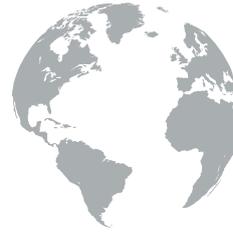
28 UN Guiding Principles, Principle 15.

29 UN Guiding Principles, Principle 17.

# Companies have a responsibility to

# **RESPECT ALL HUMAN RIGHTS**

# wherever they operate in the world.



There could be cases in which a company identifies through due diligence that it may cause or contribute to a serious human rights abuse. In these cases,

***“... if the business enterprise has leverage to prevent or mitigate the adverse impact, it should exercise it. And if it lacks leverage there may be ways for the enterprise to increase it.”<sup>30</sup>***

In some cases, however, where the company lacks the leverage and cannot increase it, the UN Guiding Principles recommend that companies consider ending the relationship, taking into consideration potential adverse human rights impacts. Similarly, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises (OECD Guidelines) state that as a last resort, “disengagement” with the partnering company may be necessary, especially after failed attempts at mitigation, where the company considers mitigation unfeasible, or even in cases where the severity of the adverse impact is untenable.<sup>31</sup>

The responsibility of companies to respect human rights is independent of a state’s own human rights responsibilities and exists over and above compliance with national laws and regulations protecting human rights.<sup>32</sup>

## 2.2 LIABILITY OF CORPORATE ACTORS FOR INTERNATIONAL CRIMES

Companies also have a responsibility to respect international humanitarian law (the laws of war) and applicable obligations under international criminal law.<sup>33</sup> Corporate actors need to be aware that the most serious human rights violations may constitute international crimes defined by states under the Rome Statute of the International Criminal Court (ICC) as genocide, crimes against humanity and war crimes.<sup>34</sup>

Corporate actors involved in human rights violations or crimes under international law may face criminal or civil liability. They can be held accountable for their direct acts or omissions and for involvement with others in crimes under international law if they directly commit or otherwise aid, abet or assist

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30 UN Guiding Principles, 2011, Pillar II, The Corporate Responsibility to Respect Human Rights, Section B Operational Principles, Human Rights Due Diligence, Commentary para. 19.

31 OECD Guidelines, Commentary on Chapter 2, para. 22.

32 UN Guiding Principles, Principle 11 including Commentary.

33 UN Guiding Principles, Principle 12 including Commentary.

34 The Rome Statute of the ICC codifies rules of customary international law, which, as such, apply to all states. See also UN Guiding Principles, Commentary to Principle 12.

in genocide, crimes against humanity and war crimes.<sup>35</sup> International criminal law jurisprudence indicates that the relevant standard for aiding and abetting is “knowingly providing practical assistance or encouragement that has a substantial effect on the commission of a crime.”<sup>36</sup> Acts that include the provision of financial assistance, goods, information and services, such as banking and communications services, can amount to “practical assistance”.<sup>37</sup>

At the international level, the ICC and other international ad hoc tribunals can hold individual officers of companies criminally liable for the commission of international crimes.<sup>38</sup> At the national level, criminal and civil lawsuits can hold corporate actors to account. For example, where a company causes a human rights abuse this may amount to a criminal offence under domestic laws relevant to human rights-related issues or provide a basis for victims to pursue a legal claim.<sup>39</sup> These proceedings can be directed against a company and/or individual corporate officers, depending on the jurisdiction.

Corporate actors that are involved in  
**HUMAN RIGHTS VIOLATIONS OR  
CRIMES UNDER INTERNATIONAL LAW**  
**may face criminal or civil liability**



35 Article 25(3)(c) of the Rome Statute of the ICC establishes criminal liability for someone who facilitates the commission of a crime by aiding, abetting or otherwise assisting in the commission or attempted commission of the crime. See also, *Prosecutor v Momčilo Perišić*, Case No. IT-04-81-A, Judgment (Appeal Chamber), 28 January 2013, para. 29.

36 UN Guiding Principles, Commentary to Principle 17.

37 International Commission of Jurists Corporate Complicity & Legal Accountability: Report of the International Commission of Jurists Expert Legal Panel on Corporate Complicity in International Crimes, Volume 2: Criminal Law and International Crimes, 2008, pp. 19-20. See also, *United States v Krupp*, Trials of War Criminals before the Nuremberg Military Tribunals under Control Council Law No. 10 (1948), Vol. IX; *United States v Carl Krauch*, Trials of War Criminals before the Nuremberg Military Tribunals under Control Council Law No. 10 (1948), Vol. VIII; *United States v Friedrich Flick*, Trials of War Criminals before the Nuremberg Military Tribunals under Control Council Law No. 10 (1948), Vol. VI.

38 Rome Statute of the ICC, articles 25 and 28, 17 July 1998, 2187 U.N.T.S. 90. See, for example, *The Prosecutor v Ferdinand Nahimana, Jean-Bosco Barayagwiza, Hassan Ngeze* (Judgment and Sentence), ICTR-99-52-A, International Criminal Tribunal for Rwanda (ICTR), 28 November 2007.

39 See, for example, *Public Prosecutor v Van Anraat*, LJN AX6406, The Hague District Court, 23 December 2005.

# 3. HOW MEHL OPERATES

## 3.1 THE MILITARY'S ECONOMIC POWER

Myanmar's military is able to wield considerable economic and political influence through the many businesses that it controls.<sup>40</sup> It exercises this control primarily via two large conglomerates or holding companies that own shares in many smaller enterprises: MEHL and the Myanmar Economic Corporation (MEC). The larger of the two, MEHL, has become one of Myanmar's largest companies.<sup>41</sup> In 2019, it paid the second most tax of any company in the country (more than US\$14 million). One of its many subsidiaries, Myawaddy Bank, was the fifth largest corporate taxpayer.<sup>42</sup>



The 29<sup>th</sup> Annual General Meeting of MEHL's shareholders, Nay Pyi Taw, 24 July 2019. Source: Website of the Office of the Commander-in-Chief of Defence Services, <https://cincds.gov.mm/node/3644>

Since 2016, MEHL has been registered as a public company.<sup>43</sup> That year it also restructured its ownership so that it was no longer partly owned by the Ministry of Defence and the Directorate of Defence Procurement.<sup>44</sup> However, MEHL remains firmly under the control of the military. Its directors are all serving or retired officers, and its chairperson is a lieutenant general in the army.<sup>45</sup>

MEHL's directors (who are also shareholders) include two important individuals who are supposed to play key roles in holding the military to account.<sup>46</sup> Lieutenant General Aung Lin Dwe, the Judge Advocate General, is responsible for upholding military law. Lieutenant General Aye Win, the Inspector General of the Defence Services, is responsible for internal military investigations and audits.<sup>47</sup> In these roles, the two MEHL directors were involved in the military's apparent attempts to investigate whether any troops had committed crimes during their attacks on the Rohingya population in Rakhine State in 2017.<sup>48</sup>

40 In 2008, the US embassy in Yangon reported that, "Close examination of MEHL underscores the reach and breadth of the military's domination over Burma's economy. Their enterprises are key components of the elaborate system of patronage the regime uses to maintain its power." US Cable, *How Myanmar Economic Holdings (MEHL) really works*. See also, Gerard McCarthy, *Military Capitalism in Myanmar*, pp. 14-16; Maung Aung Myoe, *Building the Tatmadaw*, pp. 176-181.

41 Maung Aung Myoe, *Building the Tatmadaw*, p. 181.

42 Myanmar Internal Revenue Department, List of Myanmar Companies / Businesses paying the highest revenue for the period 2018-2019, [https://www.ird.gov.mm/sites/default/files/MCO%20IT%201000%20\(18-19\).pdf](https://www.ird.gov.mm/sites/default/files/MCO%20IT%201000%20(18-19).pdf)

43 MEHL, Company extract, Myanmar Companies Online.

44 Clare Hammond, "Military-owned MEHL applies to become public company", *The Myanmar Times*, 1 April 2016, <http://www.mmtimes.com/index.php/business/19799-military-owned-mehl-applies-to-become-public-company.html>

45 MEHL, Company extract, Myanmar Companies Online.

46 "Myanmar military court to probe Rohingya atrocity allegations", Reuters, 19 March 2019, <https://uk.reuters.com/article/uk-myanmar-rohingya-military/myanmar-military-court-to-probe-rohingya-atrocity-allegations-idUKKCN1QZ110>

47 Independent Commission of Inquiry, Twelfth Meeting of Independent Commission of Inquiry, 17 December 2019, <https://www.icoe-myanmar.org/post/twelfth-meeting-of-independent-commission-of-enquiry>; Justice For Myanmar, "Myanmar's Military Cartel: Corruption by Design", <https://www.justiceformyanmar.org/stories/myanmars-military-cartel-corruption-by-design>

48 See "Myanmar military court to probe Rohingya atrocity allegations", Reuters, 19 March 2019, <https://uk.reuters.com/article/uk-myanmar-rohingya-military/myanmar-military-court-to-probe-rohingya-atrocity-allegations-idUKKCN1QZ110>. See also Information Committee, "Information released by the Tatmadaw True News Information Team on the findings of the Investigation Team in connection with the performances of the security troops during the terrorist attacks in Maungtau region, Rakhine State", 13 November 2017, <http://www.informationcommittee.gov.mm/en/information-committee-news/information-released-tatmadaw-true-news-information-team-findings>

Overseeing the board is the “patron group” (“*Nai Ngan Daw Oo Shaung Aa Pwet*”), according to an internal document seen by the UN Fact-Finding Mission.<sup>49</sup> The role of this group is not clear, but according to this information it consists of the military’s top brass. The Commander-in-Chief is its Chairperson. The Deputy Commander-in-Chief (who is also the Commander-in-Chief of the army) serves as the Vice-Chairperson.<sup>50</sup> “Patron group” members also include the Joint Chief of Staff and the Commanders-in-Chief of the navy and air force, as well as the Quartermaster General.

From 2003, MEHL was subject to US sanctions, along with other entities and individuals linked to the Myanmar military.<sup>51</sup> The US government lifted these sanctions in October 2016 following the formation of the NLD government.<sup>52</sup>

## 3.2. MEHL’S BUSINESS ACTIVITIES

The military government established MEHL in 1990 (it was then known as Union of Myanmar Economic Holding Ltd, or UMEHL).<sup>53</sup> Its official purpose was to support the “welfare” of military personnel, including “in-service and retired military personnel” and veterans’ organizations.<sup>54</sup>

Its rapid growth was made possible by special rights granted to it by the military government. These gave the company preferential access to foreign contracts, exempted it from paying tax, and gave it monopolies of some of the country’s most important and valuable sectors.<sup>55</sup>

Thirty years after it was founded, MEHL is one of the largest business conglomerates in the country with more than 50 subsidiaries. According to its website, these are involved in the following activities:<sup>56</sup>

- exporting agricultural and marine products, gems, jewellery and precious stones to India, China, Singapore, Japan and Europe;
- importing consumer products, raw materials for industry, construction equipment, and crude oil products;
- operating one of the biggest household appliance wholesale markets and chain stores in the country;
- banking and insurance;
- hotels and tourism;
- shipping and port terminal management;
- transportation and logistics;
- construction;
- rubber plantations; and
- manufacturing garments, chemical products, boats, beers, cigarettes and instant noodles.

In addition, MEHL is directly involved in mining of coal, copper, jade and other gemstones.<sup>57</sup>

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49 UN Fact-Finding Mission, *The economic interests of the Myanmar military*, para. 54. Similarly, the *Financial Times* reported in 2017 that MEHL’s board is “overseen by a ‘supreme group’ of seven of the country’s top officers, headed by the armed forces’ commander-in-chief,” Michael Peel, “Myanmar: The military commercial complex”, *Financial Times*, 1 February 2017, <https://www.ft.com/content/c6fe7dce-d26a-11e6-b06b-680c49b4b4c0>.

50 UN Fact-Finding Mission, *The economic interests of the Myanmar military*, para. 54.

51 US Congress, Burmese Freedom and Democracy Act of 2003, Public Law 108-61, U.S.C. 1701, 28 July 2003, <https://www.congress.gov/108/plaws/publ61/PLAW-108publ61.pdf>

52 US Department of the Treasury, “Treasury implements termination of Burma Sanctions Program”, 7 October, 2016, <https://www.treasury.gov/press-center/press-releases/Pages/jl0569.aspx>

53 Maung Aung Myoe, *Building the Tatmadaw*, p. 176.

54 Maung Aung Myoe, *Building the Tatmadaw*, p. 176.

55 MEHL began paying tax in fiscal year 2011-2012. Aung Min and Toshihiro Kudo, *Business Conglomerates in the Context of Myanmar’s Economic Reform*, p. 155; Gerard McCarthy, *Military Capitalism in Myanmar*.

56 MEHL, *A Brief History of Myanmar Economic Holdings Public Co., Ltd*, <https://www.mehl.com.mm/why.aspx> (accessed in May 2020; at the time of writing the site was no longer online).

57 MEITI, *The Fourth MEITI Report*. For further information, see Global Witness, *Jade: Myanmar’s “Big State Secret”*, 23 October 2015, <https://www.globalwitness.org/en/campaigns/oil-gas-and-mining/myanmarjade/>

## 3.3 MEHL'S LOCAL BUSINESS PARTNERSHIPS

In order to conduct many of its business operations, MEHL relies on a number of local and foreign partners. These partnerships are essential to MEHL as they provide it with both a source of funds and external expertise. In most of these relationships, MEHL receives dividends or profits without involving itself in the operations of the joint venture or local company. In some instances, MEHL works in partnership with other Myanmar businesses.<sup>58</sup> Two of its noteworthy partnerships are with the Kanbawza Group (KBZ) and the Ever Flow River Group Public Co., Ltd (EFR).<sup>59</sup>

***Thirty years after it was founded, MEHL has become one of the largest business conglomerates in the country with more than 50 subsidiaries.***

### 3.3.1 KANBAWZA GROUP

Established in 1994, KBZ is one of the largest conglomerates in Myanmar with businesses in a variety of sectors including construction, finance, manufacturing, agriculture, trading, insurance, aviation and mining.<sup>60</sup> The major subsidiaries of KBZ are Air KBZ, Myanmar Airways International, IKBZ Insurance and the Kanbawza Bank, Myanmar's largest bank. Its mining operations of jade and rubies also make up an important part of its business. In this area, KBZ and MEHL have entered into two partnerships. MEHL reported that it received 20% of the production of a jade mine operated by KBZ's subsidiary Jing Hpaw Aung Jade & Jewellery Co. Ltd in Kantee, Sagaing Region.<sup>61</sup> MEHL also partners with the KBZ subsidiary Nilar Yoma Co., which, according to KBZ, acts as a precious stone vendor to MEHL's subsidiary Mon Hsu Jewellery Co., Ltd.<sup>62</sup>

### 3.3.2 EVER FLOW RIVER GROUP

EFR has affiliates in various sectors, including trading, manufacturing, logistics and tourism.<sup>63</sup> In May 2020 it became only the sixth publicly listed company on the Yangon Stock Exchange.<sup>64</sup> EFR has invested in a large infrastructure project to develop an integrated inland port complex in Yangon.<sup>65</sup> The joint venture tasked with the project is

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58 Some of these are widely referred to in Myanmar as "crony companies" because of their close links to the military. UN Fact-Finding Mission, *The economic interests of the Myanmar military*, paras 75-79.

59 Amnesty International has focused on these companies because of their apparent importance to MEHL and because of the availability of information in the public domain about their relationships. KBZ's website provides a lot of information on the company on: <https://www.kbzgroup.com.mm/>. Similarly, EFR has made public details of its different business ventures. See <https://ysx-mm.com/listing/company/lc00006/>.

60 UN Fact-Finding Mission, *The economic interests of the Myanmar military*, para. 125.

61 This is the Jing Hpaw Aung Jade mine. MEITI, *The Fourth MEITI Report*, p. 72.

62 Annex I, letter from KBZ dated 15 July 2020.

63 See <https://www.efrgroupmyanmar.com/about-e-f-r/>.

64 EFR, "Company profile" [https://ysx-mm.com/wp-content/uploads/2020/05/cp\\_00006\\_en\\_15052020\\_1.pdf](https://ysx-mm.com/wp-content/uploads/2020/05/cp_00006_en_15052020_1.pdf); Thiha Ko Ko, Kang Wan Chern, "Myanmar logistics firm Ever Flow River to list on March 20", 2 March 2020, <https://www.mmtimes.com/news/myanmar-logistics-firm-ever-flow-river-list-march-20.html>

65 Danny Fenster, Tin Htet Paing, "Corruption risk high as military partner lists on stock exchange, experts say", *Myanmar Now*, 28 May 2020, <https://myanmar-now.org/en/news/corruption-risk-high-as-military-partner-lists-on-stock-exchange-experts-say>

Hlaing Inland Terminal and Logistics Co., Ltd (HITL), a company owned by EFR and Lann Pyi Marine Co. Ltd, a subsidiary of MEHL.<sup>66</sup> EFR is financing the project and will hold 49% of the equity in HITL, while Lann Pyi Marine is providing land for 51% equity.<sup>67</sup>

According to disclosure documents EFR provided to the Yangon Stock Exchange, the inland port complex will include customs clearance and customs bonded facilities.<sup>68</sup>

### 3.4 MEHL'S FOREIGN BUSINESS PARTNERS

MEHL also works in collaboration with foreign companies. In many cases these are joint ventures, with the foreign partner and MEHL both owning shares in a Myanmar-registered company. MEHL also partners with foreign companies by setting up profit-sharing agreements through which MEHL receives a certain percentage of profits without formally owning shares in the local company.

In both structures, the foreign partners generally operate the companies, with MEHL providing certain benefits to the partnership linked to its status as the most powerful – and arguably, best connected – conglomerate in Myanmar.<sup>69</sup> For example, in MEHL's profit-sharing agreement with Wanbao Mining for the operation of the Letpadaung copper mine, MEHL is responsible for providing the mining rights.<sup>70</sup> It is also contractually tasked with conducting the necessary "requisition of land required for the development and operation of the mine" and the "removal of former landholders, occupants or squatters still residing in the land take area".<sup>71</sup> In both of these tasks, MEHL acts more as a state intermediary than a traditional business partner. In exchange, it receives significant profits derived from the mine's operations.

In other sectors, partnering with MEHL appears to be the best way to get a foothold in an otherwise monopolized or inaccessible market. Those looking to invest in certain industries are likely to come across an MEHL affiliate, given MEHL's size and spread. In many cases, therefore, the profits received as dividends by MEHL appear to be in exchange for the influence and access that comes with partnering with the conglomerate.<sup>72</sup>

The following table provides a list of significant partnerships between MEHL and foreign companies, followed by additional details on each foreign company:<sup>73</sup>

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66 EFR, "Disclosure Document for Listing", 28 February 2020, [https://ysx-mm.com/wp-content/uploads/2020/02/nl\\_00006\\_en\\_20200228.pdf](https://ysx-mm.com/wp-content/uploads/2020/02/nl_00006_en_20200228.pdf). Further, Lann Pyi Marine's website (not online at the time of publication) referred to their parent company as MEHL. See <https://web.archive.org/web/20200616175925/http://lpm-myanmar.com/Home/About>

67 EFR, "Disclosure Document for Listing", 28 February 2020, pp. 24-25, [https://ysx-mm.com/wp-content/uploads/2020/02/nl\\_00006\\_en\\_20200228.pdf](https://ysx-mm.com/wp-content/uploads/2020/02/nl_00006_en_20200228.pdf); Danny Fenster, Tin Htet Paing, "Corruption risk high as military partner lists on stock exchange, experts say", 28 May 2020.

68 EFR, "Disclosure Document for Listing", pp. 24-25.

69 For example, two companies contacted by Amnesty International suggested that MEHL played little or no operational role in their joint venture. Pan-Pacific stated that it "takes entire responsibility in operating" Myanmar Wise-Pacific Apparel Yangon Company. Annex I, Pan-Pacific letter dated 4 June 2020, p. 1. POSCO stated that its "directors and officers" are made up exclusively of POSCO staff. Annex I, email from POSCO dated 18 June 2020.

70 Environmental and Social Impact Assessment, Myanmar Wanbao Mining Copper Ltd, Letpadaung Copper Project, January 2015.

71 Environmental and Social Impact Assessment, Myanmar Wanbao Mining Copper Ltd, Letpadaung Copper Project, January 2015.

72 For example, a 2008 US diplomatic cable suggested that "[a]lthough MEHL has no direct role in granting licenses or import/export permits, foreign and local companies looking to invest in Burma are often 'encouraged' to form a relationship with MEHL in order to guarantee a profit". US Cable, *How Myanmar Economic Holdings (MEHL) really works*.

73 The UN Fact-Finding Mission provided information of two other joint ventures with foreign companies, but Amnesty International could not find information to support this. UN Fact-Finding Mission, *The economic interests of the Myanmar military*, paras. 141-144.

**Table 1: List of foreign business partners and details regarding their partnership with MEHL**

Company name	Foreign partner (country)	Industry	Year of establishment	Ownership or profit-sharing stakes
Hanthawaddy Golf and Country Club Ltd <sup>74</sup>	Inno Co. Ltd, owned by Inno Group (South Korea)	Tourism and services	2007 <sup>75</sup>	Inno Group: 37%  MEHL: 63% <sup>76</sup>
Mandalay Brewery <sup>77</sup>	Kirin Holdings Singapore Pte. Ltd, owned by Kirin Holdings (Japan) <sup>78</sup>	Beverages	1995 (purchased by Kirin in 2017)	Kirin Holdings: 51%  MEHL: 49% <sup>79</sup>
Myanmar Brewery <sup>80</sup>	Kirin Holdings Singapore Pte. Ltd, owned by Kirin Holdings (Japan) <sup>81</sup>	Beverages	1995 (purchased by Kirin in 2015) <sup>82</sup>	Kirin Holdings: 51%  MEHL: 49% <sup>83</sup>
Myanmar Inno International Ltd <sup>84</sup>	Inno Group (South Korea) <sup>85</sup>	Property development	2012 <sup>86</sup>	Inno Group: 55.5%  MEHL: 44.5% <sup>87</sup>
Myanmar Inno Line Company Ltd <sup>88</sup>	Inno Co. Ltd, owned by Inno Group (South Korea)	Property development and logistics	2016	Inno Group: 61%  MEHL: 39% <sup>89</sup>

*Continued on next page*

74 Hanthawaddy Golf & Country Club Ltd, Company extract, Myanmar Companies Online.

75 Inno Group, *History*, [http://www.inno-group.kr/?page\\_id=3218&lang=en](http://www.inno-group.kr/?page_id=3218&lang=en).

76 Details of share ownership are provided in the company's registration document. See: Hanthawaddy Golf & Country Club Ltd, Company extract, Myanmar Companies Online. However, in a letter to Amnesty International, Inno Group said that this was inaccurate and that both it and MEHL owned 50% in the company. Annex I, letter from INNO Group dated 1 June 2020.

77 Mandalay Brewery, Company extract, Myanmar Companies Online.

78 Mandalay Brewery, Company profile, Myanmar Companies Online, <https://www.dica.gov.mm/en/investment/mandalay-brewery-limited>

79 Mandalay Brewery, Company extract, Myanmar Companies Online.

80 Myanmar Brewery, Company extract, Myanmar Companies Online.

81 Kirin Holdings, *Notice regarding Acquisition of Shares in Myanmar Brewery Ltd by Kirin Holdings Singapore Pte. Ltd*, 19 August 2015, [https://www.kirinholdings.co.jp/english/news/2015/0819\\_01.html](https://www.kirinholdings.co.jp/english/news/2015/0819_01.html)

82 Myanmar Brewery, Corporate profile, <http://myanmar-brewery.com/myanmar-beer/>

83 Myanmar Brewery, Company extract, Myanmar Companies Online.

84 Myanmar Inno International Ltd, Company extract, Myanmar Companies Online.

85 Inno Group, "History", [http://www.inno-group.kr/?page\\_id=3218&lang=en](http://www.inno-group.kr/?page_id=3218&lang=en)

86 Inno Group, "History", [http://www.inno-group.kr/?page\\_id=3218&lang=en](http://www.inno-group.kr/?page_id=3218&lang=en)

87 Myanmar Inno International Ltd, Company extract, Myanmar Companies Online.

88 Myanmar Inno Line Company Ltd, Company extract, Myanmar Companies Online.

89 Myanmar Inno Line Company Ltd, Company extract, Myanmar Companies Online.

Company name	Foreign partner (country)	Industry	Year of establishment	Ownership or profit-sharing stakes
Myanmar POSCO C&C Company Ltd <sup>90</sup>	POSCO (South Korea) <sup>91</sup>	Steel manufacturing	2014	POSCO: 70% MEHL: 30% <sup>92</sup>
Myanmar POSCO Steel Company Ltd <sup>93</sup>	POSCO (South Korea) <sup>94</sup>	Steel manufacturing	2016	POSCO: 70% MEHL: 30% <sup>95</sup>
Myanmar Wanbao Mining Copper Ltd <sup>96</sup>	Wanbao Mining (China) <sup>97</sup>	Copper mine	2011 <sup>98</sup>	Profit sharing: MWMCL: 30% MEHL: 19% Myanmar government: 51% <sup>99</sup>
Myanmar Wise-Pacific Apparel Yangon Company Ltd <sup>100</sup>	Pan-Pacific (South Korea) <sup>101</sup>	Garments	1991 (purchased by Pan-Pacific in 2012)	Pan-Pacific: 55% MEHL: 45% <sup>102</sup>
Myanmar Yang Tse Copper Ltd <sup>103</sup>	Wanbao Mining (China) <sup>104</sup>	Copper mine	2011 <sup>105</sup>	Profit-sharing: MYTCL: 49% MEHL: 51% <sup>106</sup>

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- 90 Myanmar POSCO C&C Company Ltd, Company extract, Myanmar Companies Online.
- 91 Myanmar POSCO C&C Company Ltd, Company extract, Myanmar Companies Online.
- 92 Myanmar POSCO C&C Company Ltd, Company extract, Myanmar Companies Online.
- 93 Myanmar POSCO Steel Company Ltd, Company extract, Myanmar Companies Online.
- 94 Myanmar POSCO Steel Company Ltd, Company extract, Myanmar Companies Online.
- 95 Myanmar POSCO Steel Company Ltd, Company extract, Myanmar Companies Online.
- 96 See <http://www.myanmarwanbao.com.mm/en/about-us/company-in-brief.html>
- 97 Myanmar Wanbao Mining Copper Ltd, Company extract, Myanmar Companies Online.
- 98 Myanmar Wanbao Mining Copper Ltd, "In Brief", <http://www.myanmarwanbao.com.mm/en/about-us/company-in-brief.html>
- 99 MEHL, "Submitting MEHL's information and data for EITI process", 25 June 2018.
- 100 Myanmar Wise-Pacific Apparel Yangon Company Ltd, Company extract, Myanmar Companies Online.
- 101 Pan-Pacific, *About PanPacific, Global Network, Myanmar*, <http://www.panpacific.co.kr/en/index.php>
- 102 Myanmar Wise-Pacific Apparel Yangon Company Ltd, Company extract, Myanmar Companies Online. Annex I, letter from Pan-Pacific Group dated 4 June 2020.
- 103 Myanmar Yang Tse Copper Ltd, "About Us", <https://www.myanmaryangtse.com.mm/about-us/history.html>
- 104 Myanmar Yang Tse Copper Ltd, Company extract, Myanmar Companies Online.
- 105 For details of pollution, forced evictions and other human rights abuses linked to the S&K and Letpadaung copper mines, see Amnesty International, *Open for Business?*; Amnesty International, *Mountain of Trouble: Human Rights Abuses Continue at Myanmar's Letpadaung Mine*, 10 February 2017 (Index: ASA 16/5564/2017) (hereinafter: Amnesty International, *Mountain of Trouble*).
- 106 MEHL, "Submitting MEHL's information and data for EITI process", 25 June 2018.

Company name	Foreign partner (country)	Industry	Year of establishment	Ownership or profit-sharing stakes
Virginia Tobacco Company Ltd <sup>107</sup>	RMH Singapore Pte. (Singapore)	Tobacco	1999 (purchased by Singaporean fund, Distinction Investment Holdings in 2003) <sup>108</sup>	RMH Singapore Pte.: 49% MEHL: 51% <sup>109</sup>

### 3.4.1 KIRIN

Kirin Holdings is a Japanese beverage company and one of the major international brewers. Along with its own brands, it owns the Lion beverage company in Australia and New Zealand; New Belgium's craft beer brands in the USA, including Fat Tire; and has a 48.6% stake in San Miguel, which is brewed in the Philippines.

In 2015, Kirin bought a 55% stake in Myanmar Brewery, the country's largest beer maker, for US\$560 million from Singapore's Fraser and Neave.<sup>110</sup> MEHL owns the remaining 45%. In 2017, Kirin invested a further US\$4.3 million for a 51% stake in Mandalay Brewery, in a separate joint venture with MEHL.<sup>111</sup>

Through these investments, Kirin says it controls 80% of Myanmar's expanding beer market.<sup>112</sup> In 2019, Myanmar Brewery recorded an operating profit of US\$115 million.<sup>113</sup>

### 3.4.2 INNO GROUP

Inno Group, incorporated in 1991, is a South Korean company that has been conducting business in Myanmar since 2006.<sup>114</sup> It operates 13 companies, three of them partly owned by MEHL: Hanthawaddy Gold & Country Club Ltd (Hanthawaddy Club), Myanmar Inno International Ltd and Myanmar Inno Line Co.

Hanthawaddy Club is a golf course and 48-room resort established in 1996.<sup>115</sup> Since 2007, Inno Company operates the Club pursuant to a shareholder's agreement between it (37%) and MEHL (63%).

107 Virginia Tobacco Company Ltd, Company extract, Myanmar Companies Online.

108 Terry Macalister, "BAT 'dragged out' of Burma", *The Guardian*, 7 November 2003, <https://www.theguardian.com/business/2003/nov/07/burma.smoking>

109 Virginia Tobacco Company Ltd, Company extract, Myanmar Companies Online.

110 Kirin Holdings Company Ltd, *Notice Regarding the Acquisition of Mandalay Brewery by Kirin Holdings Singapore and a Transfer of 4% Ownership by Kirin Holdings Singapore in Myanmar Brewery*, 13 February 2017, <https://www.kirinholdings.co.jp/english/news/2017/index.html>

111 Kirin Holdings Company Ltd, *Notice Regarding the Acquisition of Mandalay Brewery by Kirin Holdings Singapore and a Transfer of 4% Ownership by Kirin Holdings Singapore in Myanmar Brewery*.

112 Kirin Holdings, *Annual Report 2019*, p. 13, <https://www.kirinholdings.co.jp/english/ir/library/integrated/pdf/report2019/kirinreport2019e.pdf>

113 "Kirin's Myanmar venture posts 28% operating profit rise in FY 2019", *The Myanmar Times*, 20 February 2020, <https://www.mmtimes.com/news/kirins-myanmar-venture-posts-28-operating-profit-rise-fy-2019.html#:~:text=Kirin's%20Myanmar%20venture%20posts%2028%25%20operating%20profit%20rise%20in%20FY%202019,-Kyodo%2020%20Feb&text=Myanmar%20Brewery%2C%20the%20nation's%20largest,percent%20from%20a%20year%20earlier.>

114 Inno Group, "History", [http://www.inno-group.kr/?page\\_id=3218&lang=en](http://www.inno-group.kr/?page_id=3218&lang=en)

115 Hanthawaddy Golf & Country Club Ltd, Company extract, Myanmar Companies Online.

Myanmar Inno International is a garment manufacturer. Since 2012, it has been jointly owned by Inno Company Ltd (with 55% of shares) and MEHL (with 45%).<sup>116</sup> The factory is based in the Pinyin Industrial Zone, which is owned by MEHL.<sup>117</sup> Before the outbreak of COVID-19, the factory employed 1,800 workers.<sup>118</sup>

Myanmar Inno Line, established in 2016, is constructing a bus terminal, a convention centre and a shopping mall in Yangon.<sup>119</sup> Inno Company owns 61% of shares and MEHL owns 39%.<sup>120</sup> The bus terminal, convention centre and shopping mall are all located within a major development called Inno City. Inno Group developed the site on land owned by MEHL. According to a Myanmar newspaper report, this project is worth US\$120 million.<sup>121</sup>

### 3.4.3 PAN-PACIFIC

Established in 1972, Pan-Pacific is a South Korean-listed company that manufactures clothing and exports its products around the world.<sup>122</sup> In 2012, Pan-Pacific acquired the garment business of Daewoo International.<sup>123</sup> That led to the purchase of Myanmar Daewoo International Ltd, which was partly owned by MEHL (with a 45% stake). Pan-Pacific renamed the company Myanmar Wise-Pacific Apparel Yangon (MWY). Since 2012, Pan-Pacific's business footprint in Myanmar has grown and it currently operates five separate companies, all in the garment industry.<sup>124</sup>

MWY has become a major shirt manufacturer employing 3,200 workers and exporting to brands in Asia, Europe and the USA.<sup>125</sup> According to Pan-Pacific, the company produces more than 5.9 million pieces of light woven products a year.<sup>126</sup> As stated by the company, it "has the entire authority in its manufacturing operation activities at MWY without any influence by MEHL", which it says just receives dividend payments.<sup>127</sup> Pan-Pacific said that MEHL received an average of US\$75,000 a year as dividends for the past three years, in addition to the fees paid by Pan-Pacific to lease the land owned by MEHL where its facilities operate.<sup>128</sup>

### 3.4.4 POSCO

Founded in 1968, POSCO (formerly Pohang Iron and Steel Company) is a South Korean steel-making company that produces steel products for the automobile, construction and shipbuilding industries.<sup>129</sup> In 2018, POSCO was reported to be the world's fifth largest crude steel producer.<sup>130</sup>

POSCO entered into two joint ventures in Myanmar with MEHL: Myanmar POSCO Coated and Color Steel Co., Ltd (Myanmar POSCO C&C), established to build a factory that produces corrugated and

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116 Myanmar Inno International Ltd, Company extract, Myanmar Companies Online; Inno Group, "History", [http://www.inno-group.kr/?page\\_id=3218&lang=en](http://www.inno-group.kr/?page_id=3218&lang=en)

117 Myanmar Inno International Ltd, Company extract, Myanmar Companies Online.

118 Annex I, Inno Group letter dated 1 June 2020.

119 Inno Group, [http://www.inno-group.kr/?page\\_id=3218&lang=en](http://www.inno-group.kr/?page_id=3218&lang=en)

120 Myanmar Inno Line Company Ltd, Company extract, Myanmar Companies Online.

121 Inno Group, [http://www.inno-group.kr/?page\\_id=3156](http://www.inno-group.kr/?page_id=3156); Also, "South Korean developer builds \$120m project on military-owned land", *The Myanmar Times*, 2 March 2016, <https://www.mmimes.com/business/property-news/19260-south-korean-developer-builds-120m-project-on-military-owned-land.html>

122 Pan-Pacific, "Business", <http://www.panpacific.co.kr/en/index.php>

123 Pan-Pacific, "Change & Innovation", <http://www.panpacific.co.kr/en/innovation/history.php>

124 Pan-Pacific, Myanmar, <http://www.panpacific.co.kr/en/ppc/myanmar.php>

125 Pan-Pacific, Myanmar, <http://www.panpacific.co.kr/en/ppc/myanmar.php>; Pan-Pacific, Apparel, <http://www.panpacific.co.kr/en/ppc/apparel.php>

126 Pan-Pacific, Apparel, <http://www.panpacific.co.kr/en/ppc/apparel.php>

127 Annex I, Letter from Pan-Pacific dated 4 June 2020.

128 Annex I, Letter from Pan-Pacific dated 4 June 2020.

129 Bloomberg, POSCO, Company profile, <https://www.bloomberg.com/profile/company/005490:KS>

130 POSCO, "POSCO Credited as World's Most Profitable Steelmaker", 25 July 2018, [https://newsroom.posco.com/en/posco-worlds-most-profitable/#:~:text=Japanese%20newspaper%2C%20The%20Nikkei%2C%20which,per%20ton%20capacity%20\(%24164](https://newsroom.posco.com/en/posco-worlds-most-profitable/#:~:text=Japanese%20newspaper%2C%20The%20Nikkei%2C%20which,per%20ton%20capacity%20(%24164)

plain galvanized iron sheets; and Myanmar POSCO Steel Co. Ltd, established to build a colour-coating sheet plant. MEHL owns 30% of each joint venture.<sup>131</sup>

### 3.4.5 RMH SINGAPORE

RMH Singapore Pte. is a fund with a registered address in Singapore that it shares with several other companies.<sup>132</sup> Jointly with MEHL, it owns Virginia Tobacco Co. Ltd, established in 1993 and previously known as Rothmans Myanmar Holdings Private Ltd. Until 2003, Virginia Tobacco was partly owned by the UK company British American Tobacco (BAT).<sup>133</sup> Then, as a result of pressure from campaigners and the British government, BAT sold its share to Distinction Holdings Ltd, a Singapore-registered investment company.<sup>134</sup> This now owns BAT's share in Virginia Tobacco through a subsidiary, RMH Singapore Pte.



*Myanmar POSCO C&C's premises in Myanmar, as provided by the company in its Facebook page. © Myanmar POSCO Facebook, <https://www.facebook.com/pages/category/Industrial-Company/Myanmar-POSCO-CC-CoLtd-629011520571128/>*

Distinction Investments Pte. Ltd is owned by a Myanmar national and two investment funds that are registered in the British Virgin Islands. Profiles of both RMH Singapore Pte. and Distinction Investments Pte. Ltd are available on Singapore's official Accounting and Corporate Regulatory Authority business file service. Otherwise, limited information on these companies is publicly available.

Virginia Tobacco's registered address in Yangon is in the Pyinmabin Industrial Zone, which is owned by MEHL.

### 3.4.6 WANBAO MINING

Wanbao Mining is a Chinese metal mining company founded in 2004, specializing in the extraction of copper, cobalt, platinum and palladium, amongst other materials.<sup>135</sup> It is a subsidiary of the China North Industries Corporation (commonly known as NORINCO), one of China's largest state-owned enterprises, which deals with defence products, petroleum and mineral resource exploitation.<sup>136</sup>

Wanbao Mining (through Hong Kong Wanbao Mining Copper Ltd, a wholly owned subsidiary)<sup>137</sup> has business ties with MEHL through its two Myanmar subsidiaries, Myanmar Yang Tse Cooper Ltd and Myanmar Wanbao Mining Copper Ltd.

Since 2011, Myanmar Yang Tse Copper Ltd has owned and operated the Sabetaung and Kysisintaung (S&K) copper mines.<sup>138</sup> It has a profit-sharing agreement with MEHL under which MEHL receives 51% of profits of these mines.<sup>139</sup>

131 Myanmar POSCO C&C Company Ltd, Company extract, Myanmar Companies Online; Myanmar POSCO Steel Company Ltd, Company extract, Myanmar Companies Online.

132 Singapore Business Directory, RMH Singapore Pte. Ltd, <https://www.sgpbusiness.com/company/Rmh-Singapore-Pte-Ltd>.

133 RMH Singapore Pte. Ltd, Company extract, Myanmar Companies Online.

134 Terry Macalister, "BAT 'dragged out' of Burma", *The Guardian*, 7 November 2003, <https://www.theguardian.com/business/2003/nov/07/burma.smoking>

135 Bloomberg, Wanbao Mining, Company profile, <https://www.bloomberg.com/profile/company/NPCCZZ:CH>

136 Amnesty International, "Myanmar: Suspend copper mine linked to ongoing human rights abuses" (Press release, 10 February 2017), <https://www.amnesty.org/en/latest/news/2017/02/myanmar-suspend-copper-mine-linked-to-ongoing-human-rights-abuses/>

137 Amnesty International, *Open for Business?*

138 For details of pollution, forced evictions and other human rights abuses linked to the S&K and Letpadaung copper mines, see Amnesty International reports *Open for Business?* and *Mountain of Trouble*.

139 MEHL, "Submitting MEHL's information and data for EITI process", 25 June 2018.

In the same year, Myanmar Wanbao Mining Copper Ltd became the owner of, and built and operated, Myanmar's largest copper mine, the Letpadaung mine.<sup>140</sup> Myanmar Wanbao Mining Copper Ltd has invested almost US\$1 billion in the mine.<sup>141</sup> There is also a profit-sharing agreement in place linked to this mine, whereby Myanmar Wanbao Mining Copper Ltd receives 30% of profits, MEHL receives 19% and the Myanmar government receives 51%.<sup>142</sup> The Letpadaung mine has been recognized as part of the Belt and Road Initiative,<sup>143</sup> which is an enormous Chinese government-backed international investment initiative.<sup>144</sup>

## 3.5 MEHL'S SHAREHOLDERS

MEHL first revealed details of its exact ownership structure in January 2020, when DICA published on its website a document that provided certain details about its shareholders. MEHL submitted this document, dated 30 August 2019, to the MEITI to meet its registration requirements.<sup>145</sup>

The DICA document confirms that MEHL is owned by individuals serving in, or retired from, the military as well as military units.<sup>146</sup> It states that the company has 1,803 "institutional" shareholders, consisting of "regional commands, divisions, battalions, troops, war veteran associations". These own about a third of all shares in MEHL. The rest of the company is owned by 381,636 individual shareholders, who are serving and retired military personnel.<sup>147</sup>

Although the document states that MEHL has a total of 383,439 shareholders, it only names and provides certain details about 50 of them. Of these, eight are regional commands or units of the Myanmar armed forces. The other 42 are mostly retired military officers and two organizations representing war veterans. The list in Table 2 provides the names of the eight regional commands or units listed as shareholders:



MEHL has 1,803 "institutional" shareholders, consisting of  
**"REGIONAL COMMANDS, DIVISIONS, BATTALIONS,  
TROOPS, WAR VETERAN ASSOCIATIONS"**

140 Myanmar Wanbao, "In Brief", <http://www.myanmarwanbao.com.mm/en/about-us/company-in-brief.html>

141 MEHL, "Submitting MEHL's information and data for EITI process", 25 June 2018.

142 MEHL, "Submitting MEHL's information and data for EITI process", 25 June 2018.

143 Sun Guangyong, "China-invested Letpadaung copper mine brings tangible benefits to Sagain Region, Myanmar", *People's Daily*, 15 January 2020, <http://en.people.cn/n3/2020/0115/c90000-9649079.html>

144 Lily Kuo and Niko Kommenda, "What is China's Belt and Road Initiative?", *The Guardian*, <https://www.theguardian.com/cities/ng-interactive/2018/jul/30/what-china-belt-road-initiative-silk-road-explainer>

145 MEHL, Company details, Myanmar Companies Online.

146 An annex of the document says there are 1,793 military units in addition to the ten it names.

147 The annex also states that there are 381,596 individual shareholders in addition to the 40 it names.

**Table 2: Details of the eight regional commands or units of the Myanmar armed forces listed as shareholders by MEHL in 2020**

Unit name	Shareholder number	Value of shares held (kyat)	US\$ <sup>148</sup>
Office of the Adjutant General (general welfare)	25	1,268,328,000	919,287
Command fund, Western Command	18	230,000,000	166,704
Aircraft Production and Maintenance Base, Yangon Command	20	215,000,000	155,832
Unit fund, 10th Defence Industry, Central Command	32	145,000,000	105,096
Battalion fund, 323rd Supply and Transport Battalion, Yangon Command	17	125,000,000	90,600
Base fund, Flying Training Base, Central Command	31	110,000,000	79,728
Battalion fund, 304th Light Infantry Battalion, North Western Command	11	50,000,000	36,240
Command Fund, Eastern Command	29	300,000,000	217,440

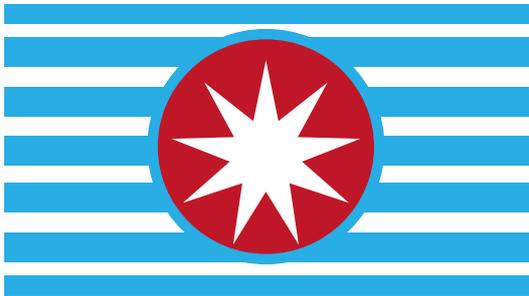
One of the bodies included in this list is Western Command, which is permanently based in Rakhine State and oversees a large array of military units, including 43 infantry and light infantry battalions.<sup>149</sup>

148 Using exchange rate of 1 kiyat = US\$0.000724803 on 29 June 2020.

149 Information on the units that fall under Western Command is provided in the 2010-11 MEHL shareholder document, which lists each of them. A confidential memorandum prepared by an analyst of the Myanmar military provided the same number of infantry battalions. Both documents are on file with Amnesty International. See Amnesty International, *'We Will Destroy Everything'*, p. 144.



Heavily armed Myanmar army troops patrol Kyinkanpyin area in Maungdaw town in Rakhine State near the Bangladesh border on 16 October 2016. The soldier in the middle appears to have the Western Command insignia in his right upper arm. © KHINE HTOO MRAT/AFP via Getty Images



Insignia of Western Command



Insignia of 99<sup>th</sup> LID, Myanmar army

The confidential MEHL shareholder report dated June 2011<sup>150</sup> seen by Amnesty International focuses on MEHL's institutional shareholders and includes information never publicly disclosed before on MEHL. It provides extensive details on the make-up of MEHL's institutional shareholders as of June 2011 and dividends paid to institutional and individual shareholders between 1990 and 2011.

150 Union of Myanmar Economic Holdings Ltd, *Report on the Status of Share and Dividends of Directorate Offices, and the Military Units under respective Regional Military Commands for the fiscal year 2010-2011*, 3 June 2011. On file with Amnesty International.

The report shows that in 2011, MEHL's shares were split between "A" and "B" shares. "A" shares were owned by the Ministry of Defence and the Directorate of Defence Procurement. According to MEHL, this arrangement continued until 2016, when the company restructured itself and transferred all "A" shares to "B"-type shareholders.<sup>151</sup>

**တပ်မတော်အကြီးအကဲများနှင့် စီးပွားရေးဦးစီးဌာနမှ ခန့်အပ်ထားသော အမှုဆောင်များ၏ အစုရှယ်ယာအခြေခံအချက်အလက် (၂၀၁၀-၂၀၁၁)အစုပေါင်း အမြတ်ခွင့်ရရှိမှုစာရင်း**

စဉ်	အမည်	အသက်အရွယ်	ရှယ်ယာအထွေထွေ (ကျပ်လိန့်)	၂၀၁၀/၂၀၁၁ အစုပေါင်းအမြတ်ခွင့် (ကျပ်လိန့်)	ခန့်အပ်ထားသည့် ရက်စွဲ
၁	ကြည်း ၈၄၂၅ ဗိုလ်ချုပ်ကြီးမောင်အောင်	၆၂	၅၀,၀၀၀၀	၁၅,၀၀၀၀	၁၅-၆-၂၀၁၀
၂	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၁၀၀,၀၀၀၀	၅,၀၀၀၀	၂၈-၁-၂၀၁၀
၃	ကြည်း ၁၄၇၉၈ ဗိုလ်မှူးချုပ်ကြီးလှမောင်	၅၆	၁၀၀,၀၀၀၀	၅,၀၀၀၀	၁၅-၆-၂၀၁၀
၄	မရ ဗဟိုဌာန ဗိုလ်မှူးချုပ်ကြီးဟင်္သာစိန်(မရ)	၅၀	၅၀,၀၀၀၀	၁၅,၀၀၀၀	၁၄-၈-၂၀၁၀
၅	မရ ဗဟိုဌာန ဗိုလ်မှူးချုပ်ကြီးဦးစိန်(မရ)	၅၀	၅၀,၀၀၀၀	၁၅,၀၀၀၀	၅-၈-၂၀၁၀
၆	ကြည်း ၁၅၀၀၅ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၇	ကြည်း ၈၄၂၅ ဗိုလ်ချုပ်ကြီးမောင်အောင်	၆၂	၅၀,၀၀၀၀	၁၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၈	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၉	ကြည်း ၁၄၇၉၈ ဗိုလ်မှူးချုပ်ကြီးလှမောင်	၅၆	၅၀,၀၀၀၀	၅,၀၀၀၀	၁၅-၆-၂၀၁၀
၁၀	ကြည်း ၁၅၀၀၅ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၁	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၂	ကြည်း ၈၄၂၅ ဗိုလ်ချုပ်ကြီးမောင်အောင်	၆၂	၅၀,၀၀၀၀	၁၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၃	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၄	ကြည်း ၁၄၇၉၈ ဗိုလ်မှူးချုပ်ကြီးလှမောင်	၅၆	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၅	ကြည်း ၁၅၀၀၅ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၆	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၇	ကြည်း ၁၄၇၉၈ ဗိုလ်မှူးချုပ်ကြီးလှမောင်	၅၆	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၈	ကြည်း ၁၅၀၀၅ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၁၉	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၀	ကြည်း ၁၄၇၉၈ ဗိုလ်မှူးချုပ်ကြီးလှမောင်	၅၆	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၁	ကြည်း ၁၅၀၀၅ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၂	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၃	ကြည်း ၁၄၇၉၈ ဗိုလ်မှူးချုပ်ကြီးလှမောင်	၅၆	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၄	ကြည်း ၁၅၀၀၅ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၅	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၆	ကြည်း ၁၄၇၉၈ ဗိုလ်မှူးချုပ်ကြီးလှမောင်	၅၆	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၇	ကြည်း ၁၅၀၀၅ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၈	ကြည်း ၁၆၄၈၉ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၂၉	ကြည်း ၁၄၇၉၈ ဗိုလ်မှူးချုပ်ကြီးလှမောင်	၅၆	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀
၃၀	ကြည်း ၁၅၀၀၅ ဗိုလ်မှူးချုပ်ကြီးစိုးဝင်း	၅၀	၅၀,၀၀၀၀	၅,၀၀၀၀	၂၅-၇-၂၀၁၀

Page 11 of MEHL's 2010-11 shareholder report, which includes a range of military leaders and their dividend payments received in fiscal year 2010-11. The first two individuals listed in the table are current Commander-in-Chief, Senior General Min Aung Hlaing and current Commander-in-Chief (army), Vice Senior General Soe Win.

The report also shows that "B" shares were held by institutional and individual shareholders (units or service members, respectively), all grouped under 14 active military commands, the Ministry of Defence and one additional group comprised of organizing committees and veteran organizations. In total, the report lists 1,561 institutional shareholders with "B" shares. These appear to include every part of the Myanmar armed forces, such as the full range of army, navy and air force units, and from training units and military hospitals to combat units.

151 Clare Hammond, "Military-owned MEHL applies to become public company", *The Myanmar Times*, 1 April 2016, <http://www.mmimes.com/index.php/business/19799-military-owned-mehl-applies-to-become-public-company.html>

**In total, the report lists 1,563 institutional shareholders, which appear to include every part of the Myanmar armed forces, such as the full range of army, navy and air force units, from training units and military hospitals to combat regiments.**

Notably, the Military Affairs Security Force, which is the military intelligence branch, is listed as a shareholder. As are two “interrogation and guest camps”, two prisons as well as several platoons and squadrons attached to the “defence industries”.<sup>152</sup> In addition, 96 institutional shareholders are listed as veterans’ organizations, while the rest are regional commands and other military units, which are all named in the report. All eight units (including Western and Eastern Commands) named in the DICA 2020 document are also identified in the shareholder report.

(၁၂) အခနာကိရိုင်းတိုင်းစစ်ဌာနချုပ်

စဉ်	တပ်ရင်း/တပ်ဖွဲ့အမည်	အသင်းသားအမှတ်	အပူပေးယာဇာနည်(ကျပ်သိန်း)	အမြတ်ပေး(ကျပ်သိန်း)
၁	အခနာကိရိုင်းတိုင်းစစ်ဌာနချုပ်(တိုင်းရန်ပုံငွေ-၁)	၁၈	၂၃၀၀.၀၀	၆၉၀.၀၀၀၀၀
၂	အခနာကိရိုင်းတိုင်းစစ်ဌာနချုပ်(တိုင်းရန်ပုံငွေ-၂)	၂၆၉၅၆	၇၀၀.၀၀	၂၀၀.၀၀၀၀၀
၃	အခနာကိရိုင်းတိုင်းစစ်ဌာနချုပ်(စစ်ဥပဒေရန်ပုံငွေ)	၂၁၉၆၆	၅.၀၀	၁.၆၀၀၀၀
၄	အခနာကိရိုင်းတိုင်းစစ်ဌာနချုပ်(စစ်နားရန်ပုံငွေ)	၁၅၀၁၇	၆၅၀.၀၀	၁၈၀.၀၀၀၀၀
၅	စစ်ဘက်ရေးရာလုံခြုံရေးတပ်ဖွဲ့(နပမ)	၃၅၃၇၅	၃၅၀.၀၀	၁၀၀.၀၀၀၀၀
၆	အမှတ်(၅)စစ်ဆင်ရေးကွပ်ကဲမှုဌာနချုပ်	၈၇၀၄	၁၀၀၀.၀၀	၃၀၀.၀၀၀၀၀
၇	အမှတ်(၉)စစ်ဆင်ရေးကွပ်ကဲမှုဌာနချုပ်	၁၇၂၆၁	၁၀၀၀.၀၀	၃၀၀.၀၀၀၀၀
၈	အမှတ်(၁၇)စစ်ဆင်ရေးကွပ်ကဲမှုဌာနချုပ်	၂၁၇၄၇	၈၀၀.၀၀	၂၂၀.၅၀၀၀၀
၉	ဒေသကွပ်ကဲမှုစစ်ဌာနချုပ်(စစ်တွေ)	၂၆၁၂၁	၁၀၀၀.၀၀	၃၀၀.၀၀၀၀၀
၁၀	စစ်ဘက်အဖွဲ့(အခြေချ)ဘူးသီးတောင်	၁၂၂၈၈	၁၀၀၀.၀၀	၃၀၀.၀၀၀၀၀
၁၁	အမှတ်(၂)တပ်မတော်ဆေးရုံ(ခုတင်-၃၀၀)	၁၈၅၀၃	၆၀၀.၀၀	၁၆၂.၀၀၀၀၀
၁၂	အမှတ်(၁၇)တပ်မတော်ဆေးရုံ(ခုတင်-၁၀၀)	၂၆၆၁၈	၃၅၀.၀၀	၈၅.၀၀၀၀၀
၁၃	အမှတ်(၈)စစ်မြေပြင်ဆေးတပ်ရင်း	၇၅၅၃	၄၅၀.၀၀	၁၂၅.၂၈၀၀၀
၁၄	အမှတ်(၄)စစ်မြေပြင်ဆေးတပ်ရင်း(ခွဲ-၃)	၂၂၂၁၉	၂.၆၀	၀.၇၈၀၀၀
၁၅	အမှတ်(၁၀)တပ်ထိန်းတပ်ဖွဲ့	၂၆၁၂၅	၁၅၀.၀၀	၄၅.၀၀၀၀၀
၁၆	အမှတ်(၈၆၈)တပ်ထိန်းတပ်ဖွဲ့	၇၉၆၀	၃၀၀.၀၀	၇၅.၀၀၀၀၀
၁၇	အမှတ်(၉၄၆)ဆောက်လုပ်ရေးအင်ဂျင်နီယာတပ်ဖွဲ့	၂၈၀၃၆	၂၄၉.၀၀	၇၄.၇၀၀၀၀
၁၈	အမှတ်(၉၆၂)ဆောက်လုပ်ရေးအင်ဂျင်နီယာတပ်ဖွဲ့	၁၈၅၀၄	၂၅၀.၀၀	၇၅.၀၀၀၀၀
၁၉	အမှတ်(၁၅)စစ်ဆင်ရေးကွပ်ကဲမှုဌာနချုပ်(စစ်မြေပြင်အင်ဂျင်နီယာတပ်ဖွဲ့)	၂၂၃၇၇	၅၀.၀၀	၁၄.၄၈၀၀၀
၂၀	အမှတ်(၉၀၈)စစ်မြေပြင်အင်ဂျင်နီယာတပ်ရင်း	၁၀၀၉၇	၄၀၀.၀၀	၁၂၀.၀၀၀၀၀
၂၁	အမှတ်(၉၀၈)စစ်မြေပြင်အင်ဂျင်နီယာတပ်ရင်း(ခွဲ-၂)	၁၉၀၂၇	၅၀.၀၀	၁၅.၀၀၀၀၀
၂၂	အမှတ်(၉၁၉)စစ်မြေပြင်အင်ဂျင်နီယာတပ်ရင်း	၂၆၁၂၃	၄၀၀.၀၀	၁၂၀.၀၀၀၀၀
၂၃	အမှတ်(၈၂၈)ဆောက်လုပ်မှုနှင့်မြို့ဆောင်ရေးတပ်ရင်း	၁၅၇၄၃	၆၅၀.၀၀	၁၇၀.၀၆၂၅၀
၂၄	အမှတ်(၉၂၆)ဆောက်လုပ်မှုနှင့်မြို့ဆောင်ရေးတပ်ဖွဲ့	၂၆၁၂၆	၃၅၀.၀၀	၉၄.၃၇၅၀၀
၂၅	အမှတ်(၉၂၆)ဆောက်လုပ်မှုနှင့်မြို့ဆောင်ရေးတပ်ရင်း	၈၆၈၂	၃၅၀.၀၀	၁၀၀.၀၀၀၀၀
၂၆	အမှတ်(၉၂၇)အလုပ်ရုံတပ်ဖွဲ့(လျှပ်/စက်)	၂၆၁၂၇	၃၀၀.၀၀	၇၉.၅၂၂၅၀
၂၇	အမှတ်(၃၄၃)စစ်လက်နက်ပစ္စည်းတပ်ဖွဲ့	၈၆၇၀	၂၅၀.၆၇	၆၉.၀၄၂၂၅
၂၈	အမှတ်(၃၄၃)စစ်လက်နက်ပစ္စည်းတပ်ဖွဲ့	၂၆၁၂၄	၂၀၀.၀၀	၆၀.၀၀၀၀၀
၂၉	အမှတ်(၈၁၈)ဆက်သွယ်ရေးတပ်ရင်း	၁၄၆	၅၀၀.၀၀	၁၄၄.၀၈၈၀၀
၃၀	အမှတ်(၄)ဆက်သွယ်ရေးအလုပ်ရုံ	၇၉၂၄	၁၆၀.၀၀	၄၅.၁၀၀၀၀
၃၁	အမှတ်(၈)အဆင့်မြင့်ဆက်သွယ်မှုတပ်ရင်း	၃၄၀၀၅	၄၅၀.၀၀	၁၂၃.၀၀၀၀၀

Page 56 of MEHL's 2010-11 shareholder report, which includes details of military units under Western Command that are shareholders and their dividend payments received in fiscal year 2010-11.

152 Myanmar's Directorate of Defence Industries manufactures armaments. In 2012, the USA imposed sanctions on it for carrying out “missile research and development” with North Korean support. See US Treasury, *Joint Fact Sheet from U.S. Treasury and State Departments: Administration Eases Financial and Investment Sanctions on Burma*, 7 November 2012, <https://www.treasury.gov/press-center/press-releases/Pages/tg1633.aspx>

The report also provides detailed information on individual shareholders: 91 are named (out of a total of 48,203 military-affiliated individuals), including state officials, ministers, retired Tatmadaw officers, members of MEHL's board, and commanders. Noteworthy shareholders include:

- Senior General Min Aung Hlaing, the current Commander-in-Chief of Myanmar's armed forces;
- Lieutenant General Soe Htut, the current Minister for Home Affairs;
- General Khin Aung Myint, Commander-in-Chief (air) until 2018;
- Lieutenant General Thein Htay, head of the Directorate of Defence Industries until at least 2017; and
- U Aung Kyi, the current Anti-Corruption Commission Chair.



Senior General Min Aung Hlaing, Commander-in-Chief of the Myanmar armed forces.  
© YE AUNG THU/AFP via Getty Images

It appears that the number of shares an individual can own is linked to a traditional, military-based incentive structure: active members are paid more than retired officers, and higher ranks are paid more than lower ranks. On the latter point, the shareholder report includes a table of “share restrictions”, which was approved by the “patron group”. It provides the maximum amount of shares a soldier with a specific rank can own: the higher the rank, the more shares can be owned.

The report provides examples of how this is applied. For example, Western Command appears to have two types of individual shareholders: 255 are “officer corps”; 2,383 are “other ranks”. The officer corps had a total of 106,010 shares, averaging 416 shares per shareholder. The second, lower-ranked group of servicemen had a total of 86,694 shares, averaging 36 shares per shareholder.

Effectively, therefore, MEHL provides financial incentives to military officers, incentives that can easily turn into sanctions as a result of bad behaviour. The shareholder report includes a table naming 35 individuals who ceased to be eligible for dividends for reasons such as desertion, imprisonment, dismissal from the armed forces, and “absence without leave”. The list mentions Major Aung Lin Htut, a high-ranking military intelligence officer who defected from Myanmar and claimed asylum in the USA in 2005.<sup>153</sup>

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153 Aung Lynn Htut, “The Burma-North Korea Axis”, I.H.T. Op-Ed Contributor, *The New York Times*, 18 June 2020, <https://www.nytimes.com/2010/06/19/opinion/19iht-edaung.html>; Way Moe, “Naypyidaw’s Pyongyang Ploy”, *The Irrawaddy*, 10 June 2010, [https://www2.irrawaddy.com/article.php?art\\_id=18685](https://www2.irrawaddy.com/article.php?art_id=18685)

၂၀၁၀-၂၀၁၁ ဘဏ္ဍာရေးနှစ်အတွက် အစုပေါင်းအမြတ်ငွေခံစားခွင့်မရှိသော အစုရှင်များစာရင်း

စဉ်	ကိုယ်ပိုင်အမှတ်	အဆင့်	အမည်	တပ်	ထည့်ဝင်အစု	၂၀၁၀-၂၀၁၁ အစုပေါင်းအမြတ်ငွေ (ကျပ်)	ကျန်ရှိအမြတ်ငွေ (ကျပ်)	မှတ်ချက်
၁	ကြည်း ၁၄၇၇၇	ဗိုလ်မှူး	ဖောင်လင်းထွန်း	နိုင်ငံခြားနေထိုင်ကြီးပြားသူ	၅၀၂	၁၅၀၆၀၀	၉၀၃၆၀၀ (၆၄၆)	ခွင့်မဲ့ပျက်ကွက်
၂	၉၀၀၆၀၃	တပ်ကြပ်ကြီး	နိုင်ငံလေးသိန်း	သဟရ(၇၀၀၂)	၁၀	၃၀၀၀	-	ခွင့်မဲ့ပျက်ကွက်
၃	၉၈၅၆၉၇	ဒုတိယတပ်ကြပ်	ရန်နိုင်ထွန်း	ဖဟရ(၉၀၈)	၅	၃၀၀၀	-	ခွင့်မဲ့ပျက်ကွက်
၄	၉၈၇၆၇၂	တပ်ကြပ်	မိုးဝတ်	ခမရ(၁)	၅	၃၀၀၀	-	ထောင်ကျ/ထုတ်ပယ်
၅	၉၈၃၉၃၉	တပ်ကြပ်ကြီးစာရေး	ဆလိုင်းဆန်းမောင်	တထွန်း(၁)	၅	၃၀၀၀	၂၄၀၀ (၈၄၆)	ထုတ်ပယ်
၆	၇၄၃၂၅၁	ဒုတိယတပ်ကြပ်	သန်းလွင်ဦး	တထွန်း(၁)	၂၀	၆၀၀၀	၆၀၀၀ (၁၄၆)	ထောင်ကျ/ထုတ်ပယ်
၇	ကြည်း ၃၀၆၈၈	ဗိုလ်ကြီး	သန်းလွင်ဦး	စေခ(မိုးမိတ်)	၂၀	၆၀၀၀	-	ထောင်ကျ/ထုတ်ပယ်
၈	တ/၂၅၇၇၇၀	တပ်ကြပ်ကြီးစာရေး	ဖောင်လင်းထွန်း	တတက(၇)	၅	၁၅၀၀၀	၃၀၀၀၀ (၂၄၆)	ထုတ်ပယ်
၉	တ/၂၄၃၃၃	တပ်သား	ရဲခွန်ဝင်း	ခလရ(၇၄)	၅	၃၀၀၀	၃၀၀၀ (၂၄၆)	ခွင့်မဲ့ပျက်ကွက်
၁၀	၉၀၀၃၉၂	တပ်သား	ဝင်းလွင်	ခလရ(၇၄)	၂	၃၀၀၀	၂၇၀၀ (၉၄၆)	တပ်ပြေး
၁၁	၇၁၅၃၇၇	ဒုတိယတပ်ကြပ်	ဘသန်း	ခလရ(၇၄)	၂	၆၀၀၀	၄၂၀၀ (၇၄၆)	တပ်ပြေး
၁၂	တ/၃၀၀၆၃၆	တပ်သား	ဝေယံစိုင်း	စေခ(ကျွမ်းလုံ)	၅	၃၀၀၀	၂၀၀၀ (၇၄၆)	ခွင့်မဲ့ပျက်ကွက်
၁၃	တ/၃၃၉၃၅၀	တပ်သား	ကျော်စွန်းဦး	ခမရ(၇၆၇)	၁၀	၃၀၀၀	-	ခွင့်မဲ့ပျက်ကွက်
၁၄	တ/၃၂၉၁၇၈	ဒုတိယတပ်ကြပ်	သက်လွင်	ခမရ(၇၆၇)	၁၀	၃၀၀၀	၃၀၀၀ (၁၄၆)	ခွင့်မဲ့ပျက်ကွက်
၁၅	တ/၃၂၉၁၈၄	တပ်သား	ကျော်စွန်းဦး	ခမရ(၇၆၇)	၁၀	၃၀၀၀	၃၀၀၀ (၁၄၆)	ခွင့်မဲ့ပျက်ကွက်
၁၆	တ/၁၅၄၄၈၂	တပ်သား	တိုးစိုင်း	ခမရ(၇၆၇)	၁၀	၃၀၀၀	-	ခွင့်မဲ့ပျက်ကွက်
၁၇	တ/၂၇၈၂၂၇	တပ်သား	သက်စိုင်းဦး	စကခ(၁၆)	၁၀	၃၀၀၀	-	ခွင့်မဲ့ပျက်ကွက်
၁၈	တ/၂၃၇၇၆	တပ်သား	မြင့်အောင်	စကခ(၁၆)	၅	၁၅၀၀	၃၀၀၀ (၂၄၆)	ထုတ်ပယ်

Page 83 of MEHL's 2010-11 shareholder report, which shows part of a table naming 35 individuals who ceased to be eligible for dividends for reasons such as desertion, imprisonment, dismissal from the armed forces, and "absence without leave". The first person on the list is Aung Lin Htut, a high-ranking military intelligence officer who defected from Myanmar and claimed asylum in the USA in 2005.

Important overlaps between the 2010-11 shareholder report and the 2020 DICA document indicate that the former continues to be relevant in explaining the inner workings of MEHL. For example, the eight regional commands and military units listed as shareholders in the DICA document, such as Western Command and the Office of the Adjutant General (see Table 2 above), are also listed as shareholders in the 2010-11 report. These shareholders continued to have the same ID number and, in most cases, an identical or similar number of shares. Further, the number of institutional shareholders in 2010-11 was reported to total 1,563; 10 years later, in the DICA document, the number was reported as 1,803 shareholders.

In May 2020 Amnesty International contacted MEHL with these details, but received no response.

### 3.6 MEHL'S DIVIDEND PAYMENTS

The 2010-11 shareholder report also provides information on the annual dividend payments to shareholders from the time of the company's establishment in 1990 to 2011. The total paid out in this 20-year period was nearly 108 billion kyats (approximately US\$18 billion at the official rate).<sup>154</sup> Of this, MEHL transferred to military units 95 billion kyats (approximately US\$16 billion).

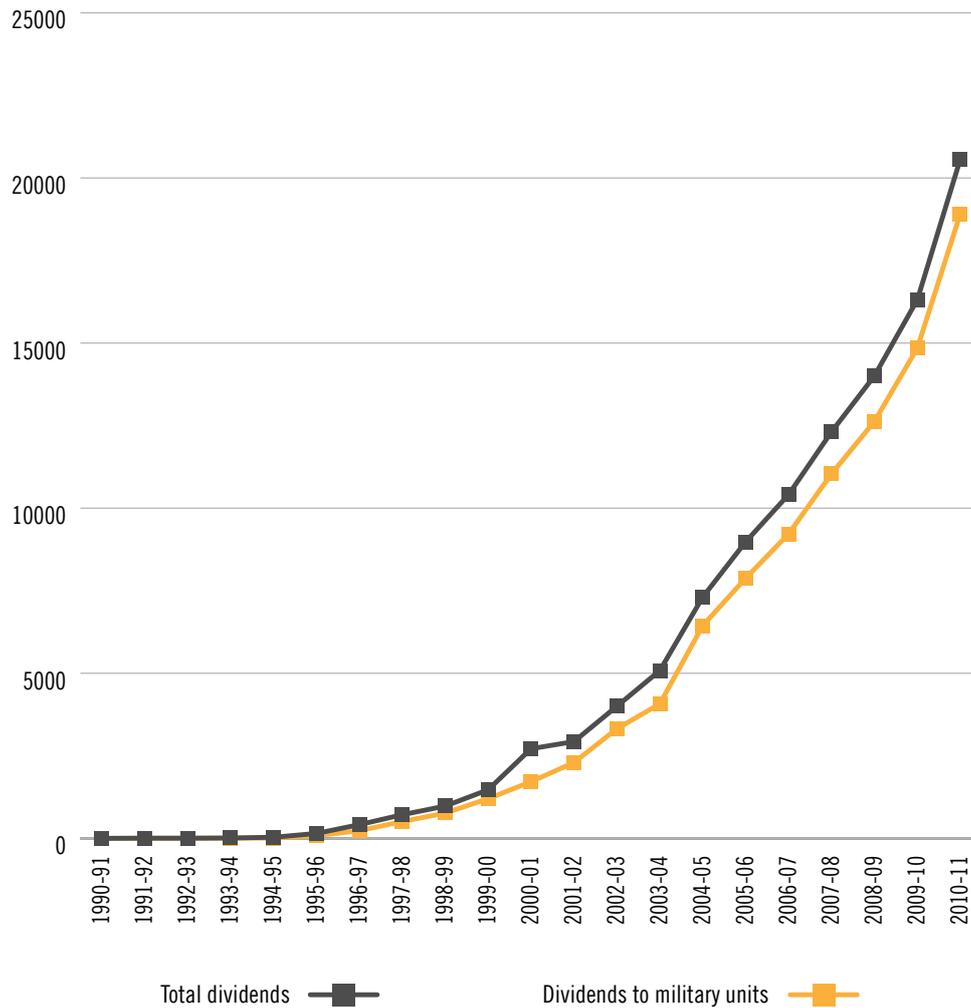
Amnesty International has mapped the annual dividend payments received each year over the 20 years. The following graph shows how the amount received by MEHL's shareholders grew exponentially year on year, with military units receiving most of the money. Much smaller amounts were paid to individual and other shareholders, according to the shareholder report.

154 During this period the kyat had an official exchange rate of about 6 kyats per US\$1. Fumiharu Mieno and Koji Kubo, "Growth Structure and Macroeconomy Under Twenty Years of Junta Regime in Myanmar" in Konosuke Odaka (eds), *The Myanmar Economy: Its Past, Present and Prospects*, 2016, Springer, p. 65.

***The total amount of all dividend payments made in this 20-year period to all shareholders was more than 107 billion Myanmar kyats.***

Graph 1

**MEHL annual dividends 1990/91-2010/11  
(million kyats)**



The shareholder document does not explain how the dividends are used by the military units that receive them, and MEHL did not reply to Amnesty International’s questions regarding this (or to any other questions).

# 4. HOW MEHL CONTRIBUTES TO HUMAN RIGHTS VIOLATIONS AND CRIMES UNDER INTERNATIONAL LAW

## 4.1 INVOLVEMENT OF SHAREHOLDERS IN VIOLATIONS

MEHL's shareholders include military units and high-ranking military officers directly implicated in crimes under international law and other serious human rights violations, as documented by Amnesty International in Rakhine, Kachin and northern Shan States since 2016.<sup>155</sup>



Myanmar soldiers and police travel in trucks through Maungdaw, in northern Rakhine State, on 14 October 2016. Amnesty International documented crimes against humanity against the Rohingya population during the operations in late 2016, which followed several attacks on security posts. © YE AUNG THU/AFP via Getty Images

155 See Amnesty International reports, 'We Are At Breaking Point'; 'All The Civilians Suffer'; 'Caged Without A Roof'; 'We Will Destroy Everything'; 'No One Can Protect Us'; and 'Caught In The Middle'.

Western Command covers and oversees military operations in Rakhine State. The 2010-11 shareholder report states that in total, 95 separate military units under Western Command are shareholders of MEHL.<sup>156</sup> Together, they owned more than 4.3 million shares and received payments of more than 1.25 billion kyats (US\$208 million) in 2010-11.

Amnesty International documented the role of several of Western Command's units in international law violations, including crimes against humanity, in 2017 against the Rohingya people in Rakhine State, as well as war crimes and other serious human rights violations during the ongoing armed conflict with the Arakan Army.<sup>157</sup> The USA and EU have both sanctioned individuals associated with Western Command, including its commander during the operations against the Rohingya population, for their role in "atrocities and serious human rights violations".<sup>158</sup>

Each of these units is a shareholder and receives dividends from MEHL. Western Command is also listed in the document released by DICA in January 2020.

In August 2017, Myanmar's senior military leadership moved battalions from the 33<sup>rd</sup> and 99<sup>th</sup> Light Infantry Divisions (LIDs) to northern Rakhine State, where Amnesty International documented their involvement in crimes against humanity against the Rohingya population, including massacres of women, men and children committed during the military's operations.<sup>159</sup> In late 2016 and early 2017, these divisions operated in northern Shan State, where Amnesty International found they had committed war crimes.<sup>160</sup> Amnesty International

further documented war crimes and serious human rights violations by soldiers from the 99<sup>th</sup> LID in northern Shan State in 2018 and 2019.<sup>161</sup> As with Western Command, the USA and EU sanctioned individual commanders from the 33<sup>rd</sup> and 99<sup>th</sup> LIDs for their role in crimes under international law; the USA sanctioned these units as a whole.<sup>162</sup>



156 Union of Myanmar Economic Holdings Ltd, *Report on the Status of Share and Dividends of Directorate Offices, and the Military Units under respective Regional Military Commands for the fiscal year 2010-2011*, 3 June 2011. On file with Amnesty International.

157 Amnesty International reports '*We Will Destroy Everything*' and '*No One Can Protect Us*'.

158 Council Decision (CFSP) 2018/900 of 25 June 2018 amending Decision 2013/184/CFSP concerning restrictive measures against Myanmar/Burma, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.LI.2018.160.01.0009.01.ENG&toc=OJ:L:2018:160:TOC>; Council Decision (CFSP) 2018/2054 of 21 December 2018 amending Decision 2013/184/CFSP concerning restrictive measures against Myanmar/Burma <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.LI.2018.327.01.0005.01.ENG&toc=OJ:L:2018:327:TOC>; US Department of the Treasury, "Treasury Sanctions Commanders and Units of the Burmese Security Forces for Serious Human Rights Abuses", 17 August 2018, <https://home.treasury.gov/news/press-releases/sm460>; US Department of the Treasury, "United States Sanctions Human Rights Abusers and Corrupt Actors Across the Globe", 21 December 2017, <https://home.treasury.gov/news/press-releases/sm0243>

159 Amnesty International, '*We Will Destroy Everything*'.

160 Amnesty International, '*All The Civilians Suffer*'.

161 Amnesty International, '*Caught In The Middle*'.

162 US Department of the Treasury, "Treasury Sanctions Commanders and Units of the Burmese Security Forces for Serious Human Rights Abuses", 17 August 2018; Council Decision (CFSP) 2018/2054 of 21 December 2018 amending Decision 2013/184/CFSP concerning restrictive measures against Myanmar/Burma; Council Decision (CFSP) 2018/900 of 25 June 2018 amending Decision 2013/184/CFSP concerning restrictive measures against Myanmar/Burma.



Smoke rises from Rohingya villages being burned by the Myanmar army, Myanmar-Bangladesh border, 6 September 2017. More than 740,000 Rohingya fled to Bangladesh from August 2017 as a result of the military's campaign of violence. © Yousuf Tushar/LightRocket via Getty Images

In 2019, Amnesty International documented further human rights violations by the military in Rakhine State. The units involved were the 22<sup>nd</sup> and 55<sup>th</sup> LIDs, as well as battalions from Western Command, particularly some of those that are part of Military Operations Commands (MOCs) 5, 9 and 15.<sup>163</sup> As further reported by Amnesty International, two MOC 15 battalions, the 536<sup>th</sup> and 537<sup>th</sup> Light Infantry Battalions (LIBs), carried out operations during which villages were burned and Rohingya people were unlawfully killed.<sup>164</sup> The USA and EU both sanctioned a former commander of MOC 15; the EU also sanctioned individuals from the 564<sup>th</sup> LIB, which is part of MOC 15 – all for their role in crimes under international law against the Rohingya population in 2017.<sup>165</sup>

The headquarters of these units – as well as their component battalions – are listed in the 2010-11 shareholder report as having received annual dividend payments amounting to 186,501,250 kyats (US\$21 million). The table below provides details:

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163 Amnesty International, *'No One Can Protect Us'*.

164 Amnesty International, *'We Will Destroy Everything'*.

165 US Department of the Treasury, "Treasury Sanctions Commanders and Units of the Burmese Security Forces for Serious Human Rights Abuses", 17 August 2018; Council Decision (CFSP) 2018/2054 of 21 December 2018 amending Decision 2013/184/CFSP concerning restrictive measures against Myanmar/Burma; Council Decision (CFSP) 2018/900 of 25 June 2018 amending Decision 2013/184/CFSP concerning restrictive measures against Myanmar/Burma.

**Table 3**

<b>Unit</b>	<b>Shareholder number</b>	<b>No. of shares in 2010-11</b>	<b>Dividends in 2010-11 (kyat)</b>	<b>Dividends in 2010-11 (approximate US\$)<sup>166</sup></b>
Military Operations Command 15 (Western Command)	21743	80,000	22,050,000	4 million
564th Light Infantry Battalion (Western Command)	21651	50,000	15,000,000	2.5 million
536th Light Infantry Battalion (Western Command)	18646	50,000	15,000,000	2.5 million
537th Light Infantry Battalion (Western Command)	18575	50,000	15,000,000	2.5 million
33rd Light Infantry Division	9685	100,000	29,751,250	5 million
99th Light Infantry Division	1623	100,000	30,000,000	5 million
22nd Light Infantry Division	1279	100,000	30,000,000	5 million
55 <sup>th</sup> Light Infantry Division (division fund)	1179	99,000	29,700,000	5 million

<sup>166</sup> This applies the official exchange rate applicable between 1990 and 2011 of about US\$1 = 6 kyats. Fumiharu Mieno and Koji Kubo, Growth Structure and Macroeconomy Under Twenty Years of Junta Regime in Myanmar in Konosuke Odaka (eds), *The Myanmar Economy: Its Past, Present and Prospects*, 2016, Springer, p. 65.

In addition, the shareholder report names senior military commanders who are also shareholders. These include officers who commanded troops involved in crimes under international law in Rakhine State since 2016, and before.

## **SENIOR GENERAL MIN AUNG HLAING** **COMMANDER-IN-CHIEF OF THE DEFENCE SERVICES**

Senior General Min Aung Hlaing is the Commander-in-Chief and heads the War Office, which commands military operations, including those undertaken in Kachin, Rakhine and Shan States since 2016.<sup>167</sup> In December 2019, the USA subjected Min Aung Hlaing to sanctions for his role in serious human rights violations.<sup>168</sup>

Senior General Min Aung Hlaing is MEHL shareholder number 9252. In 2010-11 he owned 5,000 shares and received a dividend payment of 1.5 million kyats (US\$250,000).<sup>169</sup>

## **VICE SENIOR GENERAL SOE WIN** **DEPUTY COMMANDER-IN-CHIEF OF THE** **DEFENCE SERVICES AND COMMANDER-** **IN-CHIEF (ARMY)**

Under Myanmar military doctrine, the Commander-in-Chief (army), Vice Senior General Soe Win, has direct command authority over the army's combat divisions, including those deployed to Kachin, Rakhine and Shan States since 2016.<sup>170</sup> As noted above, Amnesty International has documented crimes under international law by combat divisions, including the 22<sup>nd</sup>, 33<sup>rd</sup>, 55<sup>th</sup> and 99<sup>th</sup> LIDs as well as MOCs 5, 9, and 15. The USA sanctioned Vice Senior General Soe Win in December 2019 for his role in serious human rights violations.<sup>171</sup>

Vice Senior General Soe Win is MEHL shareholder number 51080. In 2010-11 he owned 10,000 shares and received dividends worth 500,000 kyats (US\$83,333).



*Senior General Min Aung Hlaing (R), Vice Senior General Soe Win (C) and Home Affairs Minister Lieutenant General Kyaw Swe (L) in the capital Naypyidaw, 28 October 2019. © The Aung / AFP via Getty Images*

167 For more on his command responsibility for the operations in Rakhine State against the Rohingya population, see Amnesty International, *'We Will Destroy Everything'*, pp. 155-158.

168 US Department of the Treasury, "Treasury Sanctions Individuals for Roles in Atrocities and Other Abuses", 10 December 2019, <https://home.treasury.gov/news/press-releases/sm852>; Daphne Psaedakis, Simon Lewis, "US slaps sanctions on Myanmar military chief over Rohingya atrocities", Reuters, 10 December 2019, <https://www.reuters.com/article/us-usa-myanmar-sanctions/us-slaps-sanctions-on-myanmar-military-chief-over-rohingya-atrocities-idUSKBN1YE1XU>

169 The shareholder report does not explain how dividends are calculated.

170 For more on his command responsibility for the operations in Rakhine State against the Rohingya population, see Amnesty International, *'We Will Destroy Everything'*, pp. 140-153, 158.

171 US Department of the Treasury, "Treasury Sanctions Individuals for Roles in Atrocities and Other Abuses", 10 December 2019; Daphne Psaedakis, Simon Lewis, "U.S. slaps sanctions on Myanmar military chief over Rohingya atrocities", Reuters, 10 December 2019.

## **LIEUTENANT GENERAL AUNG KYAW ZAW**

### **FORMER COMMANDER OF NO. 3 BUREAU OF SPECIAL OPERATIONS (BSO)**

As Commander of No. 3 BSO from 2015 until January 2018, Lt. Gen. Aung Kyaw Zaw controlled all military operations in Southern, Southwestern and Western Command, which includes Rakhine State. Units under his control committed crimes under international law against the Rohingya people during this period, and he was physically present in northern Rakhine State during, at a minimum, key periods before and during the 2017 operations.<sup>172</sup>

Lt. Gen. Aung Kyaw Zaw is MEHL shareholder number 32596. In 2010-11 he owned 10,000 shares and received dividend payments of 502,500 kyats (US\$83,750).

## **4.2 FUNDING THE MILITARY'S OPERATIONAL COSTS**

MEHL has paid and continues to pay dividends to military combat units, including those within Western Command that have committed crimes under international law and other serious human rights violations in recent years.

Dividend payments come directly from the profits that MEHL makes through its many businesses, including those that it operates through joint ventures and profit-sharing agreements with local and foreign partners. MEHL has not disclosed how much it pays in dividends, but according to the confidential 2010-11 report, between 1990 and 2011, the company paid out 95 billion kyats (US\$16 billion) to military units. Amnesty International assumes that the dividend payments recorded in the 2010-11 report have continued to be paid, substantially, to the same shareholders since then. When asked, MEHL did not take the opportunity to correct this.

Outsiders cannot know how these dividends are spent, but considering their size and regularity, it is reasonable to assume that they help finance the military's operational costs.

MEHL claims that its purpose is to support the "welfare" of active and retired military personnel. However, this is not backed up by any evidence. According to the 2010-11 shareholder report, only a tiny proportion of dividend payments is paid to individual shareholders. The overwhelming majority goes to the component parts of the military. Even if MEHL simply contributed towards pensions, medical or other costs associated with "welfare", these too can be considered as core operational costs that allow Myanmar's military to function.

In providing funding to military units, MEHL is therefore partly financing the military's operational costs. In this way, the company has been contributing and continues to contribute to human rights violations by the military in past and ongoing operations in Kachin, Rakhine and northern Shan States.

This has long been suspected. Historian Maung Aung Myoe and expert Gerard McCarthy have written about how MEHL has augmented the military's official budget.<sup>173</sup> Likewise, in 2019 the UN Fact-Finding Mission concluded that revenue from MEHL "provides financial support for the Tatmadaw's operations with their wide array of international human rights and humanitarian law violations".<sup>174</sup>

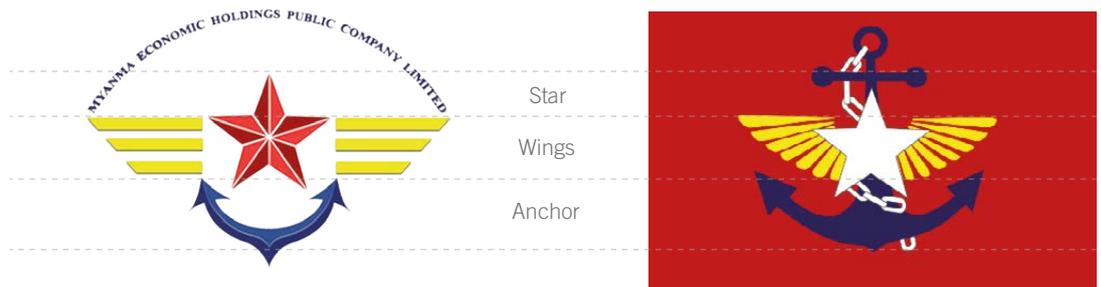
It is not simply the case of MEHL "unwittingly" providing finance to the military. MEHL was created and is directed and owned by the military.

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172 For more on his command responsibility, see Amnesty International, *'We Will Destroy Everything'*, pp. 158-159.

173 Gerard McCarthy, *Military Capitalism in Myanmar*, p. 14; Maung Aung Myoe, *Building the Tatmadaw*, p. 88.

174 UN Fact-Finding Mission, *The economic interests of the Myanmar military*.



*The elements that comprise MEHL's logo are very similar to those that make up the Myanmar military flag: the “wings” which can also be found in the coat of arms of the Myanmar Air Force; the anchor which is an element of the naval ensign of Myanmar; and the star which is found in flags and badges of various commands and military units of the Myanmar armed forces.*

The MEHL board of directors consists entirely of serving and retired senior officers. The two most senior members of the military – the Commander-in-Chief and the Deputy Commander-in-Chief – chair MEHL's “patron group”, which oversees the board. In their military roles, they have commanded forces that have been repeatedly implicated in serious crimes in recent years across the country. The UN Fact-Finding Mission has called for senior military officials, including members of MEHL's “patron group”, to be investigated and prosecuted for crimes against humanity and war crimes in Kachin, Rakhine and Shan States, and genocide against the Rohingya population in Rakhine State.<sup>175</sup>

In light of this, MEHL's leadership is undoubtedly aware of how the dividends it pays to shareholders are used, including those sent to military units in Kachin, Rakhine and northern Shan States.

***It is not simply a case of MEHL “unwittingly” providing finance to the military. MEHL was created and is directed and owned by the military.***

<sup>175</sup> UN Fact-Finding Mission, *Report of the detailed findings of the Independent International Fact-Finding Mission on Myanmar*, UN Doc. A/HRC/39/64, 12 September 2018.



## 5. HOW MEHL'S BUSINESS PARTNERS CONTRIBUTE TO HUMAN RIGHTS VIOLATIONS AND CRIMES UNDER INTERNATIONAL LAW

### 5.1 CORPORATE RESPONSIBILITY TO RESPECT HUMAN RIGHTS

Evidence presented in this report demonstrates that MEHL's many business partners – both Myanmar and foreign – are at risk of contributing to the commission of crimes under international law and other serious human rights violations. Amnesty International recognizes that these joint ventures and local companies established by MEHL's foreign partners might be an important source of employment for the Myanmar people (as well as potential sources of tax for social welfare). However, the joint economic activities with MEHL, the profits these generate and the dividends disbursed to military units and Tatmadaw officers can also contribute to the crimes under international law and other serious human rights violations committed by the Myanmar military.

As noted earlier, the UN Guiding Principles establish that companies must take proactive and ongoing steps to identify and respond to the potential or actual human rights impacts of their activities through due diligence procedures, exercising leverage in the business relationship to prevent or mitigate those impacts, and, if this fails, disengaging responsibly from the relationship.<sup>176</sup>

In this context, the UN Guiding Principles establish that MEHL's business partners should seek to exercise their leverage over the company to ensure that their joint operations are not financially contributing to the military. If this is not possible, then the companies should disengage.

The sections below summarize the communications between Amnesty International and the companies featured in this report, and the steps taken (or not taken) by each company in the context of human rights due diligence, exercising leverage and decisions to disengage from or continue to engage with the business partnership.

***The joint economic activities with MEHL, the profits these generate and the dividends disbursed to military units and Tatmadaw officers can also contribute to the crimes under international law and other serious human rights violations committed by the Myanmar military.***

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<sup>176</sup> See OECD Guidelines, 3.2, pp. 30-31.

## 5.2 BEHAVIOUR OF COMPANIES

Amnesty International chose to focus on the Myanmar and foreign companies set out above because they have operations in Myanmar with direct MEHL involvement and all of them have been in operation in the country for the past five years. As a result of these partnerships, MEHL receives (or may receive) significant dividends or profits – either as a shareholder of the joint venture (anywhere from 30% to 63% ownership) or as a beneficiary of a profit-sharing agreement (receiving between 19% to 51% of profits).

Amnesty International selected two types of companies for the purposes of this report: two Myanmar companies that are in partnership with MEHL, KBZ and EFR; and a number of foreign companies that are either in joint ventures with MEHL or in close partnership. In all cases, Amnesty International provided the companies with the opportunity to respond to its findings, as well as answer a series of questions. At the time of writing, two companies, RMH Singapore Pte. and Wanbao Mining, had not replied. Amnesty International also contacted MEHL, which confirmed receipt but had not replied either.

Below is a summary of the communications Amnesty International has had with each company.

### 5.2.1 KIRIN

Amnesty International had previously engaged with Kirin in relation to its operations in Myanmar. In 2018, it asked the Japanese government to investigate a donation of US\$6,000 by Myanmar Brewery to Myanmar's military at the height of a devastating campaign of violence against the Rohingya population in late 2017.<sup>177</sup> In response, Kirin said it had imposed a moratorium on charitable donations to the military, conducted an internal investigation to review the company's charitable donations and organized meetings with MEHL to discuss "Kirin's broader commitment to respecting human rights".<sup>178</sup>

Kirin stated that its investigation into the donation was not able to confirm whether the funds were used for humanitarian purposes, which was the presumed purpose of the donation.<sup>179</sup> However, in response to Amnesty International's findings, Kirin said it had developed a new Charitable Donations and Volunteering Policy, which came into force in January 2019 and imposed higher standards in assessing potential partners and documenting how donations were used.<sup>180</sup>

Separately, Kirin conducted human rights impact assessments of its operations in Myanmar and, as a result, adopted a human rights policy.<sup>181</sup> In addition, the company reportedly strengthened its due diligence processes and appointed a Senior Executive Officer to "drive awareness and coordinate human rights initiatives throughout the business".<sup>182</sup>

Most recently, Amnesty International contacted Kirin to share details of the MEHL shareholder information disclosed in this report. Kirin reaffirmed its respect for human rights and acknowledged that it was "deeply troubled" by the information provided, "specifically that through our partnership with MEHL, there is a risk that Kirin could have contributed to, and remains at risk of contributing to, human rights violations."<sup>183</sup>

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177 Amnesty International, "Japan: Investigate brewer Kirin over payment to Myanmar military amid ethnic cleansing of Rohingya" (Press release, 14 June 2018), <https://www.amnesty.org/en/latest/news/2018/06/japan-investigate-brewer-kirin-over-payments-to-myanmar-military-amid-ethnic-cleansing-of-rohingya/>

178 Kirin Holdings, "The Progress Updates Concerning the Letter from Amnesty International", 14 December 2018, [https://www.kirinholdings.co.jp/english/news/2018/1214\\_01.html](https://www.kirinholdings.co.jp/english/news/2018/1214_01.html)

179 Letter from Kirin dated 22 May 2018, p. 4, available at <https://app.box.com/s/1zxkmaey5oi3hmy3z133cldtuh7j03y9>

180 Letter from Kirin dated 14 December 2018, p. 2, available at <https://app.box.com/s/gvughumpfgnjtur38vdn6t30d23pfz71>

181 Letter from Kirin dated 27 April 2018, pp. 1, 3-4, available at <https://app.box.com/s/1zxkmaey5oi3hmy3z133cldtuh7j03y9>

182 Letter from Kirin dated 14 December 2018, p. 4, available at <https://app.box.com/s/gvughumpfgnjtur38vdn6t30d23pfz71>

183 Annex I, letter from Kirin dated 2 June 2020, p. 1.

Kirin said that because it is concerned that cutting ties with MEHL could bring in “a buyer which does not share Kirin’s respect for human rights”, it had opted to engage with MEHL to discuss the findings and “ascertain whether proceeds for the joint-ventures with MEHL may have been used for military purposes.”<sup>184</sup>

Kirin reported that it had also commenced an internal assessment of its relationship with MEHL. In a press release on 5 June 2020, Kirin stated that it had made repeated requests to MEHL to disclose “necessary detail of the financial and governance structures” but to no avail.<sup>185</sup> As a result, it appointed Deloitte Tohmatsu Financial Advisory LLC (Deloitte) to independently review MEHL to determine the destination of proceeds from the joint venture businesses Myanmar Brewery Ltd and Mandalay Brewery Ltd. Kirin said it will “ensure that [Deloitte’s] review is thorough, independent and adheres to international business and human rights standards.”<sup>186</sup> Kirin also stated that it is “exploring alternative structural options for the ownership of the Myanmar joint-ventures”.<sup>187</sup>

## 5.2.2 INNO GROUP

According to communications with Inno Group, its three joint ventures with MEHL have not yet paid any dividends to MEHL.<sup>188</sup> It said that Myanmar Inno International had not yet generated profits and therefore had never had dividends to pay MEHL.<sup>189</sup> Similarly, it stated that Hanthawaddy Club, whose 50% shareholder is MEHL, had operated in deficit since acquisition and as a result had no profits to share with MEHL.<sup>190</sup> It added that Myanmar Inno Line is involved in the construction of the Yangon Bus Terminal, but because the project had not yet generated profit, it too had not led to any payment of dividends to MEHL.<sup>191</sup> In the context of these potential dividend payments, the company said, “if profits are generated by our corporation regarding the concerned situation, we will take time to conduct diversified reviews and self-investigation.”<sup>192</sup>

Inno Group noted that its mission statement includes a pillar of “Human centred Management to uphold human rights and wellbeing of its employees”, that strives to “ensure a secure and healthy environment for our six thousand (6,000) employees in Myanmar and their families.”<sup>193</sup> The company did not, however, provide any information to Amnesty International regarding its due diligence processes or their conclusions. It also did not refer to the links between MEHL and the Myanmar military or to the gross violations of human rights of which the military is accused.

## 5.2.3 PAN-PACIFIC

Pan-Pacific Group explained that it purchased Daewoo International’s garment business in 2012, including its Myanmar operations, and was then introduced to MEHL as “the national economic institute composed of retired military personnel to serve their welfare payment mainly.”<sup>194</sup> According to Pan-Pacific, its large investments in Myanmar between 2012 and 2015 took place before human rights violations were committed in Rakhine, Kachin and Shan States. It was, they said, “quite difficult for

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184 Annex I, letter from Kirin dated 2 June 2020, p. 2.

185 Kirin Holdings, “Progress Report Regarding Kirin’s Operations in Myanmar”, 5 June 2020, [https://www.kirinholdings.co.jp/english/news/2020/0605\\_01.html](https://www.kirinholdings.co.jp/english/news/2020/0605_01.html)

186 Annex I, letter from Kirin dated 6 August 2020, p. 2.

187 Kirin Holdings, “Progress Report Regarding Kirin’s Operations in Myanmar”, 5 June 2020, [https://www.kirinholdings.co.jp/english/news/2020/0605\\_01.html](https://www.kirinholdings.co.jp/english/news/2020/0605_01.html)

188 Annex I, letter from INNO Group dated 1 June 2020, p. 1.

189 Annex I, letter from INNO Group dated 1 June 2020, p. 1.

190 Annex I, letter from INNO Group dated 1 June 2020, p. 1.

191 Annex I, letter from INNO Group dated 1 June 2020, p. 2.

192 Annex I, email from INNO Group dated 6 August 2020.

193 Annex I, letter from INNO Group dated 1 June 2020, p. 2.

194 Annex I, letter from Pan-Pacific dated 4 June 2020, pp. 1-2.

Wise-Pacific to detect any human right [sic] risk from MEHL in advance as well as economic relations between MEHL and [the] Military group” given the “limited information” it received from MEHL.<sup>195</sup>

Following publication of the UN Fact-Finding Mission’s 2019 report, Pan-Pacific said that it asked MEHL to provide it with a “transparent fund flow”.<sup>196</sup> According to Pan-Pacific, MEHL responded with a “passive attitude”, providing no answers. Pan-Pacific said it recognizes the “serious impact” of human rights violations, and has come to understand, given its interactions with MEHL, that there will be no “significant measure[s] and progress... [taken] by MEHL to ensure ethical responsibility” despite Pan-Pacific’s continued requests to “identify, prevent and mitigate” these risks.<sup>197</sup>

Pan-Pacific concluded that it must terminate its relationship with MEHL.<sup>198</sup> It stated that it will take over MEHL’s stake by September 2020. It said it would have “preferred to terminate [the] entire business relationship with MEHL permanently through factory liquidation of MWY” but was concerned with the consequent “massive unemployment”.<sup>199</sup> Pan-Pacific is therefore considering various options to end its current relationship with MEHL while still providing a “stable employment condition of 4,000 employees”.<sup>200</sup>

## 5.2.4 POSCO

In 2018, Amnesty International contacted POSCO to raise concerns about its relationship with MEHL. POSCO did not reply.

Amnesty International contacted POSCO in 2020 to share the findings of this report. In its response, POSCO made no mention of its due diligence efforts with respect to its Myanmar operations.<sup>201</sup> It also did not acknowledge the existence of direct links between MEHL and the Myanmar military or those between the military and gross human rights violations. Instead, POSCO explained that “there is no way for companies to monitor and verify the use of dividends paid out to the shareholders, not only in Myanmar but also in any other developed country.”<sup>202</sup>

POSCO also pointed out that its joint venture in Myanmar is operationally run by POSCO, not MEHL, and stated that,

*“... all the revenues generated by the joint venture entity, other than dividends paid out to the shareholders, are thoroughly and transparently managed by the personnel dispatched from POSCO C&C (70% shareholder), who are in the position of directors and officers in the joint venture entity in Myanmar.”<sup>203</sup>*

According to POSCO, its operations in Myanmar comply with domestic and international laws and are in line with its code of ethics, which “embodies the UN’s standards related to human rights”.<sup>204</sup> In POSCO’s view, the company has not committed any human rights abuses in its operations in Myanmar.<sup>205</sup> Nevertheless, POSCO said it “plan[s] to further strengthen due diligence at overseas subsidiaries as soon as the pandemic caused by Covid-19 is over”.<sup>206</sup> The company clarified that it had no imminent plan to expand its business in Myanmar.<sup>207</sup>

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195 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 3.

196 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 3.

197 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 4.

198 Annex I, letter from Pan-Pacific dated 4 June 2020, pp. 4-5.

199 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 4.

200 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 5.

201 Annex I, email from POSCO dated 18 June 2020.

202 Annex I, email from POSCO dated 18 June 2020.

203 Annex I, email from POSCO dated 18 June 2020.

204 Annex I, email from POSCO dated 18 June 2020.

205 Annex I, email from POSCO dated 18 June 2020.

206 Annex I, email from POSCO dated 18 June 2020.

207 Annex I, email from POSCO dated 18 June 2020.

In a subsequent communication in August 2020, POSCO explained that “[Myanmar POSCO C&C Company Ltd] has never paid any dividends to MEHL since its incorporation in 2013 and no other dividend payment has been made by [Myanmar POSCO Steel Company Ltd] to MEHL since the last dividend payment made for the business performance of 2017.”<sup>208</sup> POSCO also said that:

*“[t]o ensure that no past dividend payments had been used for purposes that are contrary to the protection of human rights in Myanmar, we made a formal written request to MEHL to confirm that the dividend payments in the past were used for MEHL’s original business objectives on August 11, 2020, and we are currently waiting for MEHL’s official response.”*<sup>209</sup>

With respect to any future dividends, POSCO said that it “will continue to invest due care in ensuring that the concerns raised by Amnesty International are fully examined,” and will “urge MEHL to use the profits only for original business objectives” (although POSCO does not make reference to what the original business objectives are).<sup>210</sup> POSCO also stated that if it is made aware that dividends shared with MEHL are linked to “suspected human rights violations or other unlawful purposes” and these are considered “serious”, the company would “even [be] willing to consider revisiting and restricting our joint venture arrangement with MEHL.”<sup>211</sup>

## 5.2.5 RMH SINGAPORE

RMH Singapore and its parent company Distinction Investments are opaque companies: they do not have a website and their registered addresses in Singapore are shared with many other companies. Amnesty International tried to contact RMH Singapore in several ways. A courier twice tried to deliver a letter to its registered address but could not do so because the office appeared to be closed. Amnesty International also used the regular mail to send a letter, but did not receive a reply. RMH Singapore does not provide an email address to the public; it was therefore not possible to contact the company electronically. Finally, multiple telephone calls were made to RMH Singapore’s office telephone number, but the line was manually disconnected after several attempts.

## 5.2.6 WANBAO MINING

On various occasions between 2015 and 2017, Amnesty International contacted Wanbao Mining in relation to the human rights and environmental impact of the giant copper mines it operates in Myanmar in partnership with MEHL. In its 2015 report *Open for Business? Corporate Crimes and Abuses at Myanmar Copper Mine*, Amnesty International accused Wanbao Mining of building their business on a foundation of human rights abuse.<sup>212</sup> Wanbao Mining refuted the allegations.

Amnesty International contacted Wanbao Mining in 2020 regarding the company’s current partnership with MEHL, but did not receive a response.

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208 Annex I, email from POSCO dated 27 August 2020.

209 Annex I, email from POSCO dated 27 August 2020.

210 Annex I, email from POSCO dated 27 August 2020.

211 Annex I, email from POSCO dated 27 August 2020.

212 Amnesty International, ‘*Open for Business?*’ p. 8; and Amnesty International, “Myanmar: Suspend copper mine linked to ongoing human rights abuses” (Press release, 10 February 2017), <https://www.amnesty.org/en/latest/news/2017/02/myanmar-suspend-copper-mine-linked-to-ongoing-human-rights-abuses/>

## 5.2.7 KANBAWZA GROUP

In its letter to Amnesty International, KBZ stated that they “are fervently opposed to any form of human rights violations and committed to the highest standards of compliance in accordance with Myanmar law.”<sup>213</sup>

The company explained that “[o]ver the years, KBZ Group has made significant improvements to our mining operations that have elevated industry practices in the country.”<sup>214</sup> In order to do so, the company said that it “sought the advice of leading international mining experts and conducted a thorough audit of our operations and practices.”<sup>215</sup> As a result, the company said, “[t]he business is well on the way towards adopting international standards and responsible business practices that are consistent with [the company’s] values.”<sup>216</sup>

Notably, KBZ explained that its current relationship with MEHL is coming to an end. It stated that, “[w]hile we have had previous dealings with Union of Myanmar Economic Holdings Ltd (UMEHL) related to the Jing Hpaw Aung Jade mine in Sagaing Division, these ties are being wound down.” Likewise, it added that “Nilar Yoma Company, which acted as a vendor to UMEHL’s Myanmar Ruby Enterprise’s subsidiary Mon Hsu Jewellery Co., Ltd in YY [sic], is now exiting this relationship.”

However, in its communications with Amnesty International, KBZ did not provide any additional detail or evidence to support these claims.

## 5.2.8 EVER FLOW RIVER GROUP

In its response to Amnesty International, EFR stated that the “link between EFR to the Tatmadaw is too remote”.<sup>217</sup> According to the company, the project led by HITL “is yet to commence operations” and “will not be profitable for the next 10 years or maybe longer in view of the current international economic situation.”<sup>218</sup> Accordingly, “allegations of the funds being used towards contributing to any crimes and human rights violations is unfair and misrepresents the nature of our arrangement”.<sup>219</sup>

The company did, however, acknowledge that Lann Pyi Marine is a MEHL subsidiary which it described as “an agency under the Ministry of Defence” – despite MEHL’s efforts to distance itself from the Ministry.<sup>220</sup> EFR also stated that the land provided by MEHL’s subsidiary for the port project is “owned by remnants of the former Military Administration before 2011.”<sup>221</sup>

EFR further noted that it “is committed to the UN Global Compact Initiative and its principles across the areas of human rights, labor, the environment and anti-corruption”.<sup>222</sup> However, no mention is made in the letter regarding the UN Guiding Principles or any human rights due diligence exercised before or during its partnership with MEHL; or even the link between MEHL and its shareholders.

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213 Annex I, letter from KBZ dated 15 July 2020, p. 1.

214 Annex I, letter from KBZ dated 15 July 2020, p. 1.

215 Annex I, letter from KBZ dated 15 July 2020, p. 1.

216 Annex I, letter from KBZ dated 15 July 2020, p. 1.

217 Annex I, letter from EFR dated 3 September 2020.

218 Annex I, letter from EFR dated 3 September 2020.

219 Annex I, letter from EFR dated 3 September 2020.

220 Annex I, letter from EFR dated 3 September 2020.

221 Annex I, letter from EFR dated 3 September 2020.

222 Annex I, letter from EFR dated 3 September 2020.



## 5.3 COMPANY FAILINGS

### 5.3.1 LACK OF PROPER DUE DILIGENCE

Due diligence is an important way for companies to identify the human rights impacts that are directly linked to their operations through their business relationships, even if they have not directly contributed to those impacts.

In the cases highlighted in this report, any due diligence procedures – conducted before and throughout the companies' business relationships – should have necessarily included a close review of MEHL's shareholders given the public information available on the ties between MEHL and the Myanmar military.

First, MEHL was known to have been established and tightly controlled by the military government since the 1990s. Until 2016, when MEHL was restructured so the Ministry of Defence no longer owned it, the US government sanctioned MEHL precisely because of its links to top military officials. Even after MEHL was restructured and sanctions were lifted, the links persisted. Then, in 2019, the UN Fact-Finding Mission issued a damning report providing further details, including that the company's "patron group" includes the military's Commander-in-Chief Senior General Min Aung Hlaing and Deputy Commander-in-Chief Vice Senior General Soe Win.<sup>223</sup>

Secondly, in the last few years, the companies featured in this report have operated in Myanmar when the military was being widely and publicly accused of human rights violations. Starting in late 2016 and continuing to the present, Amnesty International and other organizations have documented the links between the Myanmar military and the commission of war crimes, crimes against humanity and other human rights violations in Rakhine, Kachin and northern Shan States,<sup>224</sup> as well as "the serious risk that genocidal actions may recur."<sup>225</sup> Even if the companies do not have a business presence in these states or do not operate in industry sectors directly impacted by the gross violations of international law, important questions should have been raised about their key business partner, MEHL, and its use of dividend payments.

In communications with Amnesty International, EFR, Inno Group, KBZ and POSCO made no reference to any due diligence – human rights or otherwise – conducted during their partnership with MEHL.<sup>226</sup> POSCO appeared to claim that this was not even possible in the context of the dividend payments, explaining that "there is no way for companies to monitor and verify the use of dividends paid out to the shareholders, not only in Myanmar but also in any other developed country."<sup>227</sup> (It later clarified that it had contacted MEHL in August 2020 requesting that the conglomerate "confirm that the dividend payments in the past were used for MEHL's original business objectives."<sup>228</sup>)

Kirin and Pan-Pacific, on the other hand, said they had conducted due diligence, but did not provide details of the extent and nature of the process. Kirin said that when it acquired Myanmar Brewery in 2015, the country's political environment was undergoing significant changes and MEHL was in the process of cutting ties with the Ministry of Defence.<sup>229</sup> Despite these signs, Kirin stated that one of its

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223 UN Fact-Finding Mission, *The economic interests of the Myanmar military*, para. 52.

224 See Amnesty International reports, '*We Are At Breaking Point*'; '*All The Civilians Suffer*'; '*Caged Without A Roof*'; '*We Will Destroy Everything*'; '*No One Can Protect Us*'; and '*Caught In The Middle*'.

225 "Genocide threat for Myanmar's Rohingya greater than ever, investigators warn Human Rights Council", UN News, 16 September 2019, <https://news.un.org/en/story/2019/09/1046442>

226 Annex I, letter from INNO Group dated 1 June 2020; Annex I, email from POSCO dated 18 June 2020.

227 Annex I, email from POSCO 18 June 2020.

228 Annex I, email from POSCO 27 August 2020.

229 Annex I, letter from Kirin Group dated 2 June 2020.

conditions for purchasing Myanmar Brewery was for MEHL to ensure that none of the proceeds of the joint venture would be used for military purposes.<sup>230</sup> Kirin did not explain how compliance with this contractual provision was monitored and enforced.

Likewise, Pan-Pacific suggested that it was comfortable entering into a partnership with MEHL with the information that was available at the time. In particular, it claimed that “human rights violations” happened only after their “large-scale investments in Myanmar” between 2012 and 2015.<sup>231</sup> Although there has been increased international attention on the commission of human rights violations in Myanmar since 2016, there was considerable documentation and reporting on serious human rights violations by the Myanmar military between 2012 and 2015, particularly in Kachin and Rakhine States.<sup>232</sup> Nevertheless, Pan-Pacific decided to enter into a partnership with MEHL.

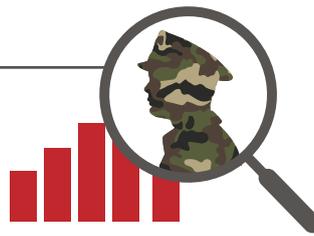
Also, due diligence is a continuous obligation: it must be done prior to entering into a business relationship, but equally important is the ongoing monitoring of risks given the changes in operating contexts. Pan-Pacific acknowledged this when stating that questions were raised internally as a result of the UN Fact-Finding Mission’s 2019 report.<sup>233</sup> Pan-Pacific said that it then “continued to urge strongly MEHL to disclose fund flow transparently... in order to fulfil its social responsibility of due-diligence”.<sup>234</sup> However, it said that MEHL did not provide the information requested by Pan-Pacific. MEHL’s lack of transparency is problematic – part of the crucial exercise involved in identifying risks is understanding the type of partner a company is entering into business with.

Similarly, Kirin acknowledged that it had a responsibility to investigate the findings of the UN Fact-Finding Mission report of 2019 and that “prompt action” was necessary “regarding the possibility that MEHL could be funding a range of military bodies through the proceeds of our joint-ventures, and that... these funds could be used for military purposes.”<sup>235</sup>

EFR, Inno Group, KBZ and POSCO did not mention whether a reassessment of their prior due diligence conclusions had taken place as a result of the information made public about gross human rights violations in Rakhine, Kachin and northern Shan States, or following the publication of the UN Fact-Finding Mission report of 2019. EFR, Inno Group and KBZ did not even acknowledge these allegations in their communications.

**ANY DUE DILIGENCE PROCEDURES CONDUCTED BEFORE THE START OF, AND THROUGHOUT, THEIR BUSINESS RELATIONSHIPS SHOULD HAVE NECESSARILY INCLUDED**

**A CLOSE REVIEW OF MEHL’S SHAREHOLDERS**



230 Annex I, letter from Kirin Group dated 2 June 2020.

231 Annex I, letter from Pan-Pacific dated 4 June 2020, pp. 2-3.

232 Human Rights Watch, ‘*Untold Miseries*’, *Wartime Abuses and Forced Displacement in Burma’s Kachin State*, 20 March 2012, ISBN: 1-56432-874-0, <https://www.refworld.org/docid/4f702f232.html>; Human Rights Watch, ‘*All You Can Do is Pray*’, *Crimes Against Humanity and Ethnic Cleansing of Rohingya Muslims in Burma’s Arakan State*, 22 April 2013, ISBN: 978-1-62313-0053, <https://www.hrw.org/report/2013/04/22/all-you-can-do-pray/crimes-against-humanity-and-ethnic-cleansing-rohingya-muslims>; Amnesty International, “Myanmar: Four years on, impunity is the Kachin conflict’s hallmark” (Public statement, 9 June 2015) (Index: ASA 16/1832/2015), <https://www.amnesty.org/download/Documents/ASA1618322015ENGLISH.pdf>; Amnesty International, “Why are the Rohingya fleeing Myanmar?” (Press release, 28 May 2015), <https://www.amnesty.org/en/latest/news/2015/05/why-are-the-rohingya-fleeing-myanmar/>

233 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 2.

234 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 2.

235 Annex I, letter from Kirin dated 2 June 2020, p. 3.

### 5.3.2 FAILURE TO EXERCISE LEVERAGE

After a company identifies a human rights impact linked to its business operations, it must consider taking appropriate action to mitigate the impact, including by exercising its existing leverage – or by increasing it – vis-à-vis its business partner. In this case the impact is clear: profits derived from the operations of the joint ventures were provided to MEHL, which then distributed dividends to its shareholders, many of which are responsible for human rights violations.

Only three of the companies said that they had tried to exercise their leverage over MEHL, by requesting information. But this had limited impact.

According to Kirin and Pan-Pacific, MEHL has not been transparent with them as it has failed to respond to repeated requests to provide details about its shareholders. Pan-Pacific noted that it was “quite difficult ... to detect” the “economic relations” between MEHL and the military given the limited information provided by its business partner when it first engaged with MEHL.<sup>236</sup> Similarly, Kirin wrote that following the publication of the UN report in 2019, it had made “repeated requests to MEHL for proper documentation as the information initially provided was insufficient. Unfortunately, we have not received further updates or documentation from MEHL on this matter.”<sup>237</sup>

Most recently, POSCO reported that it had contacted MEHL in August 2020 asking “MEHL to confirm that the dividend payments in the past were used for MEHL’s original business objectives.” POSCO had not yet received a response.

The other three companies that replied to Amnesty International did not mention any efforts to use their leverage over MEHL to seek further information or ensure that their joint operations were not financing the military.

### 5.3.3 FAILURE TO DISENGAGE WITH MEHL

When a company is unable to prevent or mitigate the human rights impact identified, it should consider disengagement with the business relationship.<sup>238</sup> As the UN Guiding Principles advise, there are situations in which a company lacks the leverage to prevent or mitigate adverse impacts and is unable to increase its leverage. Similarly, according to the OECD Guidelines for Multinational Enterprises (OECD Guidelines), appropriate responses may include, as a last resort, “disengagement with the supplier either after failed attempts at mitigation, or where the enterprise deems mitigation not feasible, or because of the severity of the adverse impact.”<sup>239</sup> In cases where the business relationship is “crucial” to the company, as it appears to be in all or most of the cases featured in this report, ending it raises further challenges regarding, for example, the inability to identify an alternative business partner. Nonetheless, as long as the company remains in the business relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.<sup>240</sup>

The UN Guiding Principles and OECD Guidelines both underline the importance of taking into account credible assessments of potential social, economic and human rights adverse impacts related to the decision to disengage. This is particularly relevant at the moment, given the ongoing COVID-19 crisis that has resulted in unprecedented loss of employment. As of 1 May 2020, more than 60,000 factory

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236 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 3.

237 Kirin Holdings, “Progress Report Regarding Kirin’s Operations in Myanmar”, 5 June 2020, [https://www.kirinholdings.co.jp/english/news/2020/0605\\_01.html](https://www.kirinholdings.co.jp/english/news/2020/0605_01.html)

238 Annex I, email from POSCO dated 27 August 2020.

239 OECD Guidelines, Commentary on Chapter 2, para. 22.

240 UN Guiding Principles, Principle 19 including Commentary.

workers in Myanmar had lost their jobs in the garment industry, the vast majority of them women.<sup>241</sup> It is still too early to fully comprehend the long-term impact of the pandemic on Myanmar, but it is essential that in considering ending a business relationship with MEHL, companies minimize harm to their employees. This concern, however, cannot justify inaction.

The analysis provided in this report makes clear that a direct link exists between the companies' operations and an identified human rights impact: when profits are derived from the operations of the Myanmar companies established as a result of the partnership between the local or foreign companies they are (or contractually may be) provided as dividends to MEHL. MEHL, in turn, provides its own shareholders with dividends, many of whom have committed human rights violations and crimes under international law.

The question then is what could MEHL do to reassure its business partners that it is not financing these units through dividend payments? As long as it is so interlinked with the military, it is impossible to see how this would be feasible. Could MEHL, for example, reform its ownership and governance by removing the high command of the military and other senior officers from its board of directors and "patron group"? Could it require all serving military personnel and units to sell their shares? Given the nature of MEHL and its business model, both options seem highly unlikely. Further, MEHL has not yet provided any indication that it is concerned with its current ownership structure or that it seeks to alter its way of operating. Accordingly, Amnesty International does not believe that any of these suggested changes will be implemented by MEHL or imposed by the Myanmar government.

***MEHL has not (at the time of publication) provided any indication that it is concerned with its current ownership structure or that it seeks to alter its modus operandi.***

In addition, given that any leverage utilized by the foreign partners vis-à-vis MEHL to mitigate the human rights impact appears to not have succeeded (at least to date), Amnesty International recommends that the local and foreign companies disengage from MEHL.

Pan-Pacific has already arrived at this conclusion. In its letter to Amnesty International, the company said it had recognized the "serious impact of adverse human right[s]", and did not "expect any significant measure and progress in effect by MEHL so far to ensure ethical responsibility despite [Pan-Pacific's] continue[d] approach".<sup>242</sup> It therefore concluded that it had to terminate its business relationship with MEHL.<sup>243</sup> In its letter it recognized both the problematic nature of its relationship with MEHL and the inherent risks to its employees that any decision to disengage may result in.<sup>244</sup> In its ongoing process to assess options to terminate the joint venture partnership with MEHL, Amnesty International encourages the company to continue to consider the human rights impacts of its decisions.

Similarly, KBZ informed Amnesty International that its two partnerships with MEHL are coming to an end. KBZ did not provide any details of why it decided to take these steps, but its communications suggest that it is now, more than previously, "on the way towards adopting international standards and responsible business practices that are consistent with [the company's] values".<sup>245</sup>

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241 ActionAid International, "COVID-19 crisis: Myanmar's garment workers at greater risk of domestic violence", 1 May 2020, <https://actionaid.org/news/2020/covid-19-crisis-myanmars-garment-workers-greater-risk-domestic-violence>

242 Annex I, letter from Pan-Pacific dated 4 June 2020.

243 Annex I, letter from Pan-Pacific dated 4 June 2020.

244 Annex I, letter from Pan-Pacific dated 4 June 2020, p. 4.

245 Annex I, letter from KBZ dated 15 July 2020, p. 1.

Kirin said that it has started to explore alternative structural options for the ownership of its Myanmar joint ventures. Its announcement that it has engaged Deloitte to assess MEHL's shareholders and dividends derived from the joint ventures with Kirin is welcome. Kirin's decision to reconsider its relationship with MEHL is a step in the right direction, but it must be ready to take any necessary steps even if that means having to end its profitable business relationship with MEHL.

### 5.3.4 INADEQUATE COMPANY RESPONSES

In its letter, POSCO stated that it would consider revisiting its business relationship with MEHL in the event that "violations and suspected illegalities" linked to any use by MEHL of future dividend payments are considered "serious".<sup>246</sup> EFR and Inno Group did not provide any indication that they will end (or even reconsider) their current business relationships with MEHL. The lack of response from RMH Singapore and Wanbao Mining suggests that they will likely continue to partner with MEHL.

Neither Inno Group nor POSCO addressed substantively the concerns Amnesty International raised relating to MEHL's shareholders and their link to violations of international law. While both companies noted that they seek to uphold human rights, neither referred to previous due diligence efforts conducted to identify human rights risks.

The three joint ventures between Inno Group and MEHL are not profitable (for now), and therefore no dividends have been transferred to MEHL. Inno Group said that if one of its joint ventures becomes profitable it "will take time to conduct diversified reviews and self-investigation", but did not explain what this would entail.<sup>247</sup>

Similarly, POSCO relied on the fact that its joint ventures have not paid dividends to MEHL for the past few years (since 2017 and 2013, respectively) to conclude that "any possibility of funnelling funds to finance potential infringements on human rights has effectively been blocked or pre-empted."<sup>248</sup> It did not conclude, however, that the historic and current relationship between MEHL and the Myanmar military was sufficiently problematic for POSCO to reconsider its business partnership with the conglomerate.

Finally, EFR stated that because its joint venture with MEHL, HITL, "is yet to commence operations" and "will not be profitable for the next 10 years", "allegations of the funds being used towards contributing to any crimes and human rights violations is unfair".<sup>249</sup> Like Inno Group and POSCO, EFR did not question its current relationship with MEHL because their underlying project is not yet profitable – and therefore did not address in any substantive manner the problematic links identified in this report between MEHL and many of its shareholders.

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246 Annex I, email from POSCO dated 27 August 2020.

247 Annex I, email from INNO Group dated 6 August 2020.

248 Annex I, email from POSCO dated 27 August 2020.

249 Annex I, letter from EFR dated 3 September 2020.

## 6. CONCLUSION AND KEY RECOMMENDATIONS

The new information presented in this report provides significant detail regarding the connections between MEHL's shareholders and the Myanmar military as well as the link between these shareholders and MEHL's many profitable partnerships with other companies. These shareholders include military units behind past and continuing crimes under international law and other serious human rights violations across the country. MEHL contributes to these violations by knowingly providing funds to these units through the regular payment of dividends.

MEHL's "patron group" includes the very officers who have led the military during this period. The UN Fact-Finding Mission on Myanmar called for senior military officials, including members of the "patron group", to be investigated and prosecuted for crimes against humanity and war crimes in Kachin, Rakhine and Shan States, and genocide against the Rohingya population in Rakhine State.

MEHL cannot be trusted to reform itself. The Myanmar government must therefore intervene to break the link between the armed forces and the economy. Part of this must be a thorough reform of the ownership and management of MEHL.

In the meantime, MEHL's business partners must immediately and thoroughly assess their business relationships with the conglomerate. They must recognize that MEHL has been unwilling to engage transparently with its business partners to demonstrate that it can reform. Until it does so, these business partners have little choice but to disengage, responsibly, from MEHL.



MEHL's shareholders include the military units behind the **crimes under international law and other serious human rights violations** that they have perpetrated and continue to perpetrate in different parts of the country.

## TO THE GOVERNMENT OF MYANMAR

- Institute constitutional and other legal and policy reforms so that the military is placed under civilian control and parliament approves all military spending.
- Prohibit, by law, the military from engaging in any form of economic activity and ban the military's direct or indirect ownership of business conglomerates such as MEHL.
- Establish an independent commission, under parliamentary oversight, to investigate the role of military businesses and their shareholders in human rights violations and make the findings public.
- Remove and prohibit any serving or retired military officers or institutional shareholders linked to the military from serving as an MEHL director or senior manager.
- Ensure that MEHL is owned by the state under parliamentary oversight or by civilians; and that neither military units nor high-ranking serving or retired officers (individually or jointly) hold a controlling interest in MEHL.
- Establish a fund, using MEHL's profits, to compensate the victims of human rights violations committed by military units that are financed by or are shareholders of MEHL.
- Prior to and during MEHL's change in ownership, take the following steps:
  - Ensure that MEHL complies with all applicable financial, tax, anti-corruption, anti-money laundering and other laws and financial reporting requirements, and with international standards for business transparency and accountability.
  - Require MEHL to publish a complete list of its shareholders and comply with the Myanmar Companies Law 2017 and all other investment laws.
  - Enforce clauses 99 and 100 of Inspection of Registers, which allows the government to sanction those companies and its officers and directors who do not provide a full list of shareholders of public companies when requested.
- Cooperate fully with international efforts to investigate and prosecute individuals suspected of involvement in crimes under international law and other human rights violations, including those with command or other superior responsibility.
- Ensure that Justice For Myanmar, its members, partners and associates, as well as any other party who shares information on MEHL, are not subject to reprisals, intimidation or any other form of harassment.
- Ensure that the rights to freedom of expression and access to information of the population in Myanmar are respected by, among others, reversing the decision taken by the Ministry of Transport and Communications in Myanmar in August 2020 to block access to the Justice For Myanmar website, following earlier orders to block independent media websites (accused of spreading "fake news").

## **TO LOCAL AND FOREIGN COMPANIES PARTNERING WITH MEHL**

- End their relationship with MEHL, its subsidiaries and joint ventures, taking steps to ensure that this disengagement is done responsibly, in accordance with the UN Guiding Principles. Publicly and transparently provide information about the steps taken in relation to this recommendation.
- When considering options to disengage from MEHL, carefully and thoroughly assess the potential human rights, social and economic adverse impacts. This must include awareness of the heightened risks to workers' rights resulting from the COVID-19 pandemic. Measures must be put in place to prevent any disengagement from strengthening the Myanmar military, including through the transfer of assets or funds to the military.
- Conduct heightened due diligence to ensure they do not enter into a business relationship with any other Myanmar military entity, in line with the UN Guiding Principles.

## **TO THE HOME STATES OF COMPANIES PARTNERING WITH MEHL, OPERATING IN MYANMAR OR CONSIDERING INVESTING IN MYANMAR**

- Ensure that multinational corporations domiciled in their countries are required to act responsibly and are held liable for their negative human rights impacts. They must require by law that these companies undertake human rights due diligence measures in respect of their global operations. This should include liability for harm caused and access to remedy in the home states of the companies, for affected communities. Governments should therefore initiate or support domestic proposals for corporate accountability legislation.
- Support the Myanmar government to: remove the military from the country's economic life; place the military under civilian control; and dismantle military owned or controlled businesses, including MEHL.
- Investigate and prosecute any abuses of international human rights and humanitarian law in Myanmar by companies domiciled in their territory.

## TO THE UNITED NATIONS

- Ensure implementation of the UN Fact-Finding Mission's 2019 report on the economic interests of the Myanmar military (A/HRC/42/CRP.3), including through further investigations and reporting by the OHCHR and/or the Special Rapporteur on the situation of human rights in Myanmar.

## TO THE UN SECURITY COUNCIL

- Refer the situation in Myanmar to the ICC to fully investigate and, where appropriate, prosecute crimes under international law being committed in Myanmar, including the role of business organizations in aiding and abetting the commission of those crimes.





INNO CO., LTD.

239, SongNaeDaeRo, Wonmi-gu, Bucheon-si, Gyeonggi-do, Korea Tel) 032-624-7700/Fax) 032-624-7786

Mark Dummett  
Head of Business, Security and Human Rights  
AMNESTY INTERNATIONAL  
1 Easton Street,  
London, WC1X0DW  
United Kingdom

Date: Jun 1<sup>st</sup>, 2020

**Title: Reply to Letter by Amnesty International Secretariat (Letter No. TC ASA 16/2020.002)**

Dear Mr. Dummett,

INNO Group appreciates the endeavors of the Amnesty International in human rights issues, and we are happy to cooperate with the organization in its efforts to improve the well-being of the Myanmar people.

INNO has been conducting business in Myanmar for the past 14 years and currently operates 13 companies. All the companies are legally registered and monitored, and are in compliance with the guidance provided by the Myanmar Investment Commission.

As you mentioned, some of our business operations include shares of the Myanmar Economic Holdings Limited (MEHL) in accordance with the Myanmar Foreign Investment Law. Currently, three companies have the shares of MEHL, but **dividends have never been paid to MEHL.**

As I found some factual errors in your letter, I will explain the correct information as follows;

1. For Hanthawaddy Golf & Country Club, INNO Group acquired an equity stake from a Japanese company in 2007. Its equity structure is 50% INNO and 50% MEHL, but **has never paid dividends** because the deficit has continued since the acquisition.

2. For Myanmar INNO International Ltd. has INNO's shares of 55.5% by acquiring a stake from a former Daewoo subsidiary in 2012 and MEHL 44.5%, but the company also did not generate any profits and **never paid dividends to MEHL.** This company used to employ approximately 1,800 Myanmar people and currently employs 580 people in the aftermath of COVID-19. It has contributed to the creation of jobs in Myanmar and got the reputation of one of the most exemplary companies.

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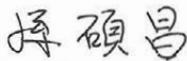
INNO CO., LTD.

3. Myanmar INNO Line Co. is not in the phase of operating and paying dividends since Yangon Bus Terminal is under construction. Yangon Bus Terminal is a project that has been promoted for a long time at the request of the Myanmar government at the time for the purpose of contributing to transportation convenience for the Myanmar people. This project started with using the land owned by MEHL, for which INNO provided MEHL with 20% shares. The shopping mall you mentioned is not included in this project.

Our mission statement includes a pillar of Human Centered Management to uphold human rights and wellbeing of its employees. INNO Group strives to ensure a secure and healthy environment for our six thousand (6,000) employees in Myanmar and their families.

We look forward to an opportunity to cooperate with Amnesty International in the future.

Yours sincerely,



Son, Seog Chang

Chairman, INNO Group

**From:** [REDACTED]@my-innogroup.com>  
**Sent:** 06 August 2020 10:47  
**To:** [REDACTED]@amnesty.org>  
**Subject:** FW: Letter from Amnesty to iNNO Group

Dear Mr. Mark Dummett,

With regard to the second letter sent by Amnesty International, if profits are generated by our corporation regarding the concerned situation, we will take time to conduct diversified reviews and self-investigation. Thank you for your understanding that we do not send it by letter, and we will replace it by email.

Thank you.

Sincerely,

PARK Pil-Hoon

Director, Future Strategic Headquarter

INNO GROUP



15<sup>th</sup> July 2020

**Mark Dummett**

Head of Business, Security and Human Rights  
1 Easton Street, London  
WC1X 0DW  
United Kingdom

Dear Mr Dummett,

Thank you for reaching out to Kanbawza Group of Companies (KBZ Group) on this matter. We have received your questions and would like to share the information requested.

KBZ Group is one of the largest employers in Myanmar. We provide jobs, opportunities, education, along with access to vital financial, digital and economic resources, as well as access to clean water to the people across the country. We live and work by a strong ethic of inclusion, employing people of all backgrounds, irrespective of race, religion, gender, sexual orientation, physical disability, or socioeconomic status. This value permeates throughout KBZ Group and its affiliated companies, including the mining industries.

Consisting of as much as 24 percent of government revenue and contributing six percent to national GDP, the mining sector makes a significant contribution to Myanmar's growth and development. While it is not without its issues, reforming the industry is essential to ensuring the highest safety and financial transparency standards are met.

Over the years, KBZ Group has made significant improvements to our mining operations that have elevated industry practices in the country. To do so, we sought the advice of leading international mining experts and conducted a thorough audit of our operations and practices. The business is well on the way towards adopting international standards and responsible business practices that are consistent with our values.

While we have had previous dealings with Union of Myanmar Economic Holdings Limited (UMEHL) related to the Jing Hpaw Aung Jade mine in Sagaing Division, these ties are being wound down. Nilar Yoma Company, which acted as a vendor to UMEHL's Myanmar Ruby Enterprise's subsidiary Mon Hsu Jewellery Co., Ltd. in YY, is now exiting this relationship.

The Brighter Future Myanmar Foundation (BFM), in like manner, has halted its operations to adopt a more sophisticated and careful approach to charitable giving. In the past, we provided unconditional assistance with the aim of aiding vulnerable populations throughout Myanmar. Today, we are fully focused on applying best practices and due diligence on all charitable and philanthropic activities.



We are fervently opposed to any form of human rights violations and committed to the highest standards of compliance in accordance with Myanmar law. That being said, we also are continuously looking at how we can improve and welcome suggestions on how we can further transform our governance to protect the interests of the communities we serve.

Best Regards,

**KBZ Group of Companies Management**



Kirin Holdings Company, Limited  
NAKANO CENTRAL PARK SOUTH  
4-10-2 Nakano, Nakano-ku, Tokyo 164-0001 Japan

Your Ref: TC ASA 16/2020/003

2 June 2020

Mark Dummett  
Head of Business, Security and Human Rights  
Global Issues Programme  
Amnesty International  
1 Easton Street,  
London, WC1X 0DW,  
United Kingdom

**Re: Letter from Amnesty International regarding Kirin's business relationship with Myanmar Economic Holdings Public Company Limited (MEHL)**

Dear Mr. Dummett,

Thank you for your letter dated 18 May 2020 ("**your letter**") and for sharing Amnesty International's latest findings and concerns relating to Myanmar Economic Holdings Public Company Limited (MEHL).

We very much appreciate being afforded the opportunity to comment on Amnesty International's key findings ahead of the publication of your report. We have reviewed your letter in detail and acknowledge the severity of the matters you have raised.

***Kirin's respect for Human Rights and commitment to Myanmar***

We are deeply troubled by the issues identified in your letter, specifically that through our partnership with MEHL, there is a risk that Kirin could have contributed to, and remains at risk of contributing to, human rights violations. We take very seriously your view that through its dividend payments, there is a possibility that MEHL could be funding a range of military bodies and such funds could be used for military purposes. To be clear - it is wholly unacceptable to Kirin that any proceeds from the joint-ventures to MEHL could be used for military purposes.

When Kirin invested in Myanmar Brewery Limited ('**MBL**') in 2015, Myanmar was entering into a new phase of democratization, with the National League for Democracy in power and long-standing economic sanctions lifted by the US and the European Union. The Ministry of Defence's ownership of MEHL was being gradually decreased and eventually ceased in March 2016. Kirin signed the joint-venture agreement on the condition that none of the proceeds from the joint-venture would be used for military purposes, and with the belief that through involvement in management of MBL, we could contribute to efforts to address the social and environmental challenges that Myanmar faces.

Over the course of the past 5 years, we believe Kirin has made some significant progress. For example, since 2015, we have contributed over USD900,000 to disaster recovery, education and healthcare support. Through MBL and Mandalay Brewery Limited ('**MDL**'), Kirin has also introduced advanced environmental technologies to Myanmar's brewing industry, supported local businesses through

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procuring 100% of canning supplies from local manufacturers in 2020 (an increase from 50% in 2018) and by contracting local rice farmers to produce rice for brewing since 2019, and also funded international scholarships in the field of agricultural science for local researchers. Most recently, in support of COVID-19 relief, MBL and business partners [donated over USD83,000](#) worth of hospital equipment such as ventilators, patients monitors and oxygen concentrators to Myanmar's National Level Central Committee for COVID-19 Prevention, Control and Treatment and Ministry of Health and Sport.

Respect for human rights sits at the heart of all of our business activities, including the joint-ventures in Myanmar, MBL and MDL, where we are committed to driving positive change and contributing to sustainable economic growth. We appreciate the challenges of operating in frontier markets and are constantly working to deepen our understanding of their complexities and improve our systems to monitor and address risk. Fundamentally, we are committed to Myanmar, our employees and the broader community there, and believe that we can deliver real and lasting benefits to both society and the economy there.

We intend to address the concerns raised by the international community regarding our business operations in Myanmar. We are therefore considering all actions and options available to us that will lead to a positive outcome for the people of Myanmar.

#### ***Kirin's efforts to investigate the findings of the UN report***

As you are aware, since our previous correspondence with Amnesty International in December 2018, the United Nations Fact-Finding Mission in Myanmar published a report on the Economic Interests of the Myanmar Military ("**UN report**") in September 2019. This report was the catalyst for important discussions with MEHL and our formal request for updated details on MEHL's financial and governance structures. In parallel, we initiated a review of strategic options for our joint-ventures with MEHL.

We initiated this process as a matter of grave importance, because we acknowledged that we had a responsibility to investigate the findings of the UN report. We are concerned that abandoning our involvement in the joint-ventures to a buyer which does not share Kirin's respect for human rights would not change the flow of proceeds to MEHL, nor would it ensure similar levels of scrutiny and pressure for greater transparency in the future. We also worry that this would not resolve the risk that proceeds from the joint-ventures with MEHL could be used for military purposes.

We have therefore met with MEHL in Myanmar on several occasions this year to discuss the findings in the UN report. We have formally and repeatedly requested details of MEHL's financial and governance structures to ascertain whether proceeds from the joint-ventures with MEHL may have been used for military purposes. In order to speed up the progress and to ensure an independent and thorough review, we have retained Deloitte to conduct an assessment of the materials provided by MEHL and other publicly available information. We have informed MEHL that Kirin is resolved to take all necessary action once this assessment is complete.

Kirin has also been regularly engaging with NGOs and other relevant stakeholders including your Japan and New Zealand bureaus, and human rights experts, to share information of the steps we are taking and to seek their counsel. In addition, we have formally commenced the process of exploring alternative structural options for the ownership of our Myanmar businesses together with external advisors.

The investigation process will take some time to complete, and the current coronavirus pandemic poses further significant challenges to advancing this process swiftly. It has already caused significant delays to our efforts. We ask for your trust and confidence in Kirin to take appropriate action to fully investigate and remedy the situation as soon as we are able to.

***Kirin's 2018 Human Rights Impact Assessment in Myanmar***

With regard to our 2018 Human Rights Impact Assessment in Myanmar (“**HRIA**”), this was intended to cover the value chains of MBL and MDL and thus, the scope of that HRIA was focused on MBL and MDL’s business together with its suppliers and distributors.

As you note for investments since 2018, we have introduced a checklist for human rights due diligence which ensures all investment opportunities are examined against the following criteria when deciding whether Kirin should engage with businesses in any location globally; (1) child labour, (2) discrimination, (3) inhumane treatment, (4) forced labor, (5) occupational safety and health.

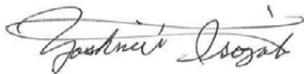
***Request for documented evidence obtained by Amnesty International***

We have utmost respect for Amnesty International and value the insights and recommendations which you have shared with us. We would like to reiterate that we are committed to a thorough investigation and prompt action regarding the possibility that MEHL could be funding a range of military bodies through the proceeds of our joint-ventures, and that there is a risk that these funds could be used for military purposes.

In relation to this, we would be very grateful if you could provide us with the documented evidence cited in your letter. In particular, the information as to the respective organizational shareholders of MEHL would be most appreciated, as such evidence will help us accelerate our aforementioned investigation. Your cooperation will help us ensure that no stone is left unturned as we strive to resolve this matter.

We welcome continued dialogue with you as we make progress in resolving this issue. While I hope the above sufficiently explains the efforts underway to review the relationship and joint-ventures with MEHL, we would be delighted to arrange a meeting – via a video or telephone conference – between your team and myself or my team, to discuss this matter further should this be requested.

Yours sincerely,



**Yoshinori Isozaki**  
President and CEO  
Kirin Holdings Company, Limited

**From:** [REDACTED]@kirin.co.jp [REDACTED]@kirin.co.jp>

**Sent:** 05 June 2020 08:04

**To:** [REDACTED]@amnesty.org>

**Cc:** [REDACTED]

**Subject:** RE: New Amnesty findings on MEHL

Dear Mr. Dummett,

We hope this email finds you well.

We are writing to you to provide you with a progress update on the review of our Myanmar joint-ventures, Myanmar Brewery Limited and Mandalay Brewery Limited. In February, [we announced](#) that we were reviewing our strategic options for the Myanmar joint-ventures and that we have requested necessary detail of the financial and governance structures of our joint-ventures partner, Myanma Economic Holdings Public Company Limited ('MEHL'). Today, we published a [subsequent statement](#) on our website announcing that we have appointed Deloitte to conduct an independent review of these details to determine the ultimate destination of proceeds received by MEHL from the joint-ventures and that we are considering structural options for the joint-ventures as part of a review our business relationship with MEHL.

We aim to complete this review as soon as possible and will provide a further update on our position at the earliest opportunity. Unfortunately, the COVID-19 pandemic has presented further significant challenges to advancing this process and has already caused significant and frustrating delays to our efforts to address this important issue.

We assure you that Kirin takes its responsibilities in Myanmar very seriously and will take necessary action to ensure our global business activities adhere to the highest standards of corporate and social responsibility.

We are deeply grateful for your continued support.

Sincerely,

Jun Saiki

Corporate Strategy Department, Kirin Holdings Company, Limited



Kirin Holdings Company, Limited  
NAKANO CENTRAL PARK SOUTH  
4-10-2 Nakano, Nakano-ku, Tokyo 164-0001 Japan

Your Ref: TC ASA 16/2020.016

6 August 2020

Mark Dummett  
Head of Business, Security and Human Rights  
Global Issues Programme  
Amnesty International  
1 Easton Street,  
London, WC1X 0DW,  
United Kingdom

**Re: Letter from Amnesty International regarding Kirin's business relationship with Myanmar Economic Public Company Holdings Limited**

Dear Mr. Dummett,

Thank you for your letter dated 29 July 2020 ("**your letter**"), as well as your previous correspondence dated 18 May 2020, and for taking time to speak with Kirin on 9 July 2020. We greatly appreciate being afforded the opportunity to discuss your findings and concerns relating to Kirin's relationship with its joint-venture partner Myanmar Economic Holdings Public Company Limited ("**MEHL**").

As outlined in our previous correspondence and in conversation with you, Kirin acknowledges the severity of the matters you have raised, and reiterates its respect for human rights and commitment to Myanmar. We are committed to addressing the concerns raised by the international community regarding our business operations in Myanmar and are therefore considering all actions and options available to us.

As you are aware, ahead of deciding to invest in Myanmar, MEHL reassured Kirin that it operates as a pension fund for military personnel and is not involved in any military activity. It was on this basis that Kirin agreed to enter into the joint-ventures, and as a safeguard, we incorporated a condition in the Joint Venture Agreement that none of the proceeds from the joint-venture business would be used for military purposes. Post agreement, we continued to monitor the situation in Myanmar closely and were deeply concerned by the findings of the UN Fact-Finding Mission report of 2019 ("**UN report**"). This UN report was the catalyst for important discussions with MEHL and our formal request for updated details on MEHL's financial and governance structures. In parallel, we initiated a review of strategic options for the joint-ventures.

We believe that it is through our engagement with MEHL as a joint-venture partner that we have been able to have important and frank conversations, directly raise concerns and make important requests for clarity on the issue in face-to-face meetings, and have encouraged MEHL to understand the pressing need for greater transparency.

1

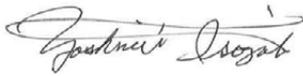
As a further important step, we have retained Deloitte to conduct an assessment of MEHL's financial and governance structures to ascertain whether proceeds from the joint-ventures with MEHL may have been used for military purposes and to ensure that the review is thorough, independent and adheres to international business and human rights standards. Due to the current coronavirus pandemic, all Kirin employees returned from Myanmar in April, preventing us from holding important meetings with MEHL in person. This has presented challenges in advancing our efforts, however, as mentioned above, we remain resolved to take all necessary action once this assessment is complete.

We continue to welcome dialogue with you as we make progress in resolving this issue, and have shared the overview of your findings with Deloitte to further inform their review. As previously requested, however, we would be very grateful if you could also provide us with the documented evidence cited in your letter dated 18 May 2020, as such evidence will help us accelerate our aforementioned investigation. Your cooperation will help us ensure that no stone is left unturned as we strive to resolve this matter.

Despite significant challenges to this ongoing process due to the current coronavirus pandemic, we ask for your trust and confidence in Kirin to take appropriate action to fully investigate and remedy the situation as soon as we are able to.

Please do not hesitate to contact myself or my team should you wish to discuss this matter further.

Yours sincerely,



**Yoshinori Isozaki**  
President and CEO  
Kirin Holdings Company, Limited

AMNESTY INTERNATIONAL  
Head of Business, Security and Human Rights  
Attention: Mr. Mark Dummett [REDACTED]

June 4th, 2020

Dear Mr. Mark Dummett

As for your requesting email on 21<sup>st</sup> May 2020 to address our commitment of due diligence in Myanmar, Sustainability Department at 'Pan-Pacific Co., Ltd.' is responding in below on behalf of CEO, Mr. S.W. Lim.

Wise Pacific Co., Ltd.(Wise-Pacific) - a subsidiary of Pan-Pacific Co., Ltd.(Pan-Pacific) located at Seoul Korea - is a global garment manufacturer to have production facilities in Vietnam, Indonesia, Myanmar to export overseas market.

The company has committed its best effort not only to comply with global standard of 'UN guiding principles of human right' in its all business operations in a transparent manner but also contribute to local community and employee's welfare as well. Despite of uncertainty and unpredictable business situation in production countries and overseas market, Wise Pacific surely believe its core value must be dignity of humanity in all our activities.

#### I. Business Relationship with MEHL

To enhance competitiveness in light woven garment business, Pan-Pacific has established Wise-Pacific as an independent business unit in 2012 and invested in merger and acquisition of a garment business sector of 'Daewoo International Co., Ltd.'(Daewoo International) including their overseas production facilities.

Both 'Myanmar Wise-Pacific Apparel Yangon Co., Ltd.'(MWY) and 'Myanmar Wise-Pacific Apparel Bago Co., Ltd.'(MWB) are the production factories owned by Wise-Pacific, which is a subsidiary of Pan-Pacific.

MWY has been established in 1991(previously known as "Myanmar Daewoo International Limited.") as a joint-venture based on ownership of 55% Daewoo International which takes entire responsibility in operating, and 45% MEHL which receives dividend payment only. In 2012, MWY was merged by WisePacific.

MWB has been established by 100% ownership of Wise-Pacific in 2015 and has rented land and building which is owned by MEHL.

1 / 5

## II. Approach of the company against those challenge caused since UN's report in 2019

Please see the company's approach and progress to fulfill social responsibility to comply with international human right and humanitarian law in below against the challenge caused from the business partner of MWY in Myanmar since detected country risk at UN's Independent Fact-Finding Mission in September 2019.

1. How does Pan Pacific ensure it is not contributing to human rights abuses in Myanmar? Please share all relevant materials.

Wise-Pacific has regulated internally all our manufacturing facilities must conduct specialized 3<sup>rd</sup> party audit regularly as like Betterwork, BSCI, SMETA etc. - globally recognized to ensure social responsibility including human right of which audit result reports also have been released and shared with its stakeholders in a transparent manner. In addition, the company has invested in a range of social initiative programs of employee welfare, community contribution collaborated with global NGO(CARE) and ILO in Myanmar.

Based on amicable partnership with our employees and continuous community contribution, we have focused on sustainable working environment in manufacturing operation while prohibiting any political relationship, which let us achieve high reputation in country. Wise-Pacific can obviously say both MWY and MWB have been operated only for the purpose of garment production, and all factories under the company are not allowed any supportive activities externally relating to Myanmar Military and MEHL.

Since detected human right risk from UN's report released in 2019, Wise-Pacific have continued to urge strongly MEHL to disclose fund flow transparently and takes all appropriate steps in order to fulfill its social responsibility of due-diligence despite of their passive attitude against the company's official request so far.

2. Did Pan Pacific undertake any due diligence prior to entering into a business relationship with MEHL to evaluate any potential risks? If yes, please provide details. If not, why?

Since meaningful progress of democratization that the government declared to allow election right by people in Myanmar in 2011, international society had inspired positive investment to global companies with a range of benefit as like GSP in EU and economic sanction lifted by USA in 2012.

While Myanmar has provided abundant potential business opportunities with those benefits from 2012, WisePacific decided to invest and acquire a garment business sector of Daewoo International together with its production unit of MWY in 2012 which had business relationship of Joint-Venture with MEHL from 1991. Daewoo International had introduced us at that time that MEHL was the national economic institute composed of retired military personnel to serve their welfare payment mainly.

From 2015 in which NLD party leading by Ms. Aung San Suu Kyi won overwhelmingly in national election, the customers of company preferred to expand production capacity in Myanmar and MWB has been established accordingly in 2015.

All investment of MWY in 2012 and MWB in 2015 have been completed before it happened human right violation by Myanmar Military group in Rakhine, northern Shan and Kachin States in October 2016 and it is detected those financial relations between MEHL and Military group through UN's report released in 2019.

2 / 5

Considering this time flows, it was quite difficult for Wise-Pacific to detect any human right risk from MEHL in advance as well as economic relations between MEHL and Military group in its past internal investigation with limited information.

3. What is Pan Pacific’s legal relationship to Wise Pacific?

To expand business territory up to light garment field, Pan-Pacific has established Wise-Pacific as a subsidiary of Pan-Pacific in 2012, and invested in merger and acquisition of a garment business sector of Daewoo International including their overseas production facilities located in Indonesia, Vietnam and Myanmar as addressed in above.

4. To date, has Pan Pacific done anything to assess the risk of money that MEHL has received or receives from business partnerships with Pan Pacific has funded Military operations in Rakhine State or elsewhere? For example, did it seek any assurance from MEHL on this matter or are there specific contractual provisions aimed at preventing funds from its business enterprises with MEHL from being used by the Military? What monitoring mechanism are in place to evaluate compliance?

Both MWY and MWB under Wise-Pacific have been operated for the purpose of garment production only. Before UN’s report released in 2019, MEHL had been recognized as the national economic institute composed of retired military personnel to serve their welfare payment, and Wise-Pacific didn’t detect any financial relations between MEHL and Military group due to limited information when Wise-Pacific acquired MWY in 2012 and established MWB in 2015.

Wise-Pacific has the entire authority in its manufacturing operation activities at MWY without any influence by MEHL which has just received dividend payment from MWY according to joint-venture relationship (Yearly dividend of approximately \$75,000 under 1% of total gross sales, and rental fee of land). MWY spends ordinarily almost 75% wage & benefit of employment for 4,000 workers and 23% maintenance cost of yearly total gross sales. Please refer to the following details.

\*\* MEHL dividend status from MWY (Unit : USD / Recent 3 years)

Year	Annual Gross Sales of MWY	Dividend for MEHL (amount)	Dividend for MEHL (%)
2017	9,136,795	70,092	0.8%
2018	9,765,155	101,250	1.0%
2019	10,708,221	55,490	0.5%

In addition, as Wise-Pacific is still suffering difficulty to get sufficient feedback from MEHL for the official request of their transparent fund flow, currently the company has stepped into the final phase to negotiate termination of joint-venture relationship.

5. Does Pan Pacific have any plans to identify and assess any potential or actual human rights impacts of its business dealings with MEHL?

The board of management of Wise-Pacific has recognized those serious impact of adverse human right. However, it isn't expected any significant measure and progress in effect by MEHL so far to ensure ethical responsibility despite of the company's continuous approach to identify, prevent, mitigate since UN's report released in September 2019.

Accordingly, Wise-Pacific have considered any possible practical steps legally and negotiated with MEHL to terminate business relationship of joint-venture at MWY with best timely manner. At this moment, the company already reached mutual agreement with MEHL in April 2020 that Wise-Pacific takes over all stakes of MEHL within September 2020.

a) Specific progress and plan to terminate joint-venture partnership at MWY

The original plan of company to terminate Joint-Venture relationship in April 2020 completely has been postponed into September 2020 due to impact of Covid-19 Pandemic globally and restriction of movement between Korea and Myanmar till around September expected.

In order to prevent further delay under transparency risk of MEHL, Wise-Pacific plans to conclude this contract of stake transfer within designated timeline in September after signing MOU in June 2020 first to take over all stakes from MEHL.

b) Challenge of any other possible measures to terminate business relationship with MEHL

Although Wise-Pacific had preferred to terminate entire business relationship with MEHL permanently through factory liquidation of MWY and relocation of MWB, the key concern of company through this measure is that it would almost result in massive unemployment condition of its employees up to 4,000 from both MWY and MWB, which may affect negatively and threaten its employees and families' livelihood fatally.

Since Wise-Pacific must ensure to prevent another expecting human right risk as well in the aspect of stable employment condition of employees and their families, the final decision of company is to terminate jointventure partnership.

6. Does Pan Pacific have any plans to expand or otherwise modify its Myanmar operations in the near future?

Wise-Pacific believes Myanmar still has potential business opportunity in south Asia region owing to GSP benefit in EU and economic sanction lifted by USA. However, the company doesn't have any concrete plan to expand its business in Myanmar as far as this country fails to provide appropriate system to ensure transparency and due-diligence without excessive influence of Military group. Recently it is preferred to minimize the business scale of company under human right risk in Myanmar.

4 / 5

To conclude, Pan-Pacific Group is suffering serious impact of global supply chain collapse caused by Covid-19 pandemic and afraid it would affect the company's faithful operation in Myanmar negatively due to country risk regardless of its positive investment in this country from 2012 and its best effort of social responsibility in a transparent manner.

Wise-Pacific is surely to sustain stable employment condition of 4,000 employees pursuing its core value of employee's satisfaction and community contribution. As addressed in above, Wise-Pacific will take entire ethical responsibility through termination of joint-venture partnership with MEHL according to the recommendation of 'UN's independent Fact-Finding Mission', which will be shared with all stakeholders including Amnesty International accordingly once prepared.

Hopefully we delivered our positive effort as appropriate without any misconception to comply with our social responsibility in both due-diligence and transparency. We are surely to provide any required information at any time and appreciate for your favorable feedback of our sincere approach in the above in advance.

Sincerely yours,



Mr. Brad Lee  
Director, Corporate Sustainability Management  
Department PAN-PACIFIC CO., LTD. / WISE-PACIFIC  
CO.,LTD. 12, Digital-ro 31-gil, Guro-gu, Seoul, Korea  
sustainability@panpacific.co.kr

5 / 5

**From:** [REDACTED]@poscocnc.com>  
**Sent:** Thursday, June 18, 2020 5:56:21 AM  
**To:** [REDACTED]@amnesty.org>  
**Cc:** [REDACTED]  
**Subject:** Re: RE: Posco's operations in Myanmar

Dear Mr. Mark Dummett,

We thank you for the wait and your kind understanding of our situation.

This is in response to your letter dated 18 May 2020.

We, POSCO Coated & Color Steel Co., LTD (“POSCO C&C”) has been conducting business in Myanmar through the joint venture entity in compliance with both domestic and international laws.

As a member of POSCO Group, POSCO C&C respects human rights and implements ethical programs as it operates by complying with international standards and national regulations. To this end, POSCO C&C adopted the code of ethics published by POSCO, which embodies the UN's standards related to human rights, so as to prevent any violation of human rights issues in connection with its businesses in and outside Korea. For your reference, the POSCO ethics code is attached to this letter.

Since POSCO C&C started its business in Myanmar, there has been no human rights violations by POSCO C&C under both international and domestic laws.

POSCO C&C, through its joint venture entity, produces products necessary for the stabilization of housing and contributes to improving the quality of life for the people of Myanmar. For example, its products are used to improve the quality of life by replacing old roofs with steel roofs. In addition, POSCO C&C supports low-income families in Myanmar through social contribution activities such as the roof improvement project and through CSR activities such as providing goods to educational institutions. If your organization is working on a similar CSR project, we welcome to discuss any collaboration between POSCO C&C and Amnesty International.

And, as to your inquiry on the use of dividend paid out to MEHL, as you may know, there is no way for companies to monitor and verify the use of dividends paid out to the shareholders, not only in Myanmar but also in any other developed country.

In addition, all the revenues generated by the joint venture entity, other than dividends paid out to the shareholders, are thoroughly and transparently managed by the personnel dispatched from POSCO C&C (70% shareholder), who are in the position of directors and officers in the joint venture entity in Myanmar.

As described earlier, we regularly check compliance with ethical standards and plan to further strengthen due diligence at overseas subsidiaries as soon as the pandemic caused by Covid-19 is over.

At this moment, it is our priority to stabilize the current business in Myanmar, and POSCO C&C has no imminent plan to expand our business there.

Please contact us if you have any further questions regarding this matter.

Sincerely,

Jae-hwan Oh, POSCO C&C

Director / Corporate Citizenship Bureau

\* POSCO ethics code :  
[http://www.posco.co.kr/homepage/docs/eng6/jsp/ethics/newEthics\\_main.jsp](http://www.posco.co.kr/homepage/docs/eng6/jsp/ethics/newEthics_main.jsp)

**From:** [REDACTED]@poscocnc.com>

**Sent:** 27 August 2020 08:44

**To:** [REDACTED]@amnesty.org>

**Cc:** [REDACTED]

**Subject:** Fwd: Re: Re: Re: Letter from Amnesty to Posco

Dear Mr. Mark Dummett,

We, POSCO Group, want to first thank Amnesty International for your understanding and patience, and we would like to now respond to your letter dated 29 July 2020 as follows.

As an advocate for human rights striving to fulfill our responsibilities in protecting human rights, POSCO Group takes the concerns raised by Amnesty International very seriously.

As a global corporate citizen, POSCO Group respects and advocates various internationally accepted human rights standards, including the United Nations' Universal Declaration of Human Rights (the "UDHR"), the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and

the Organization of Economic Cooperation and Development's Guidelines for Multinational Enterprises. Every January, our CEO repeats his emphasis on our commitment to ethical business practices and respect for human rights to all officers and employees, who are required to sign a pledge to comply with POSCO Group's internal ethics codes. Our efforts to do our part in protecting human rights and engaging in ethical business practices cover all entities within POSCO Group, including those in Korea and overseas, and we continue to provide ethical trainings and supervision to our overseas resident employees and local employees to educate them of our commitment to protect human rights.

As a major shareholder of MPSC and MPCC with managerial authority and responsibilities, we are paying particular attention to instill our business philosophy founded on commitments to ethical business practices in the business sites of MPSC and MPCC. Further, we have rejected all unfair requests for illegal financing and support in accordance with the U.S. Foreign Corrupt Practices Act. To ensure that no past dividend payments had been used for purposes that are contrary to the protection of human rights in Myanmar, we made a formal written request to MEHL to confirm that the dividend payments in the past were used for MEHL's original business objectives on August 11, 2020, and we are currently waiting for MEHL's official response.

Moreover, we would like to inform you that MPCC has never paid any dividends to MEHL since its incorporation in 2013 and no other dividend payment has been made by MPSC to MEHL since the last dividend payment made for the business performance of 2017. Hence, we would like to assure you that any possibility of funneling funds to finance potential infringements on human rights, which relates to the concern raised by Amnesty International, has effectively been blocked or preempted.

With respect to any future dividend payments to MEHL, we will continue to invest due care in ensuring that the concerns raised by Amnesty International are fully examined, communicate to the management of MEHL the issues raised in the report of the United Nations' Independent Fact-Finding Mission as well as the concerns raised by

Amnesty International, and urge MEHL to use the profits only for original business objectives. Going forward, if Amnesty International can provide us with information on any potential ties between our dividend payments to MEHL and suspected human rights violations or other unlawful purposes, we will carefully review and implement countermeasures, including withholding dividend payments to MEHL. If the violations and suspected illegalities are serious, we are even willing to consider revisiting and restructuring our joint venture arrangement with MEHL in alignment with POSCO Group's global commitment to ethical business practices.

In addition, we plan to conduct a survey this year to diagnose our overseas entities' perception of human rights and ethical business practices, and visit the overseas locations with unsatisfactory survey results to implement on-site inspections for any potential human rights violations and offer training sessions to align them to POSCO Group's global commitments to human rights and ethical business practices. Though our planned due-diligence activities are currently being delayed due to the COVID-19 pandemic, we will take particular interest in the conditions and status of our Myanmar entity to ensure that Amnesty International's concerns are fully addressed.

Accordingly, we respectfully request that the human rights report which is to be issued by Amnesty International fully reflects POSCO Group's past, present and future commitments to make various efforts to protect and preserve human rights globally, as particularly manifested in the fact that: (i) MPSC has not paid any dividends to MEHL since the last dividend payment made for the business performance of 2017 and MPCC has never paid any dividends to MEHL since its incorporation in 2013, and (ii) POSCO Group continues to specifically require MEHL to use the dividend payments for its original purposes, consistent with its stated business objectives.

Sincerely,

Jae-hwan Oh, POSCO C&C  
Director / Corporate Citizenship Bureau

Dear Mr. Dummett,

Thank you for your interest in Ever Flow River Group, and for your work in furthering the global human rights movement.

The Hlaing Inland Terminal and Logistics Company (HITLC) project is a crucial element in the development of Myanmar's logistics and port infrastructure as an important economic contributor, benefitting the development of Myanmar's Gross Domestic Product (GDP) which currently stands at about USD70B. Completion of the Hlaing Inland Terminal and Logistics Center project will create a positive impact on the welfare of the country's more than 50 million people, creating employments and other business opportunities that will raise the standard of living for the citizens.

Amnesty International's alleging of a link between EFR to the Tatmadaw is too remote. For further reference, Lann Pyi Marine Co. Ltd (LPM) is the registered landowner of the land plot the proposed HITLC is situated upon. LPM is a subsidiary of the Union of Myanmar Economic Holdings Limited (UMEHL), which serves as an agency under the Ministry of Defense to assist retired military personnel. Furthermore, most land ownership in Myanmar is historically vested with the Government, with HITLC being situated on the land owned by remnants of the former Military Administration before 2011.

From our financial projections and evaluation, the HITLC project, which is yet to commence operations, will not be profitable for the next 10 years or maybe longer in view of the current international economic situation. Hence the allegations of the funds being used towards contributing to any crimes and human rights violations is unfair and misrepresents the nature of our arrangement through speculative conjectures and preconceived conclusions.

EFR Group is committed to the UN Global Compact Initiative and its principles across the areas of human rights, labor, the environment and anti-corruption. Our membership to support the UN Global Compact Network is evident of our company's commitment towards the rights of citizens and therefore is in contrast to the pre-conceived conclusion of EFR which Amnesty International seeks to draw. We have taken strides to declare our position publicly as a listed company.

We will therefore invite some level of courtesy that Amnesty International, as an internationally recognized organization, reconsider its position on our company and withdraw the allegations and misguided information of EFR Group being involved with or contributing to any crimes and human rights violations.

Sincerely,



U Maung Maung Oo  
Vice - Chairman

Ever Flow River (EFR) Group Public Company Limited

No.62, Room (1104), 11<sup>th</sup> Floor, Mahabandoola Housing Complex (B), Corner of Mahabandoola Road & Tarwataintha Street,  
Pazundaung Tsp, Yangon, Myanmar.

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[www.efrgroupmyanmar.com](http://www.efrgroupmyanmar.com), [www.facebook.com/efrgroup](http://www.facebook.com/efrgroup)



**AMNESTY INTERNATIONAL  
IS A GLOBAL MOVEMENT  
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TO ONE PERSON, IT  
MATTERS TO US ALL.**

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# MYANMAR LTD

## THE COMPANY FINANCING HUMAN RIGHTS ABUSES IN MYANMAR

In this report, Amnesty International provides new information exposing the link between Myanma Economic Holdings Public Company Ltd (MEHL) and military units that are implicated in crimes under international law and other serious human rights violations. This information has implications for MEHL's many foreign and local business partners. By doing business with the conglomerate, they too are linked to these crimes and violations. Because MEHL has shown no willingness to engage transparently with its business partners or reform its structure, Amnesty International is calling on these companies to disengage, responsibly, from MEHL.