To: Investors holding shares in MUFG Bank, Sumitomo Mitsui Banking Corporation, or Mizuho Bank

**Call for Engagement to Urge Banks to Take Measures to Stop the Flow of Funds to the Myanmar Military**

Dear investors,

We are civil society organizations that make policy proposals urging Japanese companies to give appropriate consideration to the environment, social impacts, and human rights in their overseas business operations. Today we are sending this call for engagement to you as one of 160 major investors in three major Japanese banks (MUFG Bank, Sumitomo Mitsui Banking Corporation, and Mizuho Bank) that are investing or lending to projects that may benefit the Myanmar military or hold shares in Japanese companies that may be complicit in human rights violations in Myanmar, as indicated in the tables below.

Since the Myanmar military attempted a coup d'etat in February 2021, we have pointed out that the Japanese companies investing in projects in Myanmar may be complicit in human rights violations by the Myanmar military through business operations benefiting the military. Through letters of requests and meetings, we have also asked these companies to act in accordance with their human rights policies and international standards. There is strong concern that if these business operations continue or are conducted as planned, they will be a source of funds for the Myanmar military, thereby facilitating repression by the military such as murder of citizens, unlawful arrest, arbitrary detention, sexual violence, forced disappearance, and torture.

The three major Japanese banks invest in or lend to the projects listed in Table 1. In their human rights policies, the financial groups that oversee each of the banks (Mitsubishi UFJ Financial Group, Mitsui Sumitomo Financial Group, and Mizuho Financial Group) state that they will follow international human rights standards and avoid being complicit in human rights violations. Further, Mitsubishi states that it urges clients to respect human rights; Sumitomo states that it strives to address negative human rights impacts associated with its business activities; and Mizuho states that it strives to perform adequate due diligence to prevent or mitigate adverse human rights impacts associated with its business operations, using leverage where appropriate. In light of these human rights policies, the three banks must take measures as indicated below.

**Table 1: Measures required of banks regarding projects that may benefit the Myanmar military**

<table>
<thead>
<tr>
<th>Project name, investors (percentage of shares), and banks involved</th>
<th>Possible flow of funds to the military</th>
<th>Measures requested of banks</th>
</tr>
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<tbody>
<tr>
<td>Thilawa Special Economic Zone (SEZ) Development Project (*2)</td>
<td>Possibility of partial flow of dividends to the military, due to 10% joint funding by the</td>
<td>- Continued suspension of dividend payments</td>
</tr>
</tbody>
</table>
Operator: Myanmar Japan Thilawa Development (100%)
- Japanese private companies (39%)
  - Sumitomo Corporation (32.2%)
  - Marubeni Corporation (32.2%)
  - Mitsubishi Corporation (32.2%)
  - MUFG Bank (1.13%)
  - Sumitomo Mitsui Banking Corporation (1.13%)
  - Mizuho Bank (1.13%)
- Japan International Cooperation Agency (JICA) (10%)
- Myanmar Thilawa SEZ Holdings (41%)
- Thilawa SEZ Management Committee (10%)
In addition, MUFG Bank, Sumitomo Mitsui Banking Corporation, and Mizuho Bank are major shareholders of Sumitomo Corporation, Marubeni Corporation, and Mitsubishi Corporation.

In February 2022, dividend payments were suspended, but it is unclear when they will resume.
- The military has already taken control of Thilawa SEZ Management Committee (the chairperson was arrested and detained after the attempted coup, and a new chairperson was subsequently appointed by the military), and military involvement in the entire project may increase.
- The military is already in effective control of relevant government ministries, Central Bank of Myanmar, and the Myanmar Oil and Gas Enterprise (MOGE), and it is not possible to reliably prevent revenue payments, including profits from MOGE's investment in natural gas fields and transportation pipelines, from being used by the Myanmar military.

Further, while the three banks are not directly investing in or lending to the projects listed in Table 2, they have responsibility as major investors in the companies participating in the projects. The three banks should adhere to their human rights policies, and take the following actions to avoid facilitating human rights violations by the Myanmar military.

Table 2: Projects that may facilitate human rights violations by the Myanmar military

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<tr>
<th>Project name, investors (percentage of shares), and banks involved</th>
<th>Possibility of facilitating human rights violations by the Myanmar military</th>
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<td>Yetagun Gas Project (*4)</td>
<td>- The military is already in effective control of relevant government ministries, Central Bank of Myanmar, and the Myanmar Oil and Gas Enterprise (MOGE), and it is not possible to reliably prevent revenue payments, including profits from MOGE’s investment in natural gas fields and transportation pipelines, from being used by the Myanmar military.</td>
<td>- Urge Japanese companies to responsibly withdraw from the project, including by providing funds for decommissioning in such a way that the funds do not flow to the military.</td>
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<td>- Petronas Carigali (40.9%)</td>
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Japanese Minister of Economy, Trade and Industry (50%)

- Mitsubishi UFJ Financial Group, Mitsui Sumitomo Financial Group, and Mizuho Financial Group all have human rights policies. They have also publicly stated that they support and would implement international human rights standards such as the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

Accordingly, we request that you promptly engage with the banks to take the "measures required of banks" shown in Table 1. If the three banks do not take measures even after your engagement, we would like you to consider divestment. Please refer to the documents attached for information on the grave human rights abuses by the Myanmar military amounting to international crimes.

We would very much appreciate it if you would reply to the contact address listed below by November 1, 2022 to share your course of action for addressing this request and any other views you may have on the matter.

Sincerely,

Yuka Kiguchi
Executive Director, Mekong Watch
Contact:
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3F Aoki Bldg., Taito 1-12-11,
Taito-ku, Tokyo 110-0016 Japan
Phone: +81-3-3832-5034
Email: contact@mekongwatch.org

Attachments:
- Background on the Situation in Myanmar

Notes
(*1) Mitsubishi UFJ Financial Group "Policies and Guidelines"
Sumitomo Mitsui Financial Group "Respect for Human Rights"
https://www.smfg.co.jp/english/sustainability/group_sustainability/forrights/
Mizuho Financial Group "Human Rights Policy"
https://www.mizuhogroup.com/sustainability/human-rights/respect

(*2) Sumitomo Corporation, "Presentation of Myanmar Japan Thilawa Development Ltd.(MJTD)" (March 14, 2018)
News article in Japanese that mentions the detention of the SEZ Management Committee chairperson
https://www.nikkei.com/article/DGXZQOUC176F30X10C21A6000000/

(*3) JBIC press release, "Loan for Mixed Use Development Project by Japanese Company in Myanmar" (December 18, 2018)
Justice for Myanmar "Land Lease Payments Tie Japanese Gov and Investors to Myanmar's Military" (March 24, 2021)

(*4) JX Nippon Oil & Gas Exploration Corporation page on Myanmar
https://www.nex.jx-group.co.jp/english/project/southeast_asia/myanmar.html
Mekong Watch briefing paper, "Yetagun: The Japanese Government’s Involvement in Natural Gas Development in Myanmar" (September 15, 2021)
http://www.mekongwatch.org/PDF/Yetagun_BP_Eng.pdf

(*5) Press release by KDDI Corporation and Sumitomo Corporation, "Entering the Telecommunications Business
in the Republic of the Union of Myanmar" (July 16, 2014)
Joint letter from NGOs, "KDDI Group and Sumitomo Corporation: Do not facilitate human rights abuses by
Burma’s illegitimate regime" (October 18, 2021)
http://www.mekongwatch.org/PDF/rq_20211018_Eng.pdf
Background on the Situation in Myanmar

In Myanmar, the military has committed gross human rights violations over the past several decades.\textsuperscript{1} Some of the violations committed against civilians in ethnic minority regions are deemed to amount to international crimes.\textsuperscript{2} Since the coup d'etat on February 1, 2021, many citizens have expressed opposition to the resumption of military rule. However, the military has responded with violence, and 2,262 people have been killed and 12,219 were detained as of September 1, 2022.\textsuperscript{3} In July 2021, the Independent Investigative Mechanism on Myanmar (IIFFMM) set up by the UN Human Rights Council found that security forces including the military have “committed serious international crimes” since the coup, such as murders, persecution, arbitrary detentions, sexual assaults, forced disappearances, and torture.\textsuperscript{4} According to the IIFFMM, these crimes may amount to crimes against humanity.

Even before the coup, armed conflict had continued for decades in ethnic minority regions, and many civilians have become victims of forced labor, forced relocation, sexual violence, extrajudicial killing committed by the military as part of its clearance operations against ethnic armed organizations.\textsuperscript{5} At times such operations are carried out to pursue development projects. \textsuperscript{6} During construction of a pipeline from the Yadana natural gas field to Thailand, the military set up outposts along the pipeline route and subjected local ethnic communities to forced relocation, forced labor, looting, rape, and summary executions.\textsuperscript{7} Several years later, a pipeline from the Yetagun field was laid along the same route.

In 2017, the military attacked villages of Rohingya Muslims in Rakhine State and committed killings, rapes, arbitrary arrests, and mass arson of civilian homes. The independent international fact-finding mission on Myanmar (IIFFMM) established by the UN Human Rights Council found that during this operation the military committed crimes against humanity as well as violations of international humanitarian law amounting to war crimes.\textsuperscript{8} Further, Gambia filed a case at the International Court of Justice against Myanmar for alleged genocide committed during these attacks, and the case is ongoing. After the coup, armed conflict in ethnic minority regions have continued, intensified, or reignited.\textsuperscript{9} According to the UN High Commissioner for Refugees, as of August 2022, there are an estimated 897,000 internally displaced people in Myanmar due to conflict and unrest since the coup.\textsuperscript{10}

The military has built its own network of companies to finance its activities. In its 2019 report,\textsuperscript{11} the IIFFMM detailed how the military utilized its business relationships with its holding companies and foreign corporations to support its operations against ethnic minorities. Further, because “the revenues the military earns from domestic and foreign business deals substantially enhances its ability to carry out gross violations of human rights,” the IIFFMM recommended that “no business enterprise active in Myanmar or trading with or investing in businesses in Myanmar should enter into or remain in a business relationship of any kind with the security forces of Myanmar, in particular the Tatmadaw, or any enterprise owned or controlled by them”.\textsuperscript{12} Some of the more than 400 Japanese companies conducting business in Myanmar may well be contributing to human rights violations through the military’s network of businesses.

\textsuperscript{1} See e.g., Written updates of the Office of the United Nations High Commissioner for Human Rights (UNHCHR) on the situation of human rights in Myanmar, September 16, 2021, p.2.
\textsuperscript{2} Ibid.
3 Assistance Association for Political Prisoners, Daily Briefing in Relation to the Military Coup, September 1, 2022.
7 EarthRightsInternational, supra note 6.
9 UNHCHR, supra note 11 p.9,11.
10 UNHCR, Myanmar Emergency Update as of 1 August 2022.
12 Ibid., p.66.