



Abusing Myanmar for Australia's "Future":

**Australia's sovereign wealth fund invests
over AUD\$157 million in companies linked
to the Myanmar military's atrocities**



Australia's sovereign wealth fund, the Future Fund, is profiting from the Myanmar military's brutal oppression and campaign of terror through its holdings.

Through a Freedom of Information request, Justice For Myanmar has revealed equity stakes collectively valued at AUD\$157.9 million held by the Future Fund, across 14 publicly traded companies that maintain business links to the Myanmar military. These businesses have continued their activities following the illegal February 1 attempted military coup and stand complicit in the increasingly widespread and systematic atrocity crimes the Myanmar military continues to commit against the people of Myanmar. These companies either have a direct and longstanding commercial tie to the Myanmar military or its conglomerates through joint ventures and land leases, or sell arms and related equipment to the Myanmar military. Two of these companies have announced that they are ending their relationship with the Myanmar military, but have not yet done so. Through these ties, the Australian government is directly connected to the Myanmar military's grave violations of human rights.

Justice For Myanmar calls on the Future Fund and all other institutional investors to immediately divest from those companies that continue to have ties with the Myanmar military, and companies that sell arms or dual use goods to Myanmar. We call on the Australian government to impose immediate targeted sanctions against the Myanmar military, their businesses and significant business associates, and to advocate for a global arms embargo.

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

In August 2019, the United Nations Independent International Fact-Finding Mission on Myanmar released a [report](#) on the economic interests of the Myanmar's military. [It found](#) that the military owned and operated two major holding companies – Myanma Economic Holdings Limited (MEHL) and Myanmar Economic Corporation (MEC). MEHL, MEC and their subsidiaries generated revenue dwarfing all civilian-owned companies in Myanmar. The UN Fact-Finding Mission concluded that the military's business empire enabled it to secure financial resources to support its unlawful activities, including acts of genocide, war crimes and crimes against humanity, and to evade accountability and oversight.

Significantly, the UN Fact-Finding Mission considered that foreign companies involved in commercial relationships with Myanmar's military, MEHL or MEC pose a "high risk" of contributing or being

linked to violations of international human rights and humanitarian law. It urged foreign companies to "sever their relationships" with these entities, or otherwise risk being complicit "in law, fact or the eyes of the broader public", in contributing to the financial resources available to the military. The report also highlighted the complicity of countries that have authorised the transfer of arms and dual use goods to Myanmar, knowing they would be used for the commission of genocide, war crimes and crimes against humanity, and recommend a comprehensive arms embargo. The Report "put companies on further and effective notice" of the human rights implications that arise from maintaining business relationships with the military.

Links between the Australian Future Fund and the Myanmar military

Despite the damning findings of the UN Fact-Finding Mission report, multinational companies continue to conduct business with Myanmar's military, MEHL, MEC and their subsidiaries, including the sale of arms and dual use goods. Justice For Myanmar has identified further companies that continue to conduct business with the Myanmar military and sell arms and dual use goods.

Through a Freedom of Information request, Justice For Myanmar found that the Future Fund is invested in fourteen companies that have direct and long-term relations with the Myanmar military or military-controlled businesses predating the February 1, 2021 attempted coup, or sell arms and dual use goods to the Myanmar military. These are:

1. Adani Ports & Special Economic Zone Ltd.

Adani Ports is an Indian port operator that has a contract with military conglomerate MEC to build a container terminal in Yangon. On October 27, 2021, the company announced they are withdrawing from Myanmar.

Adani Ports has [disclosed](#) payments of US\$90 million to MEC as part of a build-operate-transfer deal. A joint report by the Australian Centre for International Justice and Justice For Myanmar found major human rights failings in Adani Ports business in Myanmar, and possible complicity with the Myanmar military's international crimes.

Adani Ports CEO Karan Adani has [announced](#) that the company is seeking a buyer and will prioritise "the best value". This raises further concerns regarding the company's obligation to disengage from Myanmar in a way that minimises its human rights impact. This must include measure to prevent MEC from profiting from the port project.

Major institutional investors have excluded Adani Ports because

of its business with the Myanmar military and its involvement in the Carmichael coal project. The Dow Jones Sustainability Index has also [excluded](#) Adani Ports. Yet, [the value of the Future Fund's holdings in Adani Ports](#) has more than doubled since August 2020, when the Australian Centre for International Justice made a freedom of information request regarding the company, from AUD\$3.2 million to AUD\$7.9 million.

2. Aviation Industry Corporation of China (AVIC)

The Future Fund is invested in five subsidiaries of the Chinese arms conglomerate Aviation Industry Corporation of China (AVIC): AviChina Industry & Technology Co Ltd, AVIC Electromechanical Systems Co Ltd, AVIC Industry-Finance Holdings Co Ltd, AVIC Shenyang Aircraft Co Ltd and AVICOPTER PLC.

In 2015, the Myanmar military [ordered](#) 16 JF-17M combat aircraft from AVIC under a US\$560 million contract. The first four planes were [commissioned](#) in 2018, a year after the Myanmar military's campaign of genocide against the Rohingya.

In 2016, [AVIC delivered](#) two Shaanxi Y8F200W tactical transport aircraft to Myanmar.

The Myanmar military also has a fleet of K-8 light combat aircraft, which were on display in a March [military parade](#) following the illegal attempted coup. The K-8 is manufactured by AVIC subsidiary AviChina, in which Australia's Future Fund has invested AUD\$3.2 million. K-8 jets have been used in [military operations](#) in Kachin State.

AVIC also delivered dozens of PL-5E and PL-12 missiles to the Myanmar military in 2018-19, according to the Stockholm International Peace Research Institute [Arms Transfers Database](#).

In 2019, AVIC was named by the UN Fact-Finding Mission, which found that, through the company's transfers to Myanmar, China was in breach of international humanitarian law.

AVIC has also been [designated](#) under a June 2021 US [Executive Order](#) Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China, [which bans investment in AVIC and other Chinese defence companies](#).

As a result of the serious international law and human rights risks, a number of international fund managers have excluded AVIC and its subsidiaries, including specifically for its involvement in grave human rights violations in Myanmar. These

include [ANZ](#) New Zealand, Sweden's [AP7](#), [Lægernes Pension & Bank](#), [NN Investment Partners](#), [Robeco](#) and [Storebrand](#).

The Future Fund's combined total investment in the five AVIC subsidiaries is AUD\$4.9 million.

3. Bharat Electronics Ltd

Bharat Electronics is an Indian arms manufacturer that operates a representative office in Myanmar and sells arms and related materiel to Myanmar, including since the attempted military coup. Items exported to the Myanmar military include [radar](#), [sonar](#), [a coastal surveillance system](#) and a [remote-controlled weapons station](#). Bharat Electronics Ltd is also involved in the development of nuclear missiles.

As a result of the serious international law and human rights risks, a number of international fund managers have excluded Bharat Electronics, including specifically for its involvement in grave human rights violations in Myanmar. These include [Nordea](#), [Robeco](#). The Danish [PFA Pension](#) excludes Bharat Electronics for its involvement in the production of nuclear weapons.

The value of the Future Fund's investment in Bharat Electronics is AUD\$17.8 million.

4. Daiwa House Industry Co Ltd and Tokyo Tatemono.

Daiwa House Industry and Tokyo Tatemono are both investors in the [Y Complex project](#), a mixed-use real estate development being built in Yangon on land leased from the Office of the Quartermaster General of the Myanmar Army, under a build-operate-transfer agreement. The Quartermaster General is responsible for the purchase of arms. [Annual lease payments](#) amount to US\$2.163 million, and, on completion of the lease, the Myanmar Army will receive the buildings, a lucrative asset for the continued generation of revenue.

The Future Fund's combined total investment in Daiwa House Industry and Tokyo Tatemono is AUD\$28.8 million.

5. Hilton Worldwide Holdings Inc

[Hilton](#) operates a hotel at Ngapali beach in Arakan State, on land leased from the Office of the Quartermaster General of the Myanmar Army under a build-operate-transfer agreement, in partnership with crony conglomerate Eden Group.

The land where the hotel was built was [stolen from farmers](#)

by the Myanmar Army to expand a military base, and was commercialised to generate revenue for the Myanmar military.

Ilmarinen and Elo, Finnish pension fund insurance companies, [sold their holdings in Hilton](#) this year but did not respond to questions on whether the reason was the company's links to the Myanmar military.

The value of the Future Fund's investment in Hilton Worldwide Holdings is AUD\$9.4 million.

6. Kirin Holdings Co Ltd

Kirin operates Myanmar's biggest brewery as a joint venture with military conglomerate MEHL, which has provided a significant source of revenue for the Myanmar military, including military units that have committed genocide, war crimes and crimes against humanity. Under Kirin leadership, its joint venture, Myanmar Brewery, [made a donation to the Myanmar military](#) to support "clearance operations" against the Rohingya in 2017.

After public pressure, Kirin [suspended dividend payments](#) to MEHL. Following the attempted military coup, Kirin announced that they will [end their business with MEHL](#), but [have not yet done so](#). Norges Bank Investment Management has placed Kirin [under observation](#) because of the "unacceptable risk that the company contributes to serious violations of individuals' rights in situations of war or conflict", and announced they will follow up on Kirin's disengagement from MEHL.

The value of the Future Fund's investment in Kirin Holdings is AUD\$33 million.

7. POSCO

[POSCO](#) has multiple business links with the Myanmar military and its conglomerates. POSCO has a joint venture with MEHL to manufacture and sell colour and coated steel. POSCO has announced that they will take over MEHL's stake in the company but has [not yet done so](#). The company operates in an industrial zone owned by MEHL so it is likely there will be continued lease payments.

POSCO's listed subsidiary, POSCO International, [brokered the sale of a warship](#) for the Myanmar Navy, which was commissioned in 2019. POSCO International is also a major investor in the LOTTE Hotel and Serviced Apartments Yangon, built on land leased from the Ministry of Defence under a build-operate-transfer agreement. On completion of the lease, the Myanmar military will receive the buildings, a lucrative asset for

the continued generation of revenue.

POSCO is also the operator of the Shwe Gas project, a major source of revenue for the Myanmar military junta.

The value of the Future Fund's investment in POSCO is AUD\$47.9 million.

8. PTT Oil & Retail Business PCL (PTTOR)

[PTTOR](#) is a recently listed subsidiary of the Thai oil and gas corporation PTT. [PTTOR is an investor](#) in a fuel terminal and storage facility in Thilawa, on land leased from MEC under a 2018 build-operate-transfer agreement that involves a land lease premium of US\$1.6 million and annual payments of US\$808,000. On completion of the lease, the MEC will receive the buildings, a lucrative asset for the continued generation of revenue. The project is being carried out in partnership with Brighter Energy, a subsidiary of the crony conglomerate KBZ.

The value of the Future Fund's investment in PTTOR is AUD\$3.6 million.

9. Sinotruk Hong Kong Ltd

Sinotruk Hong Kong is a Hong Kong listed vehicle manufacturer that is part of the Sinotruk group. [Sinotruk is a major provider](#) of military vehicles for the Myanmar military, including troop transport vehicles that were used in the military's brutal attacks on peaceful protestors following the attempted military coup.

Sinotruk has a manufacturing facility in Myanmar in partnership with the private company Myanmar Chemicals and Machinery Company Limited, a major arms broker.

[Sinotruk has denied](#) selling vehicles to the Myanmar military, but has not explained the military's large fleet of Sinotruk vehicles or the licencing agreements for the domestic manufacture of trucks for the Myanmar military.

The value of the Future Fund's investment in Sinotruk Hong Kong is AUD\$4.5 million.

The table below lists the names of these companies, sector and value of shares held by the Future Fund. This selection of 14 companies is not exhaustive. The Future Fund owns shares in other companies with ties to the Myanmar military, notably including [oil and gas companies](#) that provide a major source of revenue to the military junta.

Multinational companies linked to Myanmar's military and Australia's Future Fund investment value

Company	Sector	Market value of Future Fund holdings (AUD)
AviChina Industry & Technology Co Ltd	Defence	\$3,200,027.84
AVIC Electromechanical Systems Co Ltd	Defence	\$191,896.27
AVIC Industry-Finance Holdings Co Ltd	Finance	\$379,428.98
AVIC Shenyang Aircraft Co Ltd	Defence	\$667,664.87
AVICOPTER PLC	Defence	\$467,535.43
Adani Ports & Special Economic Zone Ltd	Transportation	\$7,933,568.88
Sinotruk Hong Kong Ltd	Machinery	\$4,497,483.56
Bharat Electronics Ltd	Defence	\$17,833,736.28
Daiwa House Industry Co Ltd	Real estate	\$18,638,897.15
Hilton Worldwide Holdings Inc	Tourism	\$9,409,437.29
Kirin Holdings Co Ltd	Food & Beverage	\$33,030,642.30
POSCO	Manufacturing/Trading	\$47,906,602.13
PTT Oil & Retail Business PCL	Trading	\$3,591,553.62
Tokyo Tatemono Co Ltd	Real estate	\$10,159,584.11
TOTAL		\$157,908,058.71

Source: Future Fund, current 18 October 2021

Expectations of the Future Fund: Responsible (dis)engagement and divestment

One month after the coup took place, Chris Sidoti, a former Member of the UN Fact-Finding Mission on Myanmar and a Founding Member of the Special Advisory Council for Myanmar, [explained](#) what is expected of companies doing business with the Myanmar junta: “If businesses are responsible, they will put everything on hold at this point” – doing so “will send a very clear message to the military that may, hopefully, cause them to rethink their actions.”

Under the [OECD Guidelines for Multinational Enterprises](#) (OECD Guidelines) and the [United Nations Guiding Principles on Business and Human Rights](#) (UNGPs) – two global standards of responsible corporate conduct – companies whose products or services are directly linked to severe human rights impacts through a business relationship (for example, with a military junta) are expected to consider responsibly and immediately [disengaging](#). This responsibility is a global standard of expected conduct for all companies wherever they operate. This standard exists independently of the willingness of the Myanmar military to fulfil its own human rights obligations.

In line with the OECD Guidelines and UNGPs, the fourteen companies with commercial ties to Myanmar’s military and its military conglomerates should immediately sever their business ties to the entity causing severe human rights impacts – Myanmar’s military. These companies have longstanding ties to the military and thus also to the severe and ongoing human rights and humanitarian law violations in the country. Bharat Electronics, AVIC and its subsidiaries and POSCO must stop supplying arms and equipment to the junta, as part of a moratorium on all sales of arms and related weaponry and materials to Myanmar. Bharat Electronics must close their Myanmar office.

Importantly, the Future Fund has a responsibility under the OECD Guidelines and UNGPs to use their leverage to convince their investee companies to act responsibly, and to divest from those companies if they do not act responsibly. Given the longstanding and irresponsible ties between the fourteen companies listed above and the Myanmar military, the Future Fund should divest immediately from these companies and exclude them from its portfolio. If they do not do so, the OECD [Due Diligence Guidance for Responsible Business Conduct](#) indicates that they risk deepening their relationship to, and responsibility for, the atrocities in Myanmar. Under the OECD Guidelines, the asset manager may no longer simply be considered to be “linked” to the abuses but could be considered to be “contributing” to them. They may therefore be subject to a formal complaint under the OECD Guidelines’ complaints mechanism.

The Future Fund must be transparent about their due diligence steps and decision-making relating to engagement and divestment from the shares that directly link them to Myanmar military businesses and the military junta. The Future Fund should disclose how they are addressing their human rights impacts, and provide sufficient information to key stakeholders to enable them to evaluate the adequacy of the due diligence performed and the response of investees. Key stakeholders include the National Unity Government and civil society organisations focused on the human rights situation in Myanmar.

Finally, the Australian government must impose immediate targeted sanctions against the Myanmar military, their businesses and their significant business associates, and advocate for a global arms embargo.

Over [1200](#) people have been brutally murdered by the Myanmar military since the military’s attempted coup. This does not include those who have lost their lives in indiscriminate air strikes and shelling by the Myanmar military, which continues to commit war crimes and crimes against humanity continue with total impunity. If the Future Fund does not take immediate action, they too will be complicit in these grave crimes.

Appendix 1: References with further information on company links

For further information on links between the companies listed and the Myanmar military or state-controlled enterprises, see Justice For Myanmar's May 2021 resource "Public Companies Financially Supporting the illegitimate Myanmar Junta" and the following sources:

Adani Ports and Special Economic Zone Ltd:

- Justice For Myanmar, "[Myanmar Military-Controlled Businesses and Associates that Require Targeted Sanctions](#)," 8 March 2021;
- Market Forces, "[Major banks and pension funds dump Adani Ports amid rising controversy](#)," 20 April 2021;
- Michael Slezak, "[Australia's Future Fund 'in bed with Adani' after freedom of information request reveals \\$3.2 million investment](#)," ABC, 16 December 2020;
- Rawan Arraf, The Australian Centre for International Justice and Justice For Myanmar, "[Port of Complicity: Adani Ports in Myanmar](#)," March 2021;
- S&P Dow Jones Indices, "[Removal of Adani Ports and Special Economic Zone from the Dow Jones Sustainability Indices](#)," 15 April 2021;
- UN Human Rights Council, Independent International Fact Finding Mission on Myanmar, A/HRC/42/CRP.3, 5 August 2019, "[The Economic Interests of the Myanmar Military](#)," para 144 & Annex V.

Aviation Industry Corporation of China (AVIC):

- Bruce Einhorn, "[Combat Drones Made in China Are Coming to a Conflict Near You](#)", Bloomberg," 18 March 2021;
- Dylon Malyasov, "[Myanmar Air Force confirms purchase of JF-17 «Thunder» fighter jets](#)," Defence Blog, 7 November 2016.
- Senior General Min Aung Hlaing, "[Tatmadaw \(Air\) establishment enters 71st anniversary; empower air strength for national defence; Tatmadaw aircraft commissioned](#)," 16 December 2018.
- UN Human Rights Council, Independent International Fact

Finding Mission on Myanmar, A/HRC/42/CRP.3, 5 August 2019, "[The Economic Interests of the Myanmar Military](#)," para 158 & Annex VI.

Bharat Electronics Ltd:

- Bharat Electronics Limited, "[Annual Report 2019- 20](#)," no date, p. 10.
- Justice For Myanmar, "[Bharat Electronics Ltd Arms Sales Continue via Myanmar Military Broker Mega Hill General Trading](#)," 5 October 2021;
- Justice For Myanmar, "[Bharat Electronics Limited Supplying Technology to Myanmar Since Attempted Military Coup](#)," 14 June 2021;
- Manohar Parrikar Institute for Defence Studies and Analyses, "[Bharat Electronics Limited \(BEL\) Signs a Contract for the Supply of Three Hull Mounted Sonars with Myanmar; Incidents of Firing on India-Pakistan Border Intensified over the Years](#)," 17-23 February 2014;
- Stop Wapenhandel, "[Despite Military Embargo, India Sells Dutch Radar Technology to Myanmar](#)," 6 July 2015.
- Zsombor Peter, "[Indian Arms Maker with US, EU Investors Supplies Myanmar Junta, Rights Group Says](#)," VOA, 13 October 2021.

Daiwa House Industry Co Ltd: Daiwa House Industry Co Ltd is the parent company of Fujita Corporation, which is referred to in:

- Human Rights Watch et al, "[Joint Submission Concerning Japanese Business Entities Operating in Myanmar](#)," 16 February 2021;
- Ju-min Park, "[Japan state-funded hotel deal pays rent to Myanmar defence ministry](#)," Reuters, 24 March 2021;
- Justice For Myanmar, "[Land Lease Payments Tie Japanese Gov and Investors to Myanmar's Military](#)," 24 March 2021;
- Justice For Myanmar, "[The Luxury Japanese Business Development Secretly Funding Myanmar's Military](#)," 22 May 2020.

Hilton Worldwide Holdings Inc:

- TTR Weekly, "[Hilton justifies Myanmar business link](#)," 5 March 2021.
- Justice For Myanmar, "[Myanmar Military-Controlled Businesses and Associates that Require Targeted Sanctions](#)," 8 March 2021.

POSCO:

- Amnesty International, "[Military Ltd: The Company Financing Human Rights Abuses in Myanmar](#)," 2020;
- Committee Representing Pyidaungsu Hluttaw – CRPH, "[Letter to POSCO](#)," 5 March 2021;
- Justice For Myanmar, "[Mapping the Myanmar Military Cartel's Global Reach Through POSCO](#)," 22 March 2021;
- UN Human Rights Council, Independent International Fact Finding Mission on Myanmar, A/HRC/42/CRP.3, 5 August 2019, "[The Economic Interests of the Myanmar Military](#)," para 143 & Annex V.

Sinotruk Hong Kong Ltd:


- FIAN Deutschland et al, "[Open letter to MAN SE regarding Sinotruk's business dealings with Myanmar's military](#)," 13 September 2021;
- Süddeutsche Zeitung, "[Supplying Trucks to a Murderous Military](#)," 28 March 2021;
- Süddeutsche Zeitung, "[Keine Laster mehr für Myanmar](#)," 14 September 2021.


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- Ju-min Park, Reuters, "[Japan state-funded hotel deal pays rent to Myanmar defence ministry](#)," 24 March 2021;
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- Justice For Myanmar, "[The Luxury Japanese Business Development Secretly Funding Myanmar's Military](#)," 22 May 2020.



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