



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

12 June 2020

**Re: Kirin Business Operations in Myanmar**

Dear Human Rights Now,  
Human Rights Watch,  
Japan International Volunteer Center,  
SHAPLA NEER = Citizens' Committee in Japan for Overseas Support,

Thank you for your joint letter dated 22 May 2020 ("**your letter**") regarding Kirin Holdings' ('Kirin') joint-venture companies with Myanmar Economic Holdings Public Company Limited ('MEHL'); Myanmar Brewery Limited ('MBL') and Mandalay Brewery Limited ('MDL').

We appreciate being given the opportunity to comment on the important issues you raise ahead of the publication of your letter, which we have reviewed in detail.

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

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 fully 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.

When Kirin invested in 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.

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 raised in your letter, 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 have a responsibility to investigate the findings of the UN report. To be clear - it is wholly unacceptable to Kirin that any 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 Tohmatsu Financial Advisory LLC to conduct an assessment of the materials provided by MEHL and other publicly available information. We announced this development in our ['Progress Report Regarding Kirin's Operations in Myanmar' posted on the Kirin website on 5 June 2020](#) and 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, human rights experts, and other relevant stakeholders 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 considerable 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 Charitable Donations and Volunteering Policy***

As raised in your letter, we engaged with Amnesty International in 2018 in relation to donations from MBL that Amnesty International suggested may have been used for purposes other than the humanitarian basis on which the donations were made. We treated these allegations with utmost seriousness and [responded to these concerns in December 2018](#) by launching a new and robust Charitable Donations and Volunteering Policy to address previous gaps and/or ambiguities, in particular by clearly stating that MBL will provide support only to legitimate social organisations who work in the areas of education, health, sport and humanitarian disaster relief and who work for the benefit of all the people in their communities, regardless of ethnicity, social background or religion. The new policy also stipulates that the objectives of any such programme must be exclusively humanitarian, and that MBL only support projects that are politically neutral.

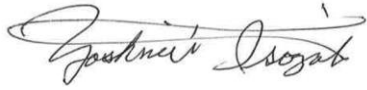
In addition to this, we have also committed to a regular internal audit to ensure compliance of the new Charitable Donations and Volunteering Policy and red-flag areas for improvement.

Subsequently, the UN Report commented positively on the efforts made by Kirin, stating that, *'The Mission notes that following a public condemnation from Amnesty International, Kirin Holdings Pte Ltd. issued a response which demonstrated its sensitivity to external scrutiny by taking measures to influence MEHL, their joint venture partner, by announcing a 6-step action plan'* and we continue to make progress towards these commitments.

We welcome continued dialogue with you as we continue to make progress in our investigation of MEHL's financial and governance structures. While we 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 the Kirin team and representatives from Human Rights Now, Human Rights Watch, Japan International Volunteer Centre and Shapla Neer, to discuss this matter further should this be requested.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Yoshinori Isozaki". The signature is fluid and cursive, with a long horizontal stroke extending from the first part of the name.

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