New Report Card Scores US Companies Investing in Burma

A number of US companies are failing to responsibly model business transparency in the conflict-ridden country

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US Campaign for Burma finds that some US companies, like Capital Group Companies, Crowley Marine Services, and Hercules Offshore, are failing to exhibit responsible practices. Failure to transparently conduct due diligence and disclose basic information undermines the US policy goal to use the Reporting Requirements as a tool to empower civil society and promote investments that reinforce political and economic reform.¹ Other companies, like Coca-Cola, have demonstrated their commitment to modeling business transparency in their Burma investments.

"Burma's corrupt business environment has been controlled by a brutal and repressive military regime for decades. Transparency International continually ranks Burma as one of the most corrupt countries in the world,²” said USCB Policy Director Rachel Wagley. “The US Reporting Requirements make clear to US companies that they should strive to be models of transparency, full disclosure, and responsible investment in such a context. The Report Card is part of US Campaign for Burma’s effort to hold companies accountable for their public reporting."

The Report Card gives investors, civil society, and government actors the information they need to ascertain if US companies that have submitted reports under the Reporting Requirements are conducting due diligence and responsibly stewarding their investments on the ground in Burma.

The Report Card also delineates what companies that have invested need to do in order to fully and responsibly manage their Burma investments.

US companies are designated as “Irresponsible Investors”, “Questionable Investors”, or “Responsible Investors” based on their performance in four categories: compliance with the Reporting Requirements, quality of policies and procedures, mitigation of risks, and stewardship of investment and corporate engagement on the ground.

Capital Group Companies, Crowley Marine Services, and Hercules Offshore are designated “Irresponsible Investors” due to their failure to disclose if they properly mitigated the risks associated with their investments and/or to disclose key information like the identities of their Burmese partners. Coca-Cola earns a “Responsible Investor” ranking due to its relative thoroughness in reporting. Other investors, like Western Union and Clipper Holdings Limited, are designated “Questionable Investors” due to missing or incomplete disclosures.

The company with the lowest ranking, Capital Group Companies, Inc., failed to accept responsibility for conducting any due diligence whatsoever. But the Reporting Requirements, along with the OECD Guidelines for Multinational Corporations, make clear that disclosures are required regardless of the nature of an investment, the percentage equity stake held, or whether the investor has operations in Burma. Compounding its risk and need to conduct due diligence, Capital Group is investing in Burma’s Yoma Strategic Holdings Ltd., a powerful actor in the high-risk plantation agriculture and real estate sectors. US officials recommended Yoma Strategic Holdings for sanctions in 2008 due to its support for the Burmese military regime.

Other problems found in the reports of US companies include a failure to disclose identities of Burmese business partners, suppliers, and subcontractors (e.g. Hercules Offshore and Clipper Holdings Ltd.). Companies that do not disclose the identities of their Burmese partners make it impossible for civil society groups and other actors to have productive exchanges with companies and assist companies in mitigating the adverse impacts of their investments. Another problem is that companies involved in the offshore oil and gas sector (e.g. Crowley Marine Services and Hercules Offshore) appear to have failed to conduct human rights due diligence to identify the actual and potential impacts of their investments off the coast of Rakhine State, where Rohingya Muslim refugees have been fleeing by boat.

The company with the highest ranking, Coca-Cola, carefully considered its due diligence processes and how its policies and procedures related to its Burma operations. Even Coca-Cola, however, could report more comprehensively on its land due diligence.

“US Campaign for Burma is committed to ensuring that US investment promotes a transparent and reformed business environment in Burma that prioritizes human, labor, and environmental rights, due diligence, safeguards, and community engagement,” said Rachel Wagley. “Our goal is for every US company to earn a “Responsible Investor” ranking, and to model responsible business practices that give the people of Burma the information and power they need to monitor investments in their country. This type of accountability ensures that US investment is not reinforcing Burma’s corrupt business environment and oligarchy or exacerbating socioeconomic inequality.”
# Report Card

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The Report Card will be updated as new investors submit reports and the above investors update their reports.

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