



BENEFICIAL OWNERS OF PHILIPPINE EXTRACTIVE COMPANIES

While the Philippine government is still working on a public register of beneficial ownership information, some extractive companies have disclosed their beneficial ownership information and allowed its publication through the 6th PH-EITI Report. The pilot reporting on disclosed BO information in the 6th PH-EITI Report may be accessed via: <https://bit.ly/3tgts75>



Companies that are publicly listed, including wholly-owned subsidiaries, are obligated to disclose the name of the stock exchange and include a link to the stock exchange filing where they are listed.

In the case of joint ventures, each entity within the venture is required to disclose its beneficial owner(s), except when it is publicly listed or is a wholly-owned subsidiary of a publicly listed company. The accuracy of the information provided is the responsibility of each entity.

SEC Requirements

In compliance with MC No. 15, s. 2019, extractive companies shall disclose to the SEC the following beneficial ownership data:

1. Complete name which shall include the surname, given name, middle name and name extension (i.e., Jr., Sr., III);
2. Specific residential address;
3. Date of Birth;
4. Nationality;
5. Tax identification number; and
6. Percentage of ownership, if applicable.

About PH-EITI

The PH-EITI is the national implementation of EITI, the global standard for the open, accountable, and good governance of oil, gas, and mineral resources. The Philippines committed to implement the EITI through EO No. 79, s. 2012, and operationalized this commitment through EO No. 147, s. 2013. In 2017, after a rigorous Validation process, the Philippines was declared the first country to have achieved "satisfactory progress" in meeting the EITI Standard.

BENEFICIAL OWNERSHIP AND THE EITI STANDARD

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Overview

The Extractive Industries Transparency Initiative (EITI) promotes transparency in extractive company ownership to prevent tax evasion, corruption, and money laundering in the sector. This will guarantee that there is a level playing field for all companies and that governments acquire the revenue they are owed.

Hidden ownership is a particular challenge in the extractive sector. Natural resources belong to a country's citizens and the benefits of oil, gas, and minerals should reach them.

In February 2016, the 51 EITI members, including the Philippines, agreed to new rules, requiring that companies that apply for or hold a participating interest in an oil, gas, or mining license or contract in their country disclose their beneficial owners. The EITI Standard also requires public officials - also known as Politically Exposed Persons (PEPs) - to be transparent about their ownership in extractives companies. The government must also make this information publicly available and accessible through published EITI Reports and/or public registries. The publication of the identity of those who are accorded the rights to exploit resources helps prevent conflicts of interest.

Once published, law enforcers, civil society, and the public shall scrutinize the information, and take steps to hold accountable those who misuse anonymous companies.

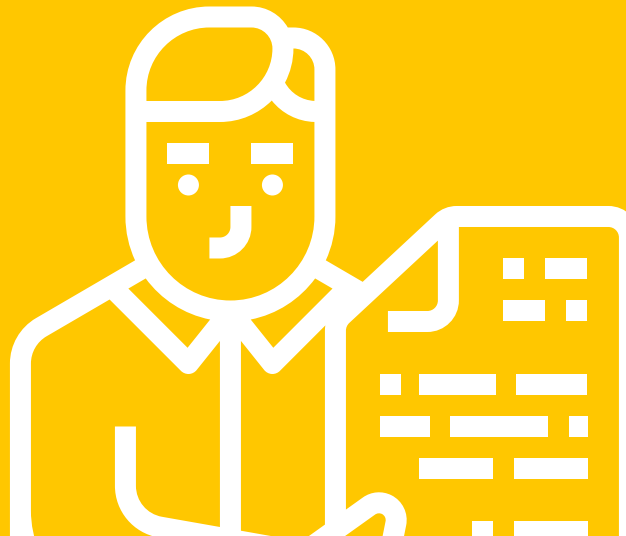
What is a Beneficial Owner (BO)?

EITI Standard Definition (Requirement 2.5)

A beneficial owner, in respect of a company, is the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity.

SEC Definition

The Securities and Exchange Commission (SEC), defines beneficial owner as "any natural person(s) who ultimately own(s) or control(s) or exercise(s) ultimate effective control over the corporation." (Memorandum Circular No. 15, Series of 2019)



Benefits of BO Transparency

1. Improves investment climate
2. Reduces reputational and financial risks in business relations
3. Creates a level playing field
4. Impedes corruption and illicit financial flows
5. Advances the rule of law
6. Increases trust and accountability
7. Enhances revenue collection

BO Transparency in the Philippines

The EITI Standard requires the disclosure of beneficial ownership on a per individual basis. Examination of the General Information Sheet (GIS) submitted by companies to the SEC shows that corporations are usually owned by such individuals and by other corporations. Hence, determining the individual owners of a particular company would necessitate looking into several GIS.

All domestic stock corporations are required to annually submit their GIS to the SEC. The GIS includes information on a company's stockholders, such as name, nationality, current residential address, Tax Identification Number (TIN), number of shares subscribed, and percentage of ownership. The GIS should be certified and sworn to by the corporate secretary, or by the president, or any duly authorized officer of the corporation.