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Beneficial Ownership and Mainstreaming Workshop
18 September 2019 | 1:00 – 5:00 PM
Hotel Jen Manila, Pasay City, Philippines

Beneficial Ownership and Mainstreaming Workshop

PH-EITI National Coordinator Atty. Maria Karla Espinosa formally opened the afternoon workshop for beneficial ownership (BO) and mainstreaming. She discussed that the workshop was intended to assist reporting companies to fill out the reporting templates. She noted that beneficial ownership reporting is a requirement of the EITI standard.

BO reporting was not part of the ORE yet. The PH-EITI MSG did not want to impose on companies without studying the matter first. The MSG thru the PH-EITI Secretariat did a scoping study on BO in 2017.

BO, based on EITI Standard, is a natural person who has ultimate control over the company. It is distinguished from the legal owner, directors/officers/shareholders.

Following the Panama Papers' issues on dummy companies, illicit financial flow, money laundering, EITI International started pushing for BO transparency. It is bound to publish BO by 2020 and encourages public register for all BOs.

Atty. Karla noted that even within the MSG, they conducted a workshop to fill out the template from EITI International. The BO declaration form requests for name, address, TIN, personal information. The exercise yielded a lot of comments. The MSG acknowledged that it will be challenging to implement, but everyone agreed that if done properly, it would benefit everyone, to level the playing field. This will inform government and fellow corporations about the ownership.

The MSG also decided to coordinate with the Securities and Exchange Commission (SEC), since it is the regulating agency of companies for, whether stock or non-stock.

As of 2018, SEC issued memorandum circular MC 2018-17 to revise GIS form to include BO information. The agency provided a template for it.

As discussed by the MSG, to avoid making the work redundant for companies, if SEC is ready to implement MC, EITI will engage with SEC and integrate data.

However, If SEC is not ready, EITI will implement its own template for BO disclosure, regardless whether or not there will be revealed BO after the exercise is done.

Atty. Karla related that OceanaGold volunteered, but it only yielded companies. Nonetheless, issues surfaced and MSG decided to go ahead with the template. If there will be issues along the way, it will be documented. Companies are willing to disclose.



1 Chamber of Mines of the Philippines Executive Director Atty. Ronald Recidoro, who
2 is also a member of the PH-EITI MSG encouraged audience to participate fully in the
3 BO exercise

4 He highlighted that the mining industry need BO disclosure. The primary benefit is to
5 level the playing field. It will help address issues like the MPSA 60-40 rule and
6 involvement of politically exposed persons (PEP). BO disclosure can address these
7 and surface who has ultimate control of the companies.

8 Atty. Ron emphasized that the BO exercise implemented by EITI is not a witch hunt.
9 There will be no condemnation. It is just a matter of information gathering and
10 declaration.

11 The BO disclosure is also meant to show the world that the industry is transparent,
12 not just in financial matters, but also for ownership.

13 Mining is a contractor of the state. The industry deals with finite resources. He
14 pointed out the need to be above suspicion. This is the industry's duty.

15 He also noted that BO disclosure is nothing new for most attendees. Many of them
16 were accomplishing it for annual GIS. There's just some additional data needed. The
17 workshop was meant to discuss whether filling out the template is doable and easily
18 accomplished.

19 Finally, Atty. Ron said that in the age of digital transparency, this effort is a steam
20 roller. He encouraged participants to be ahead of the initiative and get the chance to
21 shape the policy and if it does not work, stop it. Be ahead of the curve and fully
22 participate.

23 Atty. Karla announced that the representative from SEC could not join the workshop.
24 However, SEC sent a copy of a new memorandum circular, MC 2019-15, with an
25 effectivity date on July 31, 2019. This superseded MC 2018-17. All GIS filing should
26 comply with this new MC.

27 Atty. Karla affirmed that EITI is strongly inclined to align, if there will be a workshop
28 on SEC, partnership with EITI can be done.

29 Atty. Karla went to browse the new memorandum circular. She cited that MC 2018-
30 17 covered everything required by the EITI Standard but it has no penalties. Now,
31 MC 2019-15 prescribed a penalty for non-compliance.

32 Atty. Karla opened the floor for discussion, comments and questions. She began
33 with asking if the participants' presence at the workshop signify their agreement to
34 comply in participating in reporting BO disclosure.

35 A representative from Teresa Marble said that the template requires sensitive data.
36 They might be vulnerable to security threat.



1 Atty. Karla responded that for EITI it is not much of the personal information. But
2 SEC template is almost similar to SALN. These personal information will be
3 necessary when legal owners surface and they are considered as PEP. Per EITI
4 definition, PEP is an elected or appointed person to any branch of the government,
5 from director level up, who may be influential to the grant of licenses and other
6 government processes. In respect to data privacy, personal identification information
7 is really private, if this is violated, there will be penalties. According to Data Privacy
8 agency, for disclosing for governmental purposes, it can be utilized. Disclosure is not
9 an issue if the government warrants it. But for EITI, it requires public registry of only
10 name and shares. Disclosure is not an issue if required by regulation. Right now, no
11 issue yet on publishing, just reporting and disclosure.

12 She also added that the MSG did not want to make reporting burdensome. They
13 wanted to align with existing reporting process.

14 A representative from Eramen Minerals asked about the relevance of the disclosure
15 and its purpose.

16 Atty. Karla discussed the relevance of the data points, pointing out that the
17 information on the template are derived from the SALN. Most of the public officers
18 report these information. Not all BOs are PEPs. The first level exercise aims to
19 address BO disclosure. Second level only applies if anyone of the BOs is a PEP.
20 She also inquired whether participants would be more inclined to fill out the form if
21 the structure of disclosure follow this type of layering. For anti-corruption mindset,
22 these info are asked for PEP that can be influential in decision making.

23 Atty. Karla also emphasized the mainstreaming direction of the EITI Board,
24 encouraging a all implementing countries to integrate with policies and guidelines
25 that they have. If there are agencies who are reporting this data, EITI would not
26 request for it. EITI's role would be in validating the accuracy and reliability of these
27 data. This can be applied in BO disclosure. The MSG did not want to have an
28 independent process if the SEC has a mechanism to get the information.

29 She also asked the participants preference whether to help SEC comply with this
30 template or have a separate EITI template.

31 A representative from AMPHIL said that they amended GIS and signed for the BO
32 disclosure. He said that it was not really complicated. Instead of companies, names
33 of main person required. But the information is not too specific.

34 Atty. Karla proceeded to preview the new template, noting the parts and categories
35 identified by SEC. She probed if the participants have the answers to the information
36 prescribed on the template.

37 A representative from Berong Nickel stressed that people from
38 Accounting/Compliance may not have the level of decision making to accomplish
39 that form. He suggested that Legal Department can provide these information.



1 Another representative from LNR Archipelago expressed that they had submitted
2 GIS recently for first quarter, now updated, not yet filed. He pointed that most of data
3 may not yet be available not even in CorSec. It should have an approval from
4 ExeComm. On the matter of participation, he said that they need seek approval from
5 higher officials.

6 Atty. Karla mentioned that EITI has standards and requirements to comply. But the
7 concern is duly recognized. The Secretariat will coordinate with SEC, then conduct
8 another consultation workshop with heads of companies and endorse who will attend
9 the workshop.

10 One of the participants asked if they will report on GRI Sustainability.

11 Atty. Recidoro said that this will be extended to non-stock. The EITI Form,
12 formulated by MSG, is an effort to comply with standard from EITI International since
13 SEC does not have a guideline, yet. The country was under the gun to comply. Now,
14 SEC has a template; but, it is difficult to fill out.

15 One of the definition of PEP is the extent of influence by the BO. Junior clerks may
16 not know that information. It has to be done; the question is on the process and how
17 the information should be rationalized. Many do not seem to understand. This is a
18 static document, good for today. Right now, SEC is saying this is it. There will be
19 opportunity to comment.

20 A representative from Eramen Minerals commented that mining companies tread a
21 fine line. This disclosure might ruin the reason why people create corporations in the
22 first place. It really means financial like to whom does the dividends go. She inquired
23 whether asking the residential address is relevant.

24 Atty. Karla remarked that issues on illicit financial flows had surfaced and having a
25 physical address provides opportunity to easily locate a BO. The EITI Form will be
26 pushed for PEP. The main concern is the SEC template. She noted that the
27 Secretariat will coordinate with SEC and gather again to have an SEC representative
28 as authority speaker to discuss compliance.

29 The representative from Eramen further added that disclosure will also depend on
30 the scale of the company.

31 Atty. Karla acknowledged the concern and emphasized that there will be another
32 workshop together with SEC. The memorandum circular is already in place.

33 Another participant voiced out concern on data privacy and security.

34 Atty. Karla emphasized that SEC should have the assurance on how they will handle
35 data privacy and security.



- 1 Finally, Atty. Karla reminded companies who have yet to complete reporting
- 2 templates and submit supporting documents for the 6th report. She also mentioned
- 3 that existing company websites will be utilized for mainstreaming.