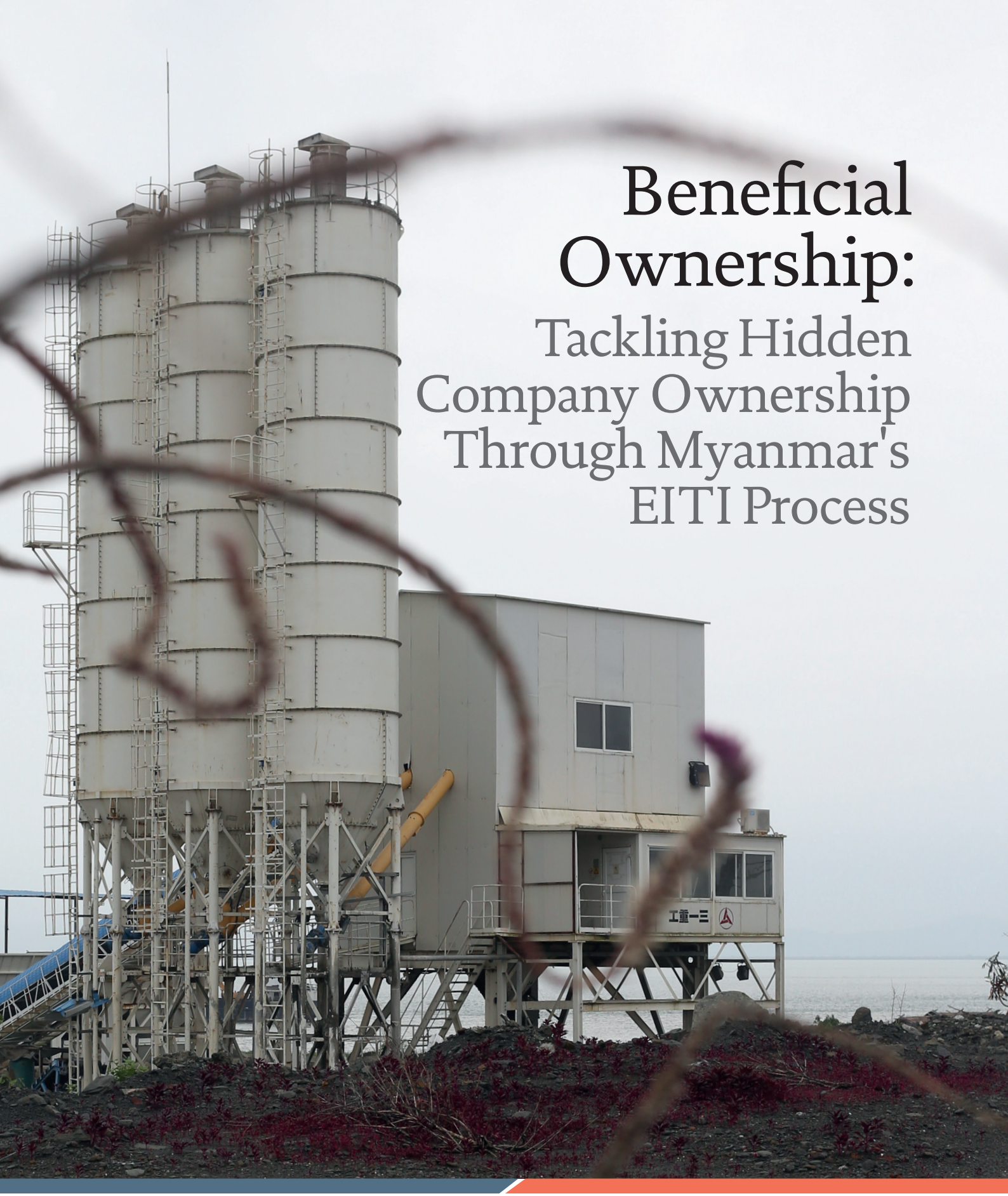

Beneficial Ownership:

Tackling Hidden Company Ownership Through Myanmar's EITI Process

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global witness

Natural Resource Governance Institute

Cover image: The cement making facility used during the construction of the South East Asia Crude Oil Pipeline (SEAOP) operation center on Ma-De Island, Kyauk Phyu, in the state of Rakhine. Yu Yu Than for NRGI, July 2015.

Introduction

Myanmar is one of many countries where the oil, gas and mining industries have long been synonymous with secrecy and dirty dealing. Too often resource riches which could be used to lift populations out of poverty instead fall into the hands of corrupt elites. The Extractive Industries Transparency Initiative (EITI) is a global standard which aims to help change this dynamic by requiring member countries to open the management of their natural resources up to public scrutiny. Myanmar is in the process of implementing EITI, publishing its first report in January 2016; if the next steps are taken seriously, the initiative could help pave the way towards a natural resource sector which benefits the country's people.

This paper focuses on a new and ground-breaking provision of EITI: a requirement for the identities of the real owners – the 'beneficial owners' – of extractive industry companies to be made public. It makes recommendations about the information which needs to be collected and disclosed to make the most of EITI standards on beneficial ownership, and suggests steps to carry out this process successfully in Myanmar.

The paper seeks, in particular, to assist:

- The multi-stakeholder group of government, private sector and civil society representatives which oversees Myanmar's EITI process, by suggesting how the beneficial ownership requirement can be implemented effectively;
- The individuals and bodies charged with collecting and publishing the required data, by providing them with practical options; and
- Myanmar's international partners, by highlighting where technical and financial support should be directed to achieve a successful roll out of the EITI beneficial ownership requirement in the country.

This briefing reflects recommendations from the Natural Resource Governance Institute (NRGI) and Global Witness. It should not be construed as official guidance from EITI.

A summary of suggested definitions and approaches for MEITI is on page 15 of this briefing. A list of additional materials providing further details and guidance is on page 16.

Understanding 'beneficial ownership' in the extractive sector

The **"beneficial owners"** of a company are the individuals who truly own and control the company. Publishing the beneficial owners of companies seeking or holding rights to oil, gas, mining and other resources allows people to see who is getting access to these resources and to ask questions about potential conflicts of interest and other corruption risks. Where a company has broken the law, beneficial ownership information can also help ensure that those responsible are brought to account.

There is a growing global push to put an end to anonymity in company ownership. In May 2016, the Anti-Corruption Summit held in London focused on the need for firm and collective action on beneficial ownership transparency, and an increasing number of countries are committing to public registers which detail the real owners of companies.[1]

The **Extractive Industries Transparency Initiative (EITI)** creates opportunities to address this corruption challenge, with new provisions requiring beneficial ownership disclosure.

Around the world, there are countless examples of how company structures are used to facilitate corruption in the natural resource sector. Anonymous companies allow powerful individuals to hide their identities and make secret deals for natural resources. These secret deals benefit and strengthen a small elite and cause immense harm to the wider population. What can be done?

Addressing hidden company ownership in Myanmar

The issue of **beneficial ownership transparency** was included in Myanmar's 2014 EITI workplan.[2] In the same year, 25 oil and gas companies disclosed beneficial ownership details, setting an important precedent in the country and globally. Myanmar now has the opportunity to build on this platform and open company ownership up more broadly.

As Myanmar starts to prepare for the next stage of the EITI process, this briefing sets out seven steps the Myanmar EITI (MEITI) needs to take to achieve meaningful beneficial ownership transparency and make this process as effective as possible in increasing accountability and tackling corruption:

1. **Set a strong beneficial ownership definition.**
2. **Agree on identifying information for beneficial owners.**
3. **Agree on scope of disclosure in the short and long term.**
4. **Establish mechanisms and timeframes for data collection.**
5. **Find a workable method for confirming information.**
6. **Publish information in an open data format.**
7. **Commit to improving extractive sector governance.**

What does the 2016 EITI Standard say about beneficial ownership transparency?

Section 2.5[3] states that:

a) It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) that bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Where possible, beneficial ownership information should be incorporated in existing filings by companies to corporate regulators, stock exchanges or agencies regulating extractive industry licensing. Where this information is already publicly available, the EITI report should include guidance on how to access this information.

b) It is required that:

i. The EITI report documents the government's policy and the multi-stakeholder group's (MSG's) discussion on disclosure of beneficial ownership. This should include details of the relevant legal provisions, actual disclosure practices and any reforms that are planned or underway related to beneficial ownership disclosure.

ii. By 1 January 2017, the MSG publishes a roadmap for disclosing beneficial ownership information in accordance with clauses (c)-(f) below. The MSG will determine all milestones and deadlines in the roadmap, and the MSG will evaluate implementation of the roadmap as part of the MSG's annual activity report.

c) As of 1 January 2020, it is required that implementing countries request, and companies disclose, beneficial ownership information for inclusion in the EITI report. This applies to corporate entity(ies) that bid for, operate or invest in extractive assets and should include the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Any gaps or weaknesses in reporting on beneficial ownership information must be disclosed in the EITI report, including naming any entities that failed to submit all or parts of the beneficial ownership information. Where a country is facing constitutional or significant practical barriers to the implementation of this requirement by 1 January 2020, the country may seek adapted implementation in accordance with requirement 8.1.

d) Information about the identity of the beneficial owner should include the name of the beneficial owner, the nationality, and the country of residence, as well as identifying any politically exposed persons. It is also recommended that the national identity number, date of birth, residential or service address, and means of contact are disclosed.

e) The multi-stakeholder group should agree an approach for participating companies assuring the accuracy of the beneficial ownership information they provide. This could include requiring companies to attest the beneficial ownership declaration form through sign off by a member of the senior management team or senior legal counsel, or submit supporting documentation.

f) Definition of beneficial ownership:

i. A beneficial owner in respect to a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity.

ii. The MSG should agree an appropriate definition of the term beneficial owner. The definition should be aligned with (f)(i) above and take international norms and relevant national laws into account, and should include ownership threshold(s). The definition should also specify reporting obligations for politically exposed persons.

iii. Publicly listed companies, including wholly owned subsidiaries, are required to disclose the name of the stock exchange and include a link to the stock exchange filings where they are listed.

iv. In the case of joint ventures, each entity within the venture should disclose its beneficial owner(s), unless it is publicly listed or is a wholly owned subsidiary of a publicly listed company. Each entity is responsible for the accuracy of the information provided.

g) The EITI Report should also disclose the legal owners and share of ownership of such companies.

Step 1 | Set a strong beneficial ownership definition.

The MEITI should set its own definition for beneficial ownership disclosure through the EITI process in Myanmar.

Under EITI, the definition needs to cover, at a minimum, individuals who ultimately own and/or control the company.

Ultimate natural owners

Companies can have complicated ownership structures, with ownership shares held, directly or indirectly, by other companies, private trusts or through private agreements allowing one person to hold shares on behalf of another (for example, a wife holding shares on behalf of her husband). The definition of beneficial ownership should cover the real, live individual or individuals who are right at the very top of the chain—the person or persons who really stand behind the company. This means that the beneficial owners of a company can be different from legal shareholders listed in the company registry.

Control

It is possible that an individual may not have an ownership share in a company, but still has a significant say in company decisionmaking (for example, they have the right to exercise control through private agreements with the official owners). The identity of any person who is able to influence company activities in this way should be disclosed.

MEITI has the freedom to use a broader definition of control. This definition can highlight, for example, individuals who receive economic benefits. There can be situations where a person might have no official ownership stake in a company, but where he or she has an informal relationship or agreement to receive benefits such as a share of the company's profits. A beneficial ownership definition that encompasses economic benefits would require disclosure of the identities of any person or persons benefiting from a company's activities.

The following definition, drawn from the United States' action plan on transparent company ownership, includes economic benefit:

. . . a natural person who, directly or indirectly, exercises substantial control over a covered legal entity or has a substantial economic interest in, or receives substantial economic benefit from, such legal entity, subject to several exceptions.[4]

MEITI should set clear boundaries on who is *not* a beneficial owner.

Company registries in Myanmar and elsewhere contain some information on company ownership and control. The Myanmar registry contains names and identifying details of company officers (directors and secretaries). Previously, the names of legal shareholders were also published. It is important that such information remains available (and in the case of legal shareholders, that it is made public as it was before). However, the corporate information provided in existing registries does not actually identify the beneficial owners of companies.

In particular, it is important to understand that the following are **not** beneficial owners:

Companies and trusts holding shares

Only natural persons (that is, real, live human beings) can be beneficial owners. Other structures, such as private companies or trusts, cannot be beneficial owners. There is one exception, and that is companies which are listed on public stock exchanges, and which are not required to produce additional information on their ownership. [5]

Directors and board members

According to the EITI Standard and other accepted definitions of beneficial ownership, a person is not necessarily a "beneficial owner" because he or she is a director or board member of a company. Disclosing information on directors and board members is useful and should be encouraged. It may not be the same, however, as disclosing beneficial ownership information.

Substitutes for a real owner

If a person holds a stake in a company on behalf of another individual (i.e., acts as a proxy for the real owner), then the proxy is not the beneficial owner; the person on whose behalf the stake is held is the beneficial owner. For example, if a wife holds shares in a company in her name, but on behalf of her husband, then she is not the beneficial owner—the husband is.

MEITI should set a definition with either no threshold for disclosure (best) or a very low threshold.

MEITI needs to decide whether all beneficial owners should declare their interest or if there should be a threshold (i.e., only the identities of individuals whose interests exceed a certain percentage would be disclosed).

It is critical that decisions on threshold are made very carefully. In some oil-producing nations, for example, it is not uncommon for a beneficial owner to hold only a small interest—sometimes less than 1 percent of the total. For large extractives projects, even a 1 or 5 percent interest can be quite lucrative, generating millions of dollars in rents.

There is a risk that any threshold could effectively become a set of instructions for those wishing to evade scrutiny on how they should set up their interests. A company could easily rearrange its structure so that the beneficial ownership stake of an individual who wants to keep his or her identity hidden is just below the threshold to keep his or her name out of public sight. In Moldova, for example, it has been reported that some companies have circumvented a disclosure rule which applies to shareholdings of 1% or more by employing

consortia of anonymous companies which each hold shareholdings of 0.99 percent or less.[6]

Given the high risk of corruption in Myanmar's extractive sectors, the best approach could be to agree that all companies not publicly listed should disclose their beneficial owners in full. The alternative would be to agree a threshold. However, this should be kept as low as possible in order to make it more difficult for dubious beneficial owners to work around this threshold. If a threshold is agreed upon, it should be no more than 5 percent interest: the name of anyone holding or controlling 5 percent of interest in a project should be disclosed.

It is important to note that long, complex chains of ownership can mask the full extent of a beneficial owner's equity interest, especially when he or she has stakes in more than one entity in the chain. Thus, a successful disclosure program should count an individual's full aggregated interest (i.e., the sum of all their interests).

When striking a balance between ease of administration and completeness, countries should remember that shareholder equity is not a sure sign of who controls a company's cash or decisions. Thus, a threshold should apply regardless of how ownership or control is exerted. For example, if there is a threshold of 5 percent, then this threshold should apply whether a person maintains ownership via 5 percent of shares (directly or indirectly through a chain of companies, proxies or otherwise) or if he/she maintains 5 percent control over the company (for example, through powers of attorney, contractual arrangements and relatives).

MEITI should decide how to cover information on politically exposed persons.

To be effective, beneficial ownership disclosures should specifically cover politically exposed persons (PEPs).

The United Nations Convention against Corruption (UNCAC), which Myanmar has ratified, defines PEPs as **"individuals who are, or have been, entrusted with prominent public functions, and their family members and close associates."**[7]

This can include heads of government; senior politicians; senior government; judicial or military officials; senior executives of state-owned corporations; or important political party officials. Former officials can also be PEPs if they still have influential roles in the affairs of state. Covered family members can be related by blood, marriage or other forms of civil partnership, and can stretch beyond the immediate family. Associations can be both personal and professional.[8]

PEPs are one of the biggest corruption risks in the awarding of natural resource concessions: it is often all too easy for people to award natural resources to themselves (directly or via family members or close associates) with the sole aim of personally profiting from those deals. PEPs might also have access to public funds generated by natural resource extraction or close ties to officials who have access to such funds; the danger is that they help themselves. Consequently, there is a strong argument for companies to disclose any beneficial owner who is also a PEP, regardless of any threshold requirement set for disclosures by other beneficial owners.

Step 2 | Agree on identifying information for beneficial owners.

It is not enough to publish the names of beneficial owners of a company. It is also essential that there is sufficient accompanying information for the identity of each beneficial owner to be pinpointed, and for the nature of his or her interest in the company to be fully understood. Identification is particularly important in Myanmar given that many people share the same names.

We recommend that companies disclose the following information:

Name of beneficial owner

This means the full name(s) of each and every beneficial owner. In the Myanmar context, it is also important that any alternative name used by the beneficial owner is also provided.

Name and role of politically exposed persons (PEPs)

The name of any PEP, no matter how small their beneficial ownership share in the company, together with details on why he or she is a PEP, should be disclosed. Again, in the Myanmar context, any alternative names used should also be provided.

Identifying details

Extra details can narrow down a beneficial owner to one individual. In the Myanmar context, national registration card (NRC) numbers are typically used for this purpose in elections and corporate records. For any beneficial owner from Myanmar, the NRC number should be disclosed (and where a beneficial owner has more than one NRC number, all NRC numbers should be disclosed). The MEITI should also consider what other identifying details should be disclosed. Section 2.5 of the 2016 EITI Standard requires the disclosure of nationality and country of residence, and recommends disclosure of national identity number, date of birth, residential or service address and means of contact.

Means of control

A description of how the beneficial owner exercises ownership and/or control of the company and/or how the beneficial owner benefits from the company's activities should be disclosed. If, for example, there is a chain of companies with a beneficial owner at the very end, the names of each of the intermediary companies should be provided. Similarly, if a wife holds shares on behalf of her husband, the husband should be declared as the beneficial owner. The name of the wife should be given to explain his means of control.

Signed statement of accuracy

A member of the company's senior management team or senior legal counsel acting for the company should sign a statement confirming that the beneficial ownership declaration is accurate and complete. Consideration should also be given to sanctions for companies failing to make declarations or making incomplete or inaccurate declarations.

Step 3 | Agree on scope of disclosure in the short and long terms.

MEITI will need to decide which companies will be required to disclose beneficial ownership data through the EITI process. The requirement is broadly drafted and MEITI can choose to go beyond companies engaged in the extractive industries.

At the same time, if MEITI is aiming for beneficial ownership disclosures by the next MEITI report, this may impose a near-term limit on how much can be done.

One possible option is for MEITI to take a staggered approach, starting with disclosures of beneficial owners engaged in a confined number of areas. It could, for example, require disclosure from the most significant companies engaged in oil, gas, gems and mining projects in the first stage. This information could then be included in the 2017 MEITI report.

The disclosure process could then be broadened out for subsequent reports to encompass other areas agreed upon by MEITI. The 2016 EITI Standard requires countries to publish beneficial ownership details for companies bidding for extractive concessions (including unsuccessful bidders), or operating or investing in the extractives sector by 2020. Myanmar will need to disclose the beneficial owners of these companies by 2020 in order comply with the EITI Standard and therefore any disclosure plan by MEITI will need to take this requirement into account.

There should also be consideration given to broadening beneficial ownership out so that it covers both upstream and downstream companies in the extractive sector such as for example commodity traders, and ultimately all companies operating in Myanmar (beyond the extractive sector altogether).

Step 4 | Establish mechanisms and timeframes for data collection.

Once MEITI has decided what beneficial ownership information should be reported and which companies should be required to report in the first stage (i.e., for the 2017 EITI report), the data collection process can begin.

MEITI will need to agree to the format in which requests should be sent. One possibility is to set up an online form which companies can complete. However, if this approach is used, it is important that MEITI also consider what the workarounds should be for companies and/or beneficial owners who cannot access electronic forms easily.

In the short term, this collection process can be folded into the terms of reference for the independent administrator appointed for the 2017 EITI report. It is important, however, that there is appropriate time and support in place for the collection process to be undertaken properly.

Experience from a beneficial ownership project conducted in 2014 by Global Witness indicates that it is not enough simply to issue requests for information. Time and resources must also be allowed for follow-up and to assist companies as they complete declarations, including through written guidance, telephone calls and in-person meetings to ensure that:

- each request has actually reached and been seen by a company official with the authority to deal with it on behalf of their company
- the request is understood, and queries from the company are addressed promptly
- the deadline for provision of information is understood by the company, and where they cannot meet this deadline an appropriate extension is agreed
- there is time allowed for the declarations provided by companies to be reviewed, and where there are obvious gaps or misunderstandings there is an opportunity to go back to them so that they can correct and complete the declaration

This need not be a complicated process. It simply means thinking about these issues at the start, having a proper timetable in place and ensuring that there will be sufficient financial support and human resources to carry out the data collection. It might, for example, be helpful for the independent administrator to have a Myanmar-language speaker to assist with the follow-up process. It may also be helpful to prepare written guidance with input from technical experts on beneficial ownership, which can be provided to companies alongside the initial disclosure request. Having experts available to help address queries over disclosures could also be useful.

In terms of timing, it is essential that the first request is sent to companies as early as possible, both to allow time for effective follow up, and to ensure that any companies with complicated structures (typically a small number) have time to work out who their beneficial owners are.

Ideally, in the longer term, the government will appoint a relevant agency to collect and publish beneficial ownership data when a company:

- first incorporates
- files annual reports
- applies to bid for extractives licenses or other public assets
- signs a significant extractives sector deal with the government—for example, purchasing a license or signing an operating agreement
- sees any change in beneficial ownership (note that the updated information would need to be filed and published within a reasonable timeframe after the change occurs, in addition to maintaining the historical information)

In Myanmar's case, this agency is likely to be the Directorate of Investment and Company Administration (DICA) which currently manages the company registry. In due course, MEITI should check that there are no obstacles to DICA's legal and political authority to request and collect beneficial ownership data. If this is not the case, amendments may need to be made to existing legislation to address such obstacles and give DICA the necessary rights.

The current reform process offers opportunities to lay the legal groundwork for this longer term approach to beneficial ownership disclosure in Myanmar, especially as part of the finalization of the Mines Rules.

Step 5 | Find a workable method for confirming information.

It is unlikely that every company will be fully transparent about its beneficial owners. Some will not comply at all—especially where disclosure is voluntary.[9] MEITI should explore ways to verify what companies declare, such as:

- Tasking data collectors with cross-checking submissions against readily available documents (local corporate filings, banking and law enforcement reports)
- Requiring that the company attach a signed, notarized attestation or affidavit to its submission
- Asking for backup documentation such as articles of association, powers of attorney, or copies of shareholder registers
- Where feasible, cross-checking ownership information provided against asset disclosures filed by politicians, to ensure companies flag their PEPs [10]
- Tasking data collectors with performing deeper audits on a random selection of companies
- Where credible concerns are raised over the beneficial ownership declarations provided by a particular company, conducting a deeper audit of that company

Step 6 | Publish information in an open data format.

The government should make the beneficial owenrship declarations coming out through the EITI process fully accessible to the public so that anyone looking into the extractives sector or a particular company's activities can review and use them easily.

MEITI should ensure that all data collected for the 2017 EITI report and in the longer term is:

- published online and available without users having to register
- available for free
- in open data form, which means that it cannot simply be uploaded as an image or pdf; instead, it needs to be in a machine-readable open database from which data can be extracted in bulk

The MEITI should also refer to the International Open Data Charter[11] which brings together international best practice on the publication of data.

MEITI also needs to consider how to make best use of the data in the longer term. The EITI Standard encourages countries to "mainstream" EITI disclosures directly into government and company systems. Myanmar should pursue this mainstreamed approach for its beneficial ownership disclosures.

As noted above, Myanmar has an online and public company registry managed by DICA. Also, the Ministry of Energy is establishing a cadaster for oil and gas companies, and a similar register or cadaster might be established for the mining sector in the future. These are the obvious starting points for anyone who is likely to look into the activities of extractives companies in Myanmar, MEITI should start to discuss with these bodies how EITI beneficial ownership declarations can be incorporated into these registers/cadasters.

At the international level, a global beneficial ownership register (GBOR) is currently being established.[12] As the name suggests, it will be a central platform onto which beneficial ownership data from across the world can be published. By combining data in this way, the GBOR should make it easier for anyone to look into company and control networks that span different countries and identify potential or actual conflicts of interest or corruption. The GBOR could also make it easier for companies to provide their beneficial ownership information, and for such information to be collated by authorities. MEITI should also consider how to link its beneficial ownership disclosure process to the GBOR.

Step 7 | Commit to improving extractive sector governance.

The Myanmar government, responsible companies and civil society could multiply the benefits of new beneficial ownership information by combining it with other public resources as they carry out investigations or due diligence.

As the government formalizes beneficial ownership transparency in its laws and systems, for example, providing false beneficial ownership information could be treated as grounds for revoking a company's corporate registration, license or contract, or for barring it from competing for contracts.[13]

Experienced investigators can map human, company and transactional relationships using online corporate registries; social networking sites; newspapers; trade periodicals; land and other property records; physical and IP address data; legal record and credit searches; government data from sources such as procurement websites, contract databases, sanctions lists; and EITI and civil society reports. This would make it easier to identify connections and potentially conflicts of interest, corruption or illegal activities, allowing more effective scrutiny and strengthened extractives sector governance.

Suggested definitions and approaches for MEITI

Beneficial ownership definition	A beneficial owner is a natural person who, directly or indirectly, exercises substantial control over a covered legal entity or has a substantial economic interest in, or receives substantial economic benefit from, such legal entity.
Minimum ownership/ control disclosure threshold	Either no threshold (i.e., all beneficial owners are declared), or a very low threshold—no more than 5 percent at the very highest
Information disclosed	• Name of ultimate beneficial owner(s), including any alternative names used • Name and role of any PEP who owns and/or controls the company regardless of size of interest • Identifying details including date of birth, nationality, and national identity number (for Myanmar nationals, the NRC number) of the beneficial owner(s) • Brief description of the means of ownership or control • Signed statement of accuracy • Other information such as names of directors and legal shareholders
Politically exposed persons (PEPs) definition	Individuals who are, or have been, entrusted with prominent public functions, and their family members and close associates
Scope of reporting	• Good: companies that bid for, operate, or invest in extractive sector • Better: upstream and downstream companies in extractive sector • Best: all companies, including beyond extractive sector
Disclosure platform	• Good: EITI report • Better: license register • Best: corporate register and link to global beneficial ownership register. In all cases, the data should be available online, free, in open data form (that is, a fully machine-readable open database from which data can be extracted in bulk) and not password protected except when strictly necessary to address strong human rights concerns.
Agency to collect/ publish data	For the 2017 EITI report, the independent administrator, with data collection support from a Myanmar-language speaker, and technical support from beneficial ownership experts; in the longer term, to be decided
Times for data collection/ update	When a company: • first incorporates • files annual report • applies to bid for extractives licenses or other public assets • signs a significant extractives sector deal with the government • has any change in beneficial ownership (within a reasonable timeframe after it occurs)
Data assurance mechanisms	• Company must attach a statement signed by a senior management team official or senior legal counsel confirming that the declaration is accurate and complete • Task data collectors with cross-checking submissions against readily available documents (local corporate filings, banking and law enforcement reports, PEP asset disclosure filings) • Ask for backup documentation such as articles of association, powers of attorney, or copies of shareholder registers • Task data collectors with performing deeper audits on a random selection of companies, and on particular companies where credible concerns have been raised
False or incomplete submissions	• Basic EITI requirement: Flag in EITI report by naming the companies which have not disclosed their beneficial owners. • If legally formalized: Grounds for revoking a company's registration, license or contract, or for barring it from competing for contracts

Additional resources

For detailed recommendations on how to disclose beneficial ownership data for oil, gas and mining companies, see NRGI's briefing, "Owning Up: Options for Disclosing the Identities of Beneficial Owners of Extractive Companies," available at http://www.resourcegovernance.org/analysis-tools/publications/owning-options-disclosing-identities-beneficial-owners-extractive.

For information on the pilot carried out in 2014 on beneficial ownership disclosure in Myanmar's oil and gas sector, see Global Witness' October 2014 report, "The Shell Starts to Crack?" available at https://www.globalwitness.org/en-gb/reports/shell-starts-crack/.

For further details of the EITI provisions on beneficial ownership disclosure, see the EITI International Secretariat beneficial ownership page, https://guide.eiti.org/en/topic/beneficial-ownership.

For information on the official EITI pilot carried out in Burkina Faso, the Democratic Republic of Congo, Honduras, the Kyrgyz Republic, Liberia, Niger, Nigeria, Tanzania, Togo and Zambia, see the EITI International Secretariat page, https://eiti.org/pilot-project-beneficial-ownership.

For assessments of the official EITI pilot see:

- EITI board report, October 2015, Beneficial ownership pilot evaluation report, available at https://eiti.org/files/BP/board_paper_30-4-b_beneficial_ownership_pilot_-_evaluation_report.pdf.
- Global Witness, March 2015, Assessment of EITI beneficial ownership pilots at https://www.globalwitness.org/documents/18014/Beneficial_Ownership_Report_March_24_FINAL.pdf.

For further details on the role hidden ownership plays in enabling corruption and conflict around the world, see Global Witness' Anonymous Companies site at https://www.globalwitness.org/en/campaigns/corruption-and-money-laundering/anonymous-company-owners/. Resources include:

- Online map, 'The Great Rip Off: Anonymous Companies and Their Victims', which displays incidents around the world which involve the abuse of anonymous companies. This is available at http://greatripoffmap.globalwitness.org/#!/.
- December 2015 video, "How Exposing Anonymous Companies Could Cut Down on Crime," available at https://www.youtube.com/watch?v=FyOVMqAIFw8.
- March 2014 report, "Poverty, Corruption and Anonymous Companies: How Hidden Company Ownership Fuels Corruption and Hinders the Fight Against Poverty," at https://www.globalwitness.org/sites/default/files/library/anonymous_companies_03_2014.pdf.
- March 2014 video, The Grin, which helps to explain the problem of anonymous companies. This is available here: https://www.youtube.com/watch?v=N1O97HZev7A.

Notes

1. For further details of the approach to corruption agreed at the Anti-Corruption Summit held in London in May 2016, please see https://www.gov.uk/government/publications/anti-corruption-summit-communique. For further information on international progress to tackle hidden company ownership, see Global Witness, 'Anti-Corruption Summit sees bold moves on property and travel, but a glaring blind spot in the tax havens', 12 May 2016; available at https://www.globalwitness.org/en/press-releases/anti-corruption-summit-sees-bold-moves-property-and-travel-glaring-blind-spot-tax-havens/.
2. In 2014, the MEITI multi-stakeholder group approved an official work plan which included as activity 1.2.12: "Carry out a study to map and identify levels of beneficial ownership in the extractives sector (if not effectively covered and/or included in scoping study."
3. The full 2016 EITI Standard is available at https://eiti.org/files/english_eiti_standard_0.pdf.
4. White House, "United States G-8 Action Plan for Transparency of Company Ownership and Control," 2013, available at: http://www.whitehouse.gov/the-press-office/2013/06/18/united-states-g-8-action-plan-transparency-company-ownership-and-control
5. Companies which are listed on a public stock exchange are already required to make details of their ownership public, and by definition, they have a very large number of owners who each only hold a small slice of the company. Consequently, listed companies are exempted from EITI beneficial ownership requirements. Subsidiaries of listed companies should still report on their beneficial owners (meaning that subsidiaries which are 100 percent owned by a listed company will report the listed company as their owner). In terms of best practice, where a single person holds a high percentage of a listed company's shares, it is helpful for this to be declared.
6. Organized Crime and Corruuption Project, 'The Moldovan Banking Wars', 26 July 2016; available at https://www.occrp.org/en/investigations/5494-the-moldovan-banking-wars.
7. United Nations Convention against Corruption (UNCAC), Article 52.
8. For an overview, see FATF, "Politically Exposed Persons (Recommendations 12 and 22), 2013, available at: http://www.fatf-gafi.org/media/fatf/documents/recommendations/guidance-pep-rec12-22.pdf.
9. In a June 2014 survey of oil and gas firms in Myanmar, Global Witness found that only 13 out of 47 companies approached initially provided any data. However, when these poor results attracted media interest and companies became aware of reputational impacts of failing to engage in this exercise, more chose to participate. By October 2014, a total of 25 oil and gas companies had disclosed in full the beneficial ownership information requested from them, representing a majority of applicable private Myanmar-registered companies. See Global Witness, "The Shell Starts to Crack?" 2014, available at: https://www.globalwitness.org/en-gb/reports/shell-starts-crack/.
10. For more on the use of official asset disclosures to find PEPs, see World Bank, "Using Asset Disclosure for Identifying Politically Exposed Persons," 2012, available at: http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/Using_AD_for_PEP_identification.pdf
11. For further details of the International Open Data Charter, please see www.opendatacharter.net.
12. For further details on the Global Beneficial Ownership Register, please see Global Witness, 'New global register sheds light on anonymous companies, a root cause of corrupt, illegal activities', 4 April 2016; available at https://www.globalwitness.org/en/press-releases/new-global-register-shine-light-anonymous-companies-root-cause-corrupt-illegal-activities/.
13. For an example of the former, see Article 27 of the 2012 amendments to the Kyrgyz Republic's Subsoil Law.

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The Natural Resource Governance Institute (NRGI) helps people to realize the benefits of their countries' endowments of oil, gas and minerals. We do this through technical advice, advocacy, applied research, policy analysis, and capacity development. We work with innovative agents of change within government ministries, civil society, the media, legislatures, the private sector, and international institutions to promote accountable and effective governance in the extractive industries.

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