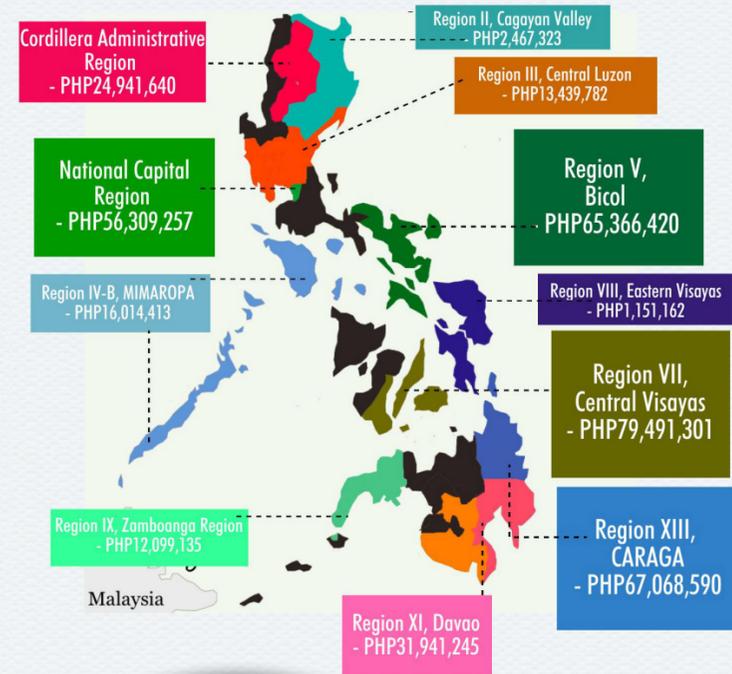


## Actual Receipts From Mining Companies, Per Region



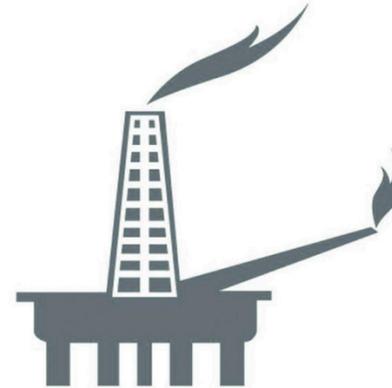
**LGU\* Receipts**  
PhP370,290,268

\*LGU Collections include community taxes, environmental fees, extraction fees, local business taxes, local wharfage fees, mayors' permits, mine waste & tailing fees, occupation fees, real property taxes, registration fees, regulatory & administrative fees, rental fees on mineral lands, tax on mining operations, and other LGU payments

Adnama Mining Resources  
Apex Mining Co. Inc.  
Benguet Corp. Nickel Mines, Inc.  
Berong Nickel Corporation  
Cagdianao Mining Corporation  
Cambayas Mining Corporation  
Carmen Copper Corporation  
Carrascal Nickel Corporation  
Eramen Minerals, Inc  
Filminera Resources Corporation  
Greenstone Resources Corporation  
Hinatuan Mining Corporation  
Johnson Gold Mining Corporation  
Krominco Inc.  
Lepanto Consolidated Mining Co.  
Leyte Iron Sand Mining Corporation  
LNL Archipelago  
Marcventures Mining and Development Corporation

## 30 PARTICIPANT MINING COMPANIES

OceanaGold Philippines Inc.  
Philex Mining Corporation  
Philippine Mining Development Corporation  
Philsaga Mining Corporation  
Platinum Group Metals Corporation  
Rapu-Rapu Minerals, Inc.  
Rio Tuba Nickel Mining Corporation  
Shuley Mine Incorporated  
Sinosteel Phils. H. Y. Mining Corporation  
SR Metals, Inc.  
Taganito Mining Corp.  
TVI Resource Development (Phils.), Inc.



## 6 PARTICIPANT OIL & Gas COMPANIES

Chevron Malampaya LLC  
Galoc Production Company  
Nido Production Galoc  
PNOC - Exploration Corporation  
Shell Philippines Exploration B.V.  
Trans-Asia Petroleum Corporation

## PARTICIPANT GOVERNMENT AGENCIES

Bureau of Internal Revenue  
Philippine Ports Authority  
National Commission on Indigenous Peoples  
Bureau of Customs  
Department of Energy  
Department of Environment and Natural Resources  
- Mines and Geosciences Bureau  
Local Government Units



## PH-EITI

Philippine Extractive Industries Transparency Initiative  
**Key Messages & Recommendations of the Multi-Stakeholder Group (MSG) Arising From The Results of the First PH-EITI Report**

**1. The PH-EITI MSG commends the commitment of all participating agencies and companies who have disclosed the information necessary to timely produce the Philippines' first EITI country report.**  
The MSG will endeavor to continuously improve EITI implementation by ensuring that the EITI standards are met and that accountability of all sectors are clearly established.

**2. The implementation of EITI should be institutionalized through legislation.**  
The difficulty the initiative has encountered in acquiring data and, in some cases, cooperation, from certain mining, oil, gas and coal companies, has stressed the immediate need for PH-EITI to be institutionalized through law, and for the data flow to become more fluid and standardized across agencies, LGUs and extractive companies. A PH-EITI with compulsory processes and powers and a multi-sectoral perspective can do more vital work if it does not depend on voluntary commitments from government and business. Nevertheless, we acknowledge that this is the first year of implementation of the EITI process and the overwhelming support of the mining and oil and gas companies representing over 90% of total revenues of those sectors is a good indication of the voluntary commitment.

**3. Legal barriers to full implementation should be addressed by amending legislation.**  
We believe the impediments inherent in the non-disclosure clauses of the National Internal Revenue Code and the Omnibus Investments Code must be amended. Complete data for material companies and organizations is crucial so that the EITI process can truly determine the gaps and unaccounted-for data, and in turn hold the right entities and institutions accountable.

**4. We must improve the monitoring processes in government concerning the mandated social expenditures and environmental funds by entities.**  
The report has surfaced gaps in how social development programs, environmental funds and royalties of Indigenous Peoples are monitored by the concerned government agencies. A strict and regular monitoring of these funds should be implemented to ensure that the provisions of applicable laws are followed.

**5. The coverage of future reports can be improved for more in-depth study.**  
This year's report provides valuable information from large scale mining companies and significant oil and gas operations. The companies that participated in this report account for over 90% of the total revenue of the mining and oil and gas sectors, although it should be noted that small scale mining and non-metallic sectors have not been included. However, we also recognize that every mining operation has a significant impact to the community and therefore should be held accountable for its social and economic contribution. Government agencies also have gaps in terms of disclosure. Actual amounts of incentives should be publicly disclosed and included in future reports. The MSG will continue its discussion on how to increase the report's scope and depth to provide a broader look at the money flow from business to government, and from government to the citizens to ensure more transparency and accountability.

**6. We believe the EITI Standard is a valuable tool for transparency and accountability that can be applied to other industries and agencies.**  
The outcomes from the EITI process have showed that it is a valuable tool that government should consider expanding its scope to include small scale and non-metallic mining sectors and possibly other sectors such as forestry.

## What You Need To Know About

# PH-EITI

Philippine Extractive Industries Transparency Initiative

### What is EITI?

The Extractive Industries Transparency Initiative (EITI) is a global standard of transparency that requires extractive industries, such as oil, gas, and mining, to publish what they pay to the government, and the government to publish what they collect from said industries. PH-EITI works towards realizing its two core components of promoting transparency and accountability in the extractive industries.

### Why is the Philippines implementing EITI?

Governments benefit from following an internationally-recognized transparency standard that demonstrates commitment to reform and anti-corruption, and leads to improvements to the tax collection process and enhanced trust and stability in a volatile sector.

Companies benefit from a level playing field in which all companies are required to disclose the same information. They also benefit from an improved and more stable investment climate in which they can more effectively engage with citizens and civil society.

Citizens and civil society benefit from receiving reliable information about the sector and a multi-stakeholder platform where they can better hold the government and companies to account.

### Who makes up the PH-EITI?

Representatives from government, business, and civil society make up the Multi-Stakeholder Group (MSG), PH-EITI's governing body.



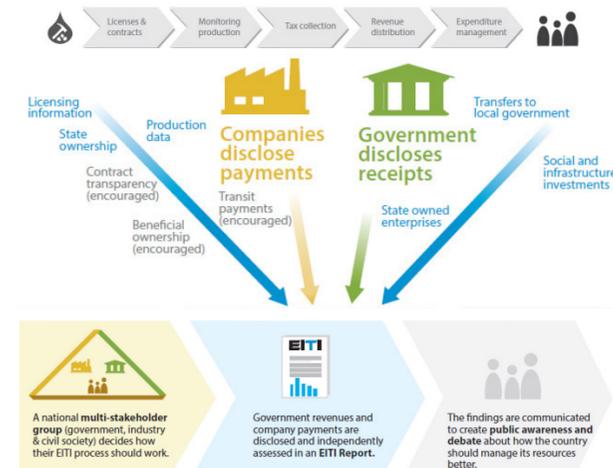
## What We Do and How We Do It

# PH-EITI

Philippine Extractive Industries Transparency Initiative

### PH-EITI'S OBJECTIVES

1. It seeks to show the direct and indirect contributions of extractives to the economy.
2. It wants to improve public understanding of the management of natural resources and availability of data.
3. It supports the strengthening of national resource management and government systems.
4. It pursues opportunities for dialogue and constructive engagement in natural resource management, in order to build trust and reduce conflicts among stakeholders.
5. It seeks to strengthen the business environment and increase investments.



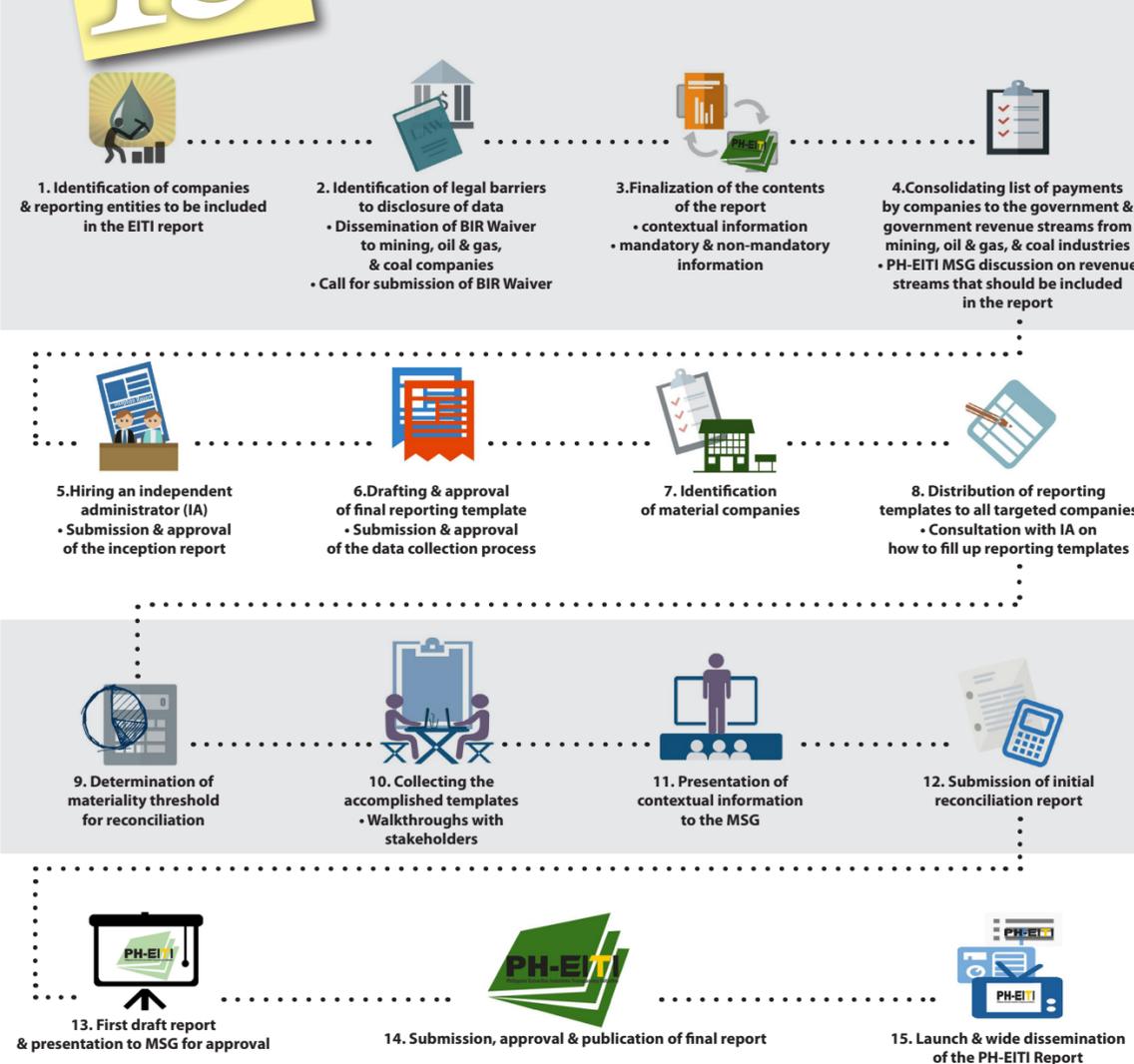
### HOW IS DATA RECONCILED?



The basic procedure that informs the Reconciliation Process is simple: the Independent Administrator (IA), an outside firm, compares the amounts paid by participant extractive businesses - in this case, the publicly-declared payments of large-scale metallic mining, oil, and gas firms - and the publicly-declared collections of government agencies.

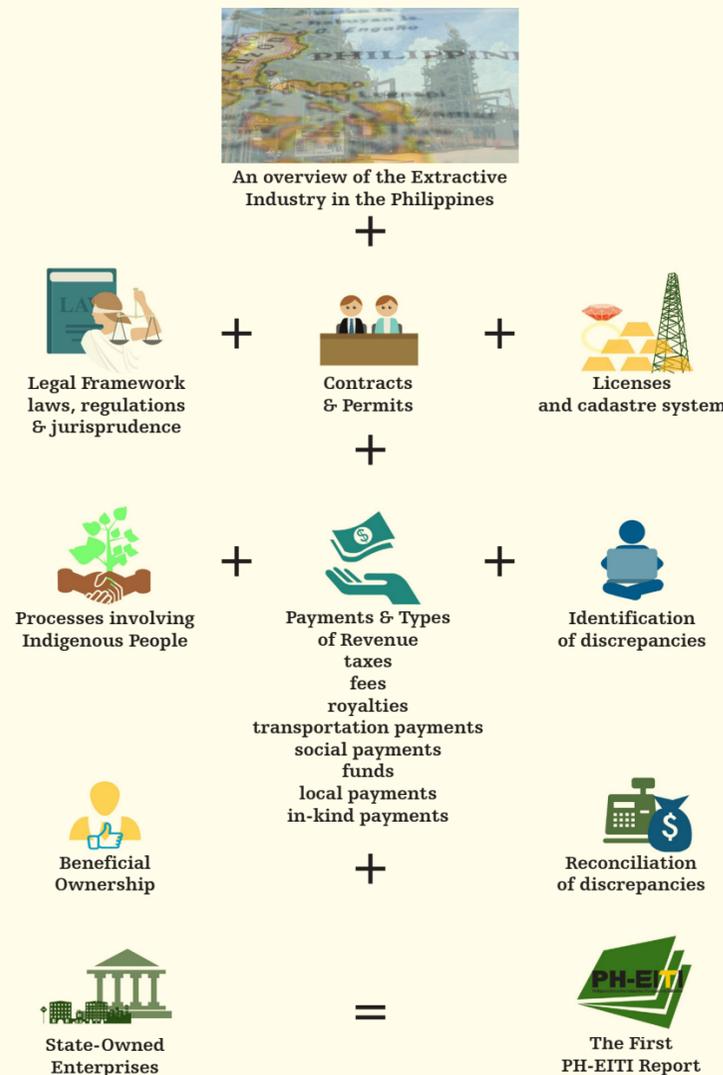
The process begins with data gathering, wherein participant companies and agencies are asked to fill in the templates, including details of payments and significant revenue streams. After data-gathering, reconciliation begins: the IA looks at the supporting documents from the participants and compares the amounts. The IA asks the participants the causes of the discrepancies between the declared amounts, and identifies their causes. When these figures do not tally, any gaps or discrepancies are considered unreconciled amounts or variances.

# 15 Steps to the PH-EITI Report



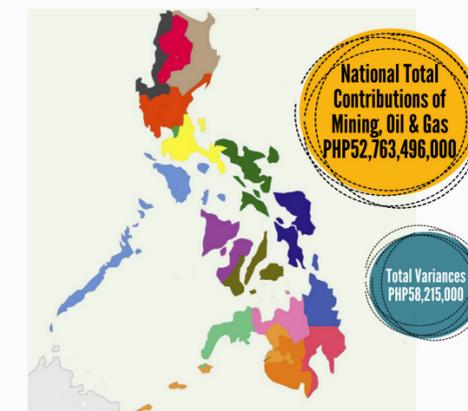
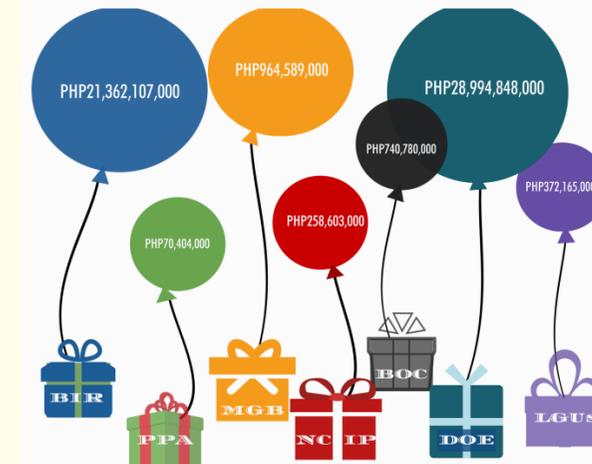
## The First PH-EITI Report

WHAT'S IN IT?



## How much did we get from Mining, Oil and Gas in 2012?

Reconciled revenue from extractive industries, per government agency



## Causes of Variances

Difference in accounting frameworks.

Companies prepared the templates and financial statements on accrual basis while government agencies did their reports on cash basis.

Incomplete database.

Central offices such as MGB and NCIP have no consolidated information from satellite offices. Difficulty was also encountered in directly obtaining information from regional and branch offices of government agencies, local government units and Revenue District Offices (RDOs) of the BIR. This resulted in incomplete disclosures, or agency disclosures that are lower than those of the companies.

Disaggregated data.

There was an inherent limitation in the agencies' current reporting systems to provide information at the required level of detail or disaggregation. Hence, revenue streams reported in the templates are either at lump-sum (e.g. total reported business taxes of LGUs with no breakdown per entity and BIR's disclosure of total final withholding taxes with no specification on source and nature), per consortium or project basis (e.g. DOE's monitoring of government share is per oil and gas project and not per entity), or only the base rate was disclosed by the agency, while the company included standard fees and charges on top of the base rate.

Delayed submission of required schedules and documents to support disclosures made in the templates.

In some instances, this precluded the IA from performing the required reconciliation procedures. Due to the number of information requested and required level of disaggregation, current accounting and filing systems may have hindered companies from readily providing these disclosures and reports for reconciliation and examination.



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