

**Conference Topic:** Corruption and Development—How Can Anti-Corruption Be Integrated Into Development Measures to Ensure Sustainable Development and Inclusive Growth

**Panel Discussion Topic:** Anti-Corruption and Integrity—A Civil Society and Business Perspective

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Good afternoon, ladies and gentlemen. Before anything, I would like to thank the conference organizers [Gesellschaft für Internationale Zusammenarbeit (GIZ), the Office of the Ombudsman, and the Asian Institute for Management Hills Program on Governance] for inviting me to share my thoughts on the topics of fighting corruption, integrity, and development.

Today, I am here not only to represent the business community as chairman of the Makati Business Club but also as chairman of the Integrity Initiative campaign. The Integrity Initiative is the private sector's response to the very challenge that we are seeking to address in this gathering, which is how to integrate anti-corruption into development measures to ensure sustainable and inclusive development. Launched in December 2010, the campaign is being spearheaded by the Makati Business Club, the European Chamber of Commerce of the Philippines, the Management Association of the Philippines, the American Chamber of Commerce of the Philippines, the Asian Institute

of Management, and the Financial Executives Institute of the Philippines. In addition, an Integrity Consortium, composed of more than 30 business and industry associations, local and foreign chambers of commerce, and other professional organizations, has been instrumental in the expansion of the campaign.

In essence, the Integrity Initiative is about cleaning up the ranks of the private sector, accepting the responsibility for this challenge, pursuing it in a systematic and measurable manner that harnesses the best practices of good corporate governance and accountability at all levels, and inspiring the commitment and cooperation of our colleagues in the private sector and partners in government. It is more than just an anti-corruption campaign, as we advocate that companies commit not only to zero tolerance for corruption but also to pay the right taxes, follow labor laws, respect the environment, and favor long-term sustainable development over short-term goals. Our mission is to help shape a culture of integrity in the Philippines by institutionalizing ethical practices in business and creating a solid constituency for the integrity and good governance agenda in the private sector.

We have embarked on this undertaking because of our belief that anchoring the growth of our economy upon ethical business practices, fair competition, and a level playing field will make us more competitive

and attractive to investors. More investments, in turn, will mean more jobs, enabling a greater number of Filipinos to partake of the fruits of the increased economic activity in our country. We all know the mantra, *“Kung walang corrupt, walang mahirap.”*

So how are we going about this effort? It all starts with getting companies to sign an Integrity Pledge. The pledge is an expression of the companies’ moral obligation to uphold ethical business practices and to support the collective effort to build a culture of integrity in the country. From 100 signatories at the start of the campaign in 2010, our ranks have grown to more than 1,700 signatories, including 32 heads of government agencies. After signing the pledge, the signatories adopt a Unified Code of Conduct for Business to guide them in operationalizing their Pledge commitments.

A critical next step is the Integrity Assessment process, where signatory companies evaluate their own integrity practices to gauge their areas of strength and identify the areas for improvement. Results of the self-assessment will then be validated by a third party in the Integrity Validation process. Looking ahead, we hope that this validation system can develop into a certification system for companies that operate cleanly and ethically.

We believe that the business environment is now ripe for the implementation of such a validation or certification system because companies are becoming more aware of the competitive advantages of running clean businesses. They strive to be clean and equally require that their partners and suppliers do the same.

The Integrity Initiative has made a lot of progress in just two-and-a-half years, but since the success of this undertaking largely depends on attaining a critical mass of supporters, we are focusing on winning over more companies to our cause by intensifying efforts to publicly promote our campaign, identify our target markets, clearly articulate our message, and demonstrate that our project is doable. We realize that we also need to work more closely with the government to sustain our campaign, particularly in instituting incentives for companies that will be certified to have abided by ethical business practices.

Our task is not easy. Some companies continue to fear that honest behavior will put them at a competitive disadvantage. I grant that, at the outset, there may be a cost for setting a good example. However, as the new norm that we are trying to establish begins to take root, companies that uphold integrity standards should not only reap the respect they deserve but also attract the best workers, gain the loyalty of clients, be rewarded with incentives, and be given the chance to compete fairly. On

the other hand companies that engage in questionable activities will have to live with their higher exposure to business risks and contend with the possibility of exclusion from business opportunities and other penalties.

Certainly, there are skeptics who doubt how effective this initiative can be in creating an environment wherein clean business is good business. But we are confident that they will eventually come around and abandon old notions about the moral compromises we need to make to get ahead, as our efforts gain more traction and start to bear concrete results. It is critical that companies that support our cause should lead by example and remain committed until we reach a critical mass. Once we reach that point, we will have the leverage to demand that our clients and business partners, and even the government agencies and officials we deal with, also abide by the same standards of integrity and good governance.

So that, ladies and gentlemen, is how we in the business community have been contributing to our common goal of building a culture of integrity in our country, and we are very serious about pursuing this effort. By setting a clear roadmap to a new and better way of doing business—anchored on the principles of fair competition, good corporate governance, and social responsibility—we believe that we are also

paving the way for sustainable development and inclusive growth to take root in our country.

Thank you and I look forward to exchanging ideas with all of you.