

**S
O
F
T**

BLACK

WHITE

(OR GRAY)?





• ERRATUM •

Millennial was erroneously printed as Millenial. Hence, all reference to Millenial in this book should be read Millennial.



S&S

BLACK

WHITE

(OR GRAY)?

PUSTAKA PERDANA



1012672



FINANCIAL EXECUTIVES INSTITUTE OF THE PHILIPPINES (FINEX)

ETHICS: BLACK or WHITE (OR GRAY)?

Copyright © 2018 All rights reserved.

No part of this book may be reproduced, stored in a retrieval system or transmitted in any form or by any means—electronic, mechanical, photocopying, recording or otherwise—without the prior written consent of the publisher.

Published in the Philippines by
Financial Executives Institute of the Philippines (FINEX)
Roberto F. De Ocampo Center for Financial Excellence
Unit 1901, 19/F 139 Corporate Center
Valero Street, Salcedo Village, Makati City
Tel: +63 (2) 811-4187; 811-4188; 811-4052
Fax: +63 (2) 811-4185
www.finex.org.ph

Project Manager: Flor Gozon Tarriela
Compiled by: Zondy Garcia, Sherisa Nuesa, Mel Salazar and Flor Gozon Tarriela
Edited by: Frances Mae Ramos
Legal Consultant: Atty. Eusebio V. Tan
Cover and Page Design: Amor Aurelio B. Alvarez
Printer: Kadena Press Foundation Asia

ISBN 978-971-92466-2-6

055.05



*“Dedicated to everyone who wants to be ethical
and do the right things right.”*



Contents

ACKNOWLEDGMENTS 9

PREFACE 10

Dr. Jesus P. Estanislao

INTRODUCTION 12

Flor Gozon Tarriela

Ethics: A Personal View 17

Fe B. Barin

Ethical Dilemma of Family Companies 20

George S. Chua

Is There a ‘Right Time’ to be Ethical? 24

Sonny B. Coloma

“Corporate Partnership”—An Antidote to Corporate Misbehavior 27

Marilou C. Cristobal

Ethics and Agriculture—The Right to Food 31

Dr. William D. Dar

To Be Held Accountable by Our Actions 35

Sharon Dayoan

Ethics in the Eyes of the Millennial and iGen X 38

Lofreda C. Del Carmen

Truth for Good 42

Junie S. Del Mundo

Rising Above Conflict of Interest 45

Juan D. De Zuñiga, Jr.



- Ethics in the Recruitment Industry **48**
Maria Carolina V. Dominguez
- Everybody Does It **54**
Santiago F. Dumlao, Jr.
- Watching Time, Respecting Time **57**
Chiqui Escareal-Go
- Ethical Perspectives **61**
Maria Victoria C. Españo
- Continuity Plus Plus: BSP's Strategic and Ethical Bedrock **64**
Gov. Nestor A. Espenilla, Jr.
- Integrity and Ethics in a Governance Program **68**
Dr. Jesus P. Estanislao
- Business, National Development and Ethics **72**
Francis G. Estrada
- Managing Conflict of Interest: Walking on a Thin Line **78**
Chuchi G. Fonacier
- We Can? ...Should We? **82**
Consuelo D. Garcia
- The Ethics of Being Ethical **88**
Diwa C. Guinigundo
- Balancing Ethics and Regulation **92**
Teresita J. Herbosa
- When No One is Looking **99**
Laurie Jimenez-Westfall
- Can You Do Business with the Poor and Get Rich? **101**
Pacita U. Juan
- Ethics and Diversity **105**
Dr. Olaf Kliesow

- Ethics and Education **109**
Dr. Rosario O. Lapus
- Thou Shall Neither Steal, Lie nor Covet Thy Neighbor's Goods **112**
Jaime C. Laya
- When Doing Right by the Client Hurts **117**
Rizalina G. Mantaring
- Corporate Governance and Business Ethics: A Note **120**
Dr. Vaughn F. Montes
- Promoting Business Opportunities Ethically **128**
Christopher Nelson
- When Ethics Collide with Culture, We Must Rediscover Shame **131**
Sherisa P. Nuesa
- A Heart for Doing What is Right **135**
Dr. Jose T. Pardo
- Ethical Leadership **138**
Alfredo B. Parungao
- Innovation and Ethics **142**
Alfredo E. Pascual
- Related Party Transactions: Prohibited or Not?
RPT Governance and Ethics for Sustainable Family Conglomerates **145**
Federico C. Pascual
- Doing Business the Right Way, Not Just Right Away **149**
Jose Jerome R. Pascual III
- To Inhibit or Not? **153**
Melito S. Salazar, Jr.
- Shakespeare in Finance **158**
Hans B. Sicat
- A Tale of Two Companies **162**
Hans B. Sicat

- The Protection of Minority Shareholders' Rights 168
Evelyn R. Singson
- Ethics in Media 176
Mercedes B. Suleik
- Ethics in Business—An Organizational Perspective 179
Nestor V. Tan
- Recipe for a Good Night Sleep! 183
Flor Gozon Tarriela
- Are You Ethical? 186
Normita A. Lansang-Villaruz
- The Human Person in Business 189
Dr. Bernardo Malvar Villegas
- Ethics, it's a Moral Issue 196
Peter Wallace
- Ethics and the Sustainable Enterprise 199
Jaime E. Ysmael

Ethical Views on Technology

- Preserving Customer Privacy in the Digital Age 204
Winston Damarillo
- Ethical Implications of Emerging Technologies 208
J. Alberto A. Gamboa
- Plagiarism in the Age of the Internet 211
Dr. Rosario O. Lapus
- Ethical Dilemmas and Governance of Emerging Technologies 215
Reynaldo C. Lugtu, Jr.
- Humanizing Technology or Digitizing Humanity? 220
Wilma Inventor Miranda

Ethics for the 4 th Industrial Age	224
<i>Dr. Justo A. Ortiz</i>	
Ethical Imperatives in Transformation	228
<i>Lito Villanueva</i>	
A Framework for Universal Principles of Ethics	233
<i>Larry Colero</i>	
FINEX Code of Ethics and Professional Conduct Putting our Values into Action	239
2018 FINEX Ethics Book Editorial Board	247

ACKNOWLEDGMENTS

Our heartfelt gratitude to:

All the contributors for sharing their thoughts, insights and precious experiences;

FINEX President Ma. Victoria Espano for encouraging the Ethics Committee to publish this book;

The *Bangko Sentral ng Pilipinas* led by Gov. Nestor A. Espenilla, Jr. for its full support;

ICD Chairman Emeritus Dr. Jesus P. Estanislao for the book's Preface;

The FINEX Ethics Book team: Consuelo D. Garcia, Sherisa Nuesa, Alfredo B. Parungao, and Melito S. Salazar, Jr. (*Editorial Panel*), Frances Mae Ramos (*Editor*), Lyn Vizcaya and Chona Vergel (*Secretariat*), and Amor Aurelio B. Alvarez (*Cover Designer and Layout Artist*);

Reynaldo C. Lugtu, Jr. for the book title and cover concept, as well as the relevant quotes for each article;

Larry Colero for the permission to use his updated *Framework for Universal Principle of Ethics* for this book and for any future Ethics book of FINEX; and

To our Lord Jesus Christ who really orchestrated this FINEX Ethics project of 52 insightful and wonderful articles.

PREFACE

A sage and Saint once said that it is better “to drown evil in an abundance of good,” rather than to keep bewailing the bad circumstances we may find ourselves in.

Indeed, in our current circumstances, we may find much evil being done. Each one of us may have his/her own set of issues, showing orientations that are not quite right, and may even be absurdly wrong; nonetheless, we find them confronting us in the time and place where we are.

If we are to follow the advice of that sage and Saint, instead of complaining, we should go all out and do many things right, and cause many others around us to follow the proper North Star that “integrity and ethics” beckons us to observe, each day, in the actual life we live, and the work we do.

Instead of complaining about the many issues where corruption and disregard of the common good rear their ugly heads all too blatantly, we should focus on embedding a culture of “integrity and ethics” in our personal lives, our families, our workplaces, and the associations and institutions with which we are affiliated. And we should undertake a massive outreach program to encourage and help others to do the same.

This is what FINEX is doing through this volume that it has put together made up of ideas and suggestions, cases and specific instances where accent is placed on the positive, i.e., on practices and other real-life situations where “integrity and ethics” is observed to make a positive difference and deliver a beneficial impact for the common good of the wider community.



This volume is intended as an invitation to everyone in our national community to bring “integrity and ethics” into their day-to-day decisions and actions, wherever they may be, and whatever they may do. These decisions and actions may be routine and ordinary; they may relate to the performance of our daily duties at home, at work, and with friends. They may not be as grandiose as the few rhetorical exhortations delivered from the top, and are then relegated to the background almost as soon as they had been issued. Rather, they may be small gestures, which prove that our commitment to “integrity and ethics” is genuine; but they are very many, since they are associated with the performance of all our ordinary duties in our daily life and work.

The ideas and suggestions, cases and specific instances contained in this volume are not for one’s reading pleasure only. They represent a plea that the battle for the observance of the proper ethical standards imposed by a deeply embedded and widely spread culture of integrity has to be continuing; that battle is not launched by the release of this volume. Rather, that battle is a task of a lifetime: it has to be continuing, persevering, and unrelenting such that it makes a positive difference against the many issues we often complain and bewail about.

Dr. Jesus P. Estanislao
Manila, July 2018

Department of Agriculture Secretary William Dar shares his stand on *Ethics and Agriculture: The Right to Food*.

From BANKING and FINANCE:

Bankers Association of the Philippines (BAP) prexy and BDO President Nestor Tan dwells on *Ethics in Business – An Organizational Perspective*; Multinational Investment Bancorporation President Marilou Cristobal relates personal experience on “*Corporate Partnership*” – *An Antidote to Corporate Misbehavior*; PNB Chairman Flor Gozon Tarruela gives away her *Recipe for Good Night Sleep*; former ING CEO Consuelo Garcia inquires whether *We Can? Should We?*; former PSE President and now ING Head Hans Sicat tackles *Shakespeare in Finance*; President of the Life Insurance Association Olaf Kliesow discusses *Diversity and Inclusion*.

From the ACADEME:

Miriam College President Rosario O. Lapus discusses *Ethics and Education*; writer, economist and University of Asia and the Pacific professor Bernie Villegas talks about *The Human Person in Business*; and former University of the Philippines president Alfredo Pascual shares his article on *Innovation and Ethics* presented in the conference on innovation at the Hong Kong University of Science and Technology in 2016.

From our partner institutions:

ICD Chairman Emeritus Dr. Jesus P. Estanislao talks about Integrity and Ethics in a Governance Program; ICD Chairman Francis Estrada shares his views on Business, National Development and Ethics; and CIBI Foundation Chairman Alfredo Parungao writes on Ethical Leadership.

Other Industry Leaders:

SharePhil Chairman and Dusit Hotel President Evelyn Singson discusses *The Protection of Minority Shareholders’ Rights* while EchoStore owner Pacita Juan asks *Can You Do Business With the Poor and Get Rich?* Best-selling author Chiqui Escareal-Go shares her experience in *Watching Time, Respecting Time*. GMA 7 Director Laurie Jimenez-Westfall tells

about her high school experience where she decided to make a stand *When No One is Looking*.

Christopher Nelson shares what the British Chamber is doing in *Promoting Business Opportunities Ethically* in the Philippines. John Clements Consultants President and CEO Ma. Carolina Dominguez shares the *Ethics in the Recruitment Industry*, Sunlife former Country Head and CEO Rizalina Mantaring tells her experience *When Doing Right by the Client Hurts* and KPMG President and CEO Sharon Dayaon explains how it is *To be Held Accountable by our Actions*. Private Public Partnership (PPP) expert Dr. Vaughn Montes writes about *Corporate Governance and Business Ethics*.

And as we are now in the digital age, Reynaldo C. Lugtu, Jr., President of Hungry Workhorse and Chairman of FINEX Information and Communication Technology (ICT) Committee handled the section on **Ethical Views on Technology**, and, himself, writes about *Ethics and Governance of Technology*. PLDT's FinTech and KasamaKa Founder Lito Villanueva talks about *Digital and Identifying its Ethical Imperatives*; Manila Bulletin Business Columnist Wilma Miranda defines *Humanizing Technology or Digitizing Humanity?* Union Bank Chairman and Blockchain Association of the Philippines Founding Chairman Justo Ortiz examines *Ethics for the 4th Industrial Age*; Silicon Valley veteran Winston Damarillo gives insights on *Preserving Customer Privacy in the Digital Age*; tech enthusiast J. Albert Gamboa educates us on *Ethical Implications of Emerging Technologies*; and Miriam College President Rosario O. Lapus discusses *Plagiarism in the Age of Internet*.

Lastly, we have the latest version of Larry Colero's *A Framework for Universal Principles of Ethics*. This is the first print version of his article's first update after 21 years of testing the ideas within it. The updated *FINEX Code of Ethics and Conduct* follows to provide common set of principles in maintaining a high level of professional conduct.

We may find ourselves confronted with important decisions to make, a dilemma. Knowing what is right and what is wrong is not enough. We hope that each of us will have the courage to do what is right and that the

challenge of doing so be lightened up with God's help. Our prayer is that this book, through the stories, examples, and experiences of the writers be a good guide on the right thing to do. And for us to do the right things, right.

Flor Gozon Tarriela.

Ethics: A Personal View

Fe B. Barin

ETHICS gained heightened attention at about the same time corporate governance became a focus of public consciousness as a consequence of the financial crisis in East Asia in 1997 and the scandals involving high profile corporations in the United States in the early 21st century. Since then, morals, ethics and ethical behavior have become the dominant topics of discussions among concerned people.

But what really is the meaning of morals, ethics and ethical behavior? Webster's New World Dictionary of the American Language (College Edition) offers the following definitions:

Moral—relating to or dealing with or capable of making a distinction between right or wrong.

Ethics—a system or code of morals of a particular philosopher, religious group, profession; moral philosophy.

Ethical—conformity with an elaborate, ideal code of moral principles.

All of the above descriptions indicate the role of the human factor (judgment) in the determination of what is moral, ethics and ethical behavior. This being the case, then each of these may vary depending on the circumstances and the environment in a particular society and at a particular time. And I venture to add, on an individual's character.

True, we have laws defining what is right and wrong. However, these simply set the principles and norms. A lot depend on their implementation by the authorities and compliance by those concerned. The scandals in the not so recent past showed that serious, undesirable

consequences result when compliance is fudged. Just as we have various codes of ethics but are their provisions observed in practice?

Ethics is a manifestation of one's character, principles and integrity. At its foundation are the core values of honesty and trustworthiness. Honesty encompasses not only being honest with one's dealings with others, but first and foremost being honest with one's self. For how can one be honest in his/her dealings with others when he/she cannot be honest, in words and in actions, with himself/herself? Both honesty and trustworthiness involve transparency and having a sense of accountability.

In governance requirements, being fit for a role includes integrity, probity and good morals as the indicative gauge, much unlike the pre-qualifications of age, educational attainment and relevant experience, which are determined based on documentary evidence.

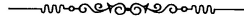
Being ethical is not inborn. It is formed, developed, nurtured and enhanced beginning from an individual's home and family, then school and church, and eventually by the world around him/her. It is a confluence of external forces at each opportune time.

Ethical behavior is not only knowing what it comprises but, more importantly, having a track record of practicing these consistently. One's ethics or morality is put to a test when faced with a conflict of interest situation. Self-interest should not override honesty. In many years serving in regulatory agencies of government, I have witnessed failures of corporations where the board and management put their self-interest before the interests of their stakeholders. One's sense of right or wrong becomes blurred once he/she starts to compromise with his/her principles. For instance, resorting to 'caveat emptor' on matters which one is duty bound, or morally expected, to disclose is not ethical as this violates the principle of full disclosure.

Being ethical goes beyond being law-abiding, although being law-abiding is an indispensable component of being ethical.

Being ethical does not mean being close-minded. One should be ready to listen and test the ideas of others alongside his/her own standards. If one finds the standards of others do not agree with his/hers, he/she should engage in a discussion without making judgment, but without compromising his/her principles as well.

Finally, one's ethics or morals based on proper values preserve one's self-respect, peace of mind, independence and sense of purpose.



Fe B. Barin, a lawyer, obtained her Bachelor of Laws from UP. She held sensitive positions in the government for the past 33 years, namely: member and eventually secretary to the Monetary Board, chairperson of the Energy Regulatory Commission and chairperson of the Securities and Exchange Commission.

She is currently a member of the Board of Governors of the Philippine Constitution Association and a trustee of ICD.

“Ethics may be defined as the obligations of morality.”

LAJOS KOSSUTH

As an educator tasked with teaching minds and touching hearts of future generations of Filipinos, I need to hear from our Finance Executives the whys and wherefores of transformational leadership and faithful stewardship. Actions speak louder than words especially when trusted pillars of our institutions articulate their convictions and shared vision for the nation. During these turbulent times when our moral compass seems to be mislaid, this FINEX book on ethics is a must-read.

BR. ARMIN A. LUISTRO FSC
President, De La Salle Philippines

Read about the experiences, thoughts and insights on ethics from some of the well-known personalities in the book:

FROM THE GOVERNMENT:

- BSP Governor **Nestor A. Espenilla, Jr.**
- BSP Deputy Governor **Chuchi Fonacier**
- BSP Deputy Governor **Diwa Guinigundo**
- BSP Monetary Board Member **Juan de Zuñiga, Jr.**
- Former DAR Secretary **Dr. William Dar**
- Former SEC Chairs **Teresita Herbosa and Fe Barin**
- Former Communications Secretary **Sonny Coloma**

FROM THE BANKING SECTOR:

- BAP and BDO President **Nestor Tan**
- UnionBank Chairman **Dr. Justo Ortiz**
- ING Bank Manila Country Manager **Hans Sicat**

FROM THE PRIVATE SECTOR:

- Sharephil Chair **Evelyn Singson**
- PSE Chair **Jose Pardo**
- ICD Chairman Emeritus **Dr. Jesus P. Estanislao**
- EchoStore's **Chit Juan**
- Miriam College President **Dr. Rosario Lapus**
- Writer and economist **Dr. Bernardo Malvar Villegas**



The Prime Movers for the Ethics Book Project

Sherisa P. Nuesa

FINEX Director & VP for Ethics
Independent Director, Various Corporations

Flor Gozon Tarriela

FINEX Foundation Trustee/Chair for Ethics Book
Chairman, Philippine National Bank

Consuelo "Zondy" D. Garcia

Chairman, FINEX Ethics Committee
Senior Consultant ING Bank, Challengers
and Growth Markets, Asia



**FINANCIAL EXECUTIVES
INSTITUTE OF THE
PHILIPPINES (FINEX)**

ETHICS



9 789719 246626

ISBN 978-971-92466-2-6