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Code of Ethics' introductory letter: Importance and key components

- » A meaningful introductory letter comes from the strictest corporate intimacy.
- » The Code of Ethics can help make a public message of the tone at the top.
- » These core documents sustain momentum of the compliance message.
- » The letter can fortify the organization's reputation and shared values.
- » It is a chance to engage employees and stakeholders with the corporate culture.

In the light of ethics and compliance, the Code of Ethics (also referred to as Code of Ethics in Business or Code of Conduct) is considered a core document for an organization. Any other policy or proceeding of inferior level



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should respect principles and guidelines set forth in the Code of Ethics. This article focuses on one of the components of the Code of Ethics that is not always given the importance it deserves: the CEO's introductory letter.



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Using an introductory letter or forward, the CEO addresses the overall objectives, principles, and commitments associated with what senior management considers successful business ethics, helping employees and stakeholders see how the organization sets the tone at the top and defines the importance of ethics and compliance.

Recently, and especially in the civil law corporate culture, the introductory letter or forward message of the CEO in the Code of Ethics is considered a *must* for many reasons, such as to show the reasons that led to its approval and to detail its purpose and principles.

Objectives

Other objectives of including an introductory letter in the Code of Ethics are outlined below.

Set an example

Show that the Code of Ethics is also binding for the senior management. In the context of compliance, the *tone at the top* sets an organization's guiding values and ethical climate by developing a sense of shared values—which is the basis of long-term strategies—and strong commitment. For these reasons, it should be expressly stated that senior management is committed to the obligations laid down in the Code and they will be the first ones to comply with them.

Leadership

The *tone from the top* is very important in developing and maintaining ethics in an organization. It is started by transforming words into actions and successfully transmitting them to the employees. On the other hand, establishing and transmitting the right tone is essential to fortifying the organization's reputation and telling employees what counts, what's rewarded, and what's punished.

Facilitate understanding

In addition to the above objectives, which are considered key concepts for compliance issues, the introductory letter. Makes the Code of Ethics easier to read and understand. By introducing the content of the Code of Ethics from the very beginning, the organization facilitates its understanding to the employees and stakeholders.

Overview

Provides a brief overview of the Code of Ethics' main components (commitment, enforcement, etc.). The introductory letter is supposed to be brief enough to be read easily and long enough to explain principles, commitments, and other important components of the Code.

A good introductory letter should provide some basic information about the organization and its values, mission, and vision; the content of the Code of Ethics (e.g., principles, objectives, and obligatory nature); and issue a call to all employees and stakeholders to comply with it, as explained above.

Regarding the organization

History of the organization

Most introductory letters of Codes of Ethics begin by recalling where the

organization came from and highlighting its commitment with compliance and ethics as inseparable elements.

Organization's success and achievement

It is a good idea to include achievements of the organization and highlight the role of the employees and stakeholders, among others. It doesn't have to be detailed—by mentioning them, the function will be accomplished. When employees feel included and engaged in the organization's culture and success, they feel more committed. It also contributes to fostering greater employee loyalty and retention.

Values, mission, vision

The organization's mission statement, vision, values, and guiding principles that reflect the organization's commitment to ethics, integrity, and quality should be mentioned in the introductory letter. They will be detailed further in the Code of Ethics.

Regarding the Code of Ethics

Introduction of the Code of Ethics

Information regarding who approved it, its entrance in force, and its applicability should be provided at the first place.

Objectives of the Code of Ethics

A brief summary of the core objectives of the Code should be mentioned in the introductory letter. Some of the objectives that most companies attach to a Code of Ethics are to prevent legal and regulatory violations; to promote and reinforce the organization's culture, compliance, and ethics; to foster greater employee loyalty and retention; to build stronger relationships with business partners; etc.

Subjects bound by the Code of Ethics

Persons expected to comply with the Code of Ethics should be stated in the introductory letter. It will help the reader identify with a concrete group and pay special attention to obligations laid down in the Code of Ethics.

Closing

Senior management commitment with compliance and ethics

As mentioned above, without the commitment of the senior management, any initiative is unlikely to truly engage employees. Senior management should expressly include itself in the scope of application of the Code, and it should state its commitment to comply with it as a priority issue.

Obligation but not penalty

The introductory letter should highlight the binding nature of the Code. On the other hand, it is not recommended to mention penalties and sanctions in such an introduction. The introductory letter should be drafted in a positive form and avoid, as far as possible, negative expressions, because most people do not respond well to it. Penalties will be stated in the Code, but there is no need to call them out in the introduction.

Call to comply with the Code of Ethics

The introductory letter needs to effectively inform employees of the obligation to comply with the Code of Ethics and of the expectations regarding their conduct.

Corporate look and feel

Employees should perceive the presence of the corporate style in the layout of the introduction (e.g., logos, colors, writing style).

Elements

As the author of the introductory letter, it is also highly recommended to include the photo, name, and handwritten signature of the CEO. Such elements will strengthen the message visually and will contribute to the later acceptance and signing of the Code by the employees.

The Code language should be simple, concise, and readily understood by all employees. At a minimum the writing style should be consistent and convincing, in alignment with corporate style guidance. The introductory letter may run from one to two pages.

Another important issue arises regarding the legal validity of the introductory letter of the Code of Ethics, compared to the content of the Code of Ethics. As an analogy, the binding character of the introductory letter is similar to the *preamble* or introduction in law and regulations: The jurisprudence of each country can interpret the meaning of the preamble of its Constitution, law, or regulation in a different way. Although most of them tend to agree that there is no legal value, it contributes to its interpretation.

Lastly, it should be recalled that a Code of Ethics is the basis of a corporate culture, but it still is an internal obligation established from the senior management of an organization. The need to fulfill it should be transmitted to employees and stakeholders in order to be applied correctly. A well-written introductory letter from the CEO would be the best beginning toward a successful Code of Ethics. ☉

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