

Transparency and Disclosure

Good corporate governance should ensure that timely and accurate disclosure is made regarding all material matters concerning the corporation, including its financial situation and results.

It is in the interest of each organisation to provide clear, timely and reliable information that is adequately prepared, and to make relevant information equally accessible to all stakeholders.

PwC believes that strong disclosure promotes transparency in addition to being an important aspect of good governance.

What should be disclosed?

Financial information

It is important that the financial and operating results of an organisation are prepared and disclosed in an easily understood manner. It should also be borne in mind that the information is used both outside and inside the company.

An organisation must fully disclose to the market all material related to transactions with related parties and indicate whether the transactions were executed at arms-length and on normal market terms.

In addition to financial information, organisations should disclose policies relating to business ethics, the environment and other public policy commitments, as this information can be important to investors and others in better evaluating the relationships between companies and the communities in which they operate.

Stakeholder relationships

Investors should be informed about the organisational ownership structure, voting rights, governance structure and policies. Such information should make transparent the objectives, nature and structure of the organisation.

Remuneration policy for members of the Board and key executives, as well as information about the Board members, should be disclosed. Information should describe their backgrounds and whether they are regarded as independent by the Board.

Information should be disclosed on key issues relevant to the organisation's market position and issues related to corporate citizenship.

Risk

An organisation should disclose all important risk factors and its anticipated reaction. That may include risk specific to the industry or geographical areas in which the organisation operates, financial market risk, risk related to funding and risk related to environmental liabilities.



Is the information within your organisation prepared and disclosed in accordance with high quality standards of accounting?

Is the annual audit conducted by an independent auditor?

Are all important risk factors disclosed?

Do shareholders and potential investors have access to all necessary information?

Our Experience

Financial reporting

PwC stresses that it is in the organisation's interest to provide accurate and reliable financial information. It is important to guarantee the quality of such information with an annual audit by an independent auditor. Effective disclosure increases transparency and accountability, enables appropriate monitoring to take place and provides basis for secure evaluations. Financial information might include:

- Audited financial statements and footnotes
- Independent auditor's reports
- Management Discussion and Analysis (MD&A)

The dissemination and quality of information

Shareholders and potential investors require access to regular, reliable and comparable information in sufficient detail for them to assess the stewardship of management and make informed decisions about their share value. Insufficient or unclear information can negatively affect the organisation in many ways. The appropriate dissemination of information should provide for:

- Timely and cost-efficient access to relevant information
- Disclosure of all material developments that arise between regular reports
- Simultaneous reporting of information to all shareholders in order to ensure their equitable treatment
- Non-disclose of information that may endanger the organisation's competitive position

Information should be prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosure.

What PricewaterhouseCoopers can do for you

PricewaterhouseCoopers can assist you in creating a rigorous disclosure framework that promotes real transparency. Transparency is a pivotal feature in the market-based monitoring of companies and is central to shareholders' ability to exercise their ownership rights on an informed basis, which can help attract capital and maintain confidence in the capital markets. Adequate disclosure also helps improve public understanding of the structure and activities of enterprises, corporate policies and performance with respect to environmental and ethical standards, and companies' relationships with the communities in which they operate.

PwC has an experienced and qualified team within its Business Advisory Services which can advise you in implementing effective and transparent disclosure as part of good corporate governance.

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2006 PricewaterhouseCoopers hf. All rights reserved. 'PricewaterhouseCoopers' refers to PricewaterhouseCoopers hf. (a limited liability company in Iceland) or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Contacts

Halldór Þorkelsson

Head of Business Advisory Services

+ 354 550 5229

Halldor.thorkelsson@is.pwc.com

Ólafur B. Kristinsson

State Authorised Public Accountant

+ 354 550 5338

Olafur.kristinsson@is.pwc.com

Hrafnhildur Ragnarsdóttir

Consultant / MSc Comparative Politics

+ 354 550 5367

hrafnhildur.ragnarsdottir@is.pwc.com

Ragnar Þ. Jónasson

Consultant / Legal Advisor

+ 354 550 5360

ragnar.jonasson@is.pwc.com