

A White Paper on Disclosure Transparency



**By Laurent Rouyrès,
Founder and CEO of Labrador**

With the world in turmoil in so many ways – and skepticism towards virtually everything at the highest levels in our lifetimes – it is time for companies that make disclosures to the public to take advantage of a new movement to help them burnish their reputations and earn the trust they need to survive in such a jungle. This movement is “transparency.”



What is “Transparency”?

The definition of “transparency” when it comes to corporate disclosure might not be as easy to understand as you might think. It’s something that is the province for those far beyond the lawyers and other practitioners that draft and review the disclosures that go into SEC filings, into ESG and sustainability reports, into communications with investors, employees, customers and other stakeholders.

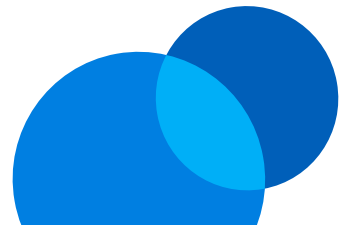
Transparency is a mindset. It’s a culture thing. From the tone at the top and down and across. You know it when you see it.

“Can this company be trusted?” is the question that everyone is asking. And a question that people will be asking more and more, particularly as climate change woes increase. Transparent disclosure can answer that question positively.

Transparency is about the continued evolution of corporate disclosure from being almost solely compliance-oriented - to having hints of marketing as companies increasingly need to campaign for annual shareholder meeting votes - to finally instilling the kind of trust in your business that makes your company attractive to all those that encounter it.

Labrador has been at the forefront of the transparency movement for more than a decade and here are 10 things that can help you understand what “transparency” is – and what “transparency” isn’t:¹

1 These are based on the conclusion of my book entitled “Information Wants to be Free: From Moral Transparency to the Transparency of Publicly Listed Companies.”





1. It's All About Trust

Transparency is the essential condition for having lasting trust.

2. Transparency Pays Off in the Medium Term

While transparency can have negative effects in the short term, it always pays off in the medium and long term.

3. Transparency Can Be a Rallying Mission

Transparency makes it possible to bring organizations closer to their audiences, and even to make them friendly to them.

4. Transparency Can Be Analyzed by Data Science

While transparency originally belonged to the field of morality, it is now a science, with a set of techniques. Therefore, the transparency of information can be measured, by objective criteria of universal application that are recognized as such.

5. “Transparency” Doesn’t Mean You Have to Disclose Everything; Rather It Means to Be Honest When You Do Disclose

Transparency is not meant to reveal everything: transparency (which is always desirable) and total transparency (which is neither legitimate nor desirable) should not be confused.

6. Transparent Disclosure Means That It Can Be Easily Understood

Transparency consists not only of making information public, but also - and above all - in making it intelligible to the reader. Transparency does not seek to defend a thesis; it aims to inform



the reader's judgment by providing all the relevant facts, in the most accessible form possible. The world is not binary; transparency is there to restore the nuances.

7. Transparency Has No Shortage of Enemies

Secrecy, deception, omission, distortion, noise, jargon, *spinning nonsensical malarkey*...*Nonsensical malarkey* tends to spread much faster and persistently than the truth.

8. Transparency Isn't Easy But It's Doable

Transparency requires effort, but it is within the reach of any organization. A corollary - if an organization is not transparent, it is probably because it does not want to be.

9. Transparency Requires a Lot of Humility (And Courage)

Modesty. Elegance. Call it what you want: clearly recognizing that everything is not perfect is not always easy. Although clearly expressed humility creates sympathy, and makes the good news more believable. Transparency also requires courage, because it is surrounded by some who prefer being opaque.

While the world of finance is keen to cultivate opacity, it is also at the forefront of transparency. Much has been done to ensure the transparency of financial information; but everything remains to be done for the transparency of non-financial information. This is particularly true for ESG information.

10. Transparency Does Not Prevent Scandals

On the other hand, scandals often promote transparency.