Transparency International Iceland welcomes Samherji’s first step towards integrity

Dear members of the board of Samherji hf.

The Iceland chapter of Transparency International (TI) wishes to congratulate Samherji on taking the first step towards reforms by issuing an apology on the company’s website on May 30th 2021, after nearly a decade of attacks on regulators, journalists, whistleblowers, civil society organizations, politicians and movements identified by the directors of the company as their enemies. Both in the so-called *Central Bank case* and in the *Namibia case*, Samherji has displayed conduct that is inappropriate in a civilized society. The board of TI Iceland commends the taking of this step and offers its organization’s assistance in undoing the harsh company culture that has had such detrimental effects. There is much healing work to be done and Samherji, as well as others, can count on the TI Iceland chapter to always be available for a conversation about needed reforms. An apology that isn’t followed by action steps has the danger of being seen as cheap spin to quell criticism and avoid getting to the bottom of things.

The board of Samherji is of course already familiar with methods that can be used to undermine social contracts and rights to expression, but to give an overview, we have identified a number of specific areas where the directors can do things as follow-up to the company’s apology for the company’s behavior. It is crucial for Samherji that its apology be seen as a real step forward and not as part of some prolonged war waged by the company against society.

Samherji’s unprecedented campaign against the Central Bank of Iceland and the Icelandic Public Broadcasting Service (RÚV) because of an investigation into Samherji’s currency business

* Baldvin Thorsteinsson, the son of Thorsteinn Már Baldvinsson and one of Samherji’s owners, displayed threatening behavior in the corridors of the Althing, physically pushed the then Central Bank Governor, and shouted abusive slurs at him.
	+ Transparency Iceland wishes to point out that Samherji should issue a clearer statement and more specific apology about this incident than it has hitherto and that it should extend the apology also to the Icelandic public, the Althing, the CB Governor, and of course also to the staff of Samherji as was done at the time in a letter from Baldvin.
	+ It would be advisable if Baldvin Thorsteinsson attended a training course that covers accountability and the company’s expectations of modern business practices.
* Samherji bankrolled a propaganda “documentary series” about the Central Bank case that aired on the television channel Hringbraut. In it, Samherji ended up paying for practices that the Icelandic Media Commission (an independent public authority under the Ministry of Education, Science and Culture) later had to impose a fine, due to “unlawful funding of news-related matter and a violation of rules about objectivity and the protection of privacy”. Hringbraut had to pay a ISK2million fine because of this. “In the view of the Media Commission, the episodes ‘*Gjaldeyriseftirlitid’* [transl. ‘The Currency Control’] meet the definition of news-related matter, as they contain analysis on a case that has been the subject of news and has come before the national courts. Their presentation is also in the style of documentaries that are based on thorough investigative journalism”, according to the decision of the Media Commission. The Commission, moreover, commented that the programs had not been identified clearly as sponsored content. “With reference to the program producer’s public statements and the content of the programs and publication thereof on the Hringbraut website, the Commission found that the ‘*Gjaldeyriseftirlitid’* episodes beyond reasonable doubt had been paid for in whole or in part by the company that was itself the subject of the programs, Samherji hf. As already mentioned, the financing of news-related matter is prohibited in accordance with para. 2 of article 42 of the laws on media.”
	+ In light of the Samherji board’s willingness to make improvements, Transparency Iceland thinks the appropriate thing for the company to do would be to publish an overview of its financial grants to media and any funding of media content over the past years. That way, the public can get an idea of the nature and scope of any propaganda that the company has financed.
	+ The company’s campaign against named individuals and the public has for example appeared in the book ‘*Gjaldeyriseftirlitið—vald án eftirlits* [transl. The Currency Control Authority—unregulated power’], written by Björn Jón Bragason and released shortly before Christmas 2016. Samherji bought an entire print edition of the book ang gifted to its employees as a Christmas present. The book paints the staff of Icelandic regulatory agencies as hardened characters who will stop at nothing to crack down on diligent and conscientious Samherji folks. Transparency Iceland is of the opinion that Samherji ought to exercise restraint when it comes to its employees’ right to think for themselves. It is not appropriate to give a “gift” that obviously indicates to employees that they should walk and think in step with the company they work for. The directors of Samherji ought to seriously consider replacing the company Christmas present with a new gift to staff – such as e.g. a gift card to a bookstore where people can pick out their own book.
	+ In light of the willingness of Samherji’s board to make improvements, Transparency Iceland recommends that the company reveal how much money it has spent on book publishing and historical revisionism. It is worth emphasizing here that it is normal to specify which writings were funded pre- and post-publication. That way, the public can get an idea of the nature and scope of the propaganda that the company has financed with the profits from the fishing resource.
* A new Central Bank storm was unleashed from Samherji when it became known that RÚV (the national public radio / tv) had been investigating the company’s operations in Namibia. On 15 October 2019, Thorsteinn Már Baldvinsson, Samherji’s then CEO, was approached in connection with an investigation by the news program *Kveikur* into alleged payments of bribes and evasion of taxation in Namibia. “Samherji, in particular its CEO Thorsteinn Már Baldvinsson, have turned their attention to RÚV over the past weeks and accused the public broadcaster of conducting a house search seven years ago. This is new, as Samherji previously directed its anger over the investigation of Iceland’s Central Bank into the company’s alleged breaches of currency laws at the Bank itself, its former governor Már Gudmundsson, and Ingibjörg Gudbjartsdóttir, former managing director of the CB’s currency monitoring authority,” according to the [online newspaper] *Kjarninn* following the televised report by *Kveikur* on 12 November 2019. Samherji’s reaction to this was a classic example of the tendency of some large corporations to stir up dust, threaten and harass the media.
	+ Transparency Iceland finds that the Samherji board can learn a lot from its earlier reactions. Looking back, it is obvious that it would have been better had the CEO of the company simply answered the questions of the media and the public. That way, the company could easily have made its views known without resorting to curtailing the public’s freedom of expression and the freedom of the press.
	+ In light of the willingness of Samherji’s board to make improvements, Transparency Iceland suggests that the company publish its inner communications relating to this matter, such that the public can see clearly why it was decided to attack journalists rather than assist them in getting to the truth of the matter.
	+ Ideally, Thorsteinn Már Baldvinsson should attend a course that covers accountability and the company’s and society’s expectations as far as modern business practices and the importance of transparency in a democratic society.

Guerillas, espionage, propaganda, fake grass-roots, information gathering about critical voices, attempts at preventing testimony of whistleblower and interference in a union and a political party.

* Ever since the Samherji documents were revealed by *Kveikur*, *Stundin* [newspaper] and Al Jazeera, in cooperation with Wikileaks, the reaction by Samherji has been primarily to render suspect the journalists and the media outlets that reported on the case. Samherji’s “guerilla department” conferred about ways in which critics could be made to understand Samherji’s awesome power. Transparency International has some tips for Samherji on the company’s path to reconciliation with the public.
	+ In light of the willingness of Samherji’s board to make improvements, Transparency Iceland thinks it would be best to publish internal communications about the case such that the public can see black on white the reach of the company’s guerillas.
	+ If Samherji’s disciplinary committee, chaired by Björgólfur Jóhannesson, is to be more than a footnote in a press release, it is obvious that the committee should be called to session to prepare a publication of the scope and nature of the company’s actions in recent years in its fight against whistleblowing and investigations of its operations in the area under investigation. Recent revelations show that Björgólfur is not competent to chair the committee if its work is to have any credibility.
	+ Samherji should initiate contact with persons about whom information was inappropriately gathered and seek reconciliation. It goes without saying that the company should offer reparations to those spied upon, as a token of Samherji’s improved policy following the company’s apology.
	+ Samherji should disclose its contacts with the authorities locally in Iceland as well as abroad, for purposes of publishing data about the company’s attempts to exploit the government administration, civil servants, and elected officials as a ploy in its assault on the freedoms of expression and the press. That would go far towards showing repentance in action.
	+ It would be fitting if members of the company’s board, middle-management, and guerillas, attended a course that covers accountability and the company’s expectations as far as modern business practices. In particular, Transparency Iceland draws attention to article 4 of the law on unions and employment disputes, which states that “Employers, managers and other representatives of employers are forbidden from trying to influence political opinions of their workers, their affiliation and involvement with trade- or political associations or employment disputes by:

a. termination from employment or threatening such termination,

b. payments, promises of profit or denial of payments due.”

For although the law speaks in terms of terminations, threats and promises of profit, Samherji’s directors need to understand the intent of the law, namely that workers’ associations be run according to the discretion of the workers, not Samherji and its guerillas.

* + Guerillas who dream of “stabbing, twisting and pouring salt in the wound” are not good for the company’s reputation. Transparency International urges Samherji’s board to manage this guerilla group better, with a firm instruction as to next steps and what is expected of staff, consultants, and public relations people working for Samherji. It is, however, inescapable that the actions of the guerillas, insofar as they are proven to have been contrary to the will of the company’s directors, must have consequences.
	+ Looking at the communications of the guerillas, however, the conclusion can be drawn that the work was done at the behest of both the chairman of Samherji, Thorsteinn Már Baldvinsson and Björgólfur Jóhannson, who replaced Thorsteinn temporarily and is currently chair of the disciplinary committee of Samherji. These cases have to be investigated and any violations must have consequences.

Minimum actions that the company can take right away in its process towards reconciliation with society

* The report of Wikborg Rein must be published in accordance with Samherji’s assertions that it has nothing to hide.
* Samherji should finish implementing a new governance- and regulatory compliance monitoring system that was announced on 17 February 2020. The conduct of the guerillas suggests that the new rules may already be in need of overhaul.
* Samherji should issue a clear statement of a truce vis-à-vis those who report on the case, conduct investigations, and express opinions about it.
* Samherji should issue a clear statement of cessation of harassment, retaliation, and smearing of its former employee and whistleblower in the dealings of Samherji in Namibia. It should declare that the company regards Jóhannes Stefánsson to be protected by the new law on whistleblower protection. Transparency Iceland reiterates that the law is a minimum standard and that Samherji is welcome to go further than that minimum requires.
* Companies wanting to get to the bottom of things often establish an information portal for staff. Samherji can easily create such a feature and introduce it among its employees with a statement that those who come forward with information do not have to fear persecution, harassment, or retaliation.

Samherji can in this way show concretely that the company is an active participant in getting to the bottom of the case. Transparency International and its Iceland chapter are always ready to assist you in making improvements. The Iceland chapter declares itself willing to meet with the board of Samherji at its headquarters in Akureyri and update the company on the many methods which the TI global movement has made available by means of instructions to companies that are taking their first steps towards anti-corruption reforms. The meeting would of course be free of cost to Samherji.

This offer is published on the website of Transparency International Iceland, transparency.is

*On behalf of the board of Transparency International Iceland*

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*Atli Thor Fanndal, Executive Director TI Iceland*