

# The Future of Reporting in a Complex Information Economy

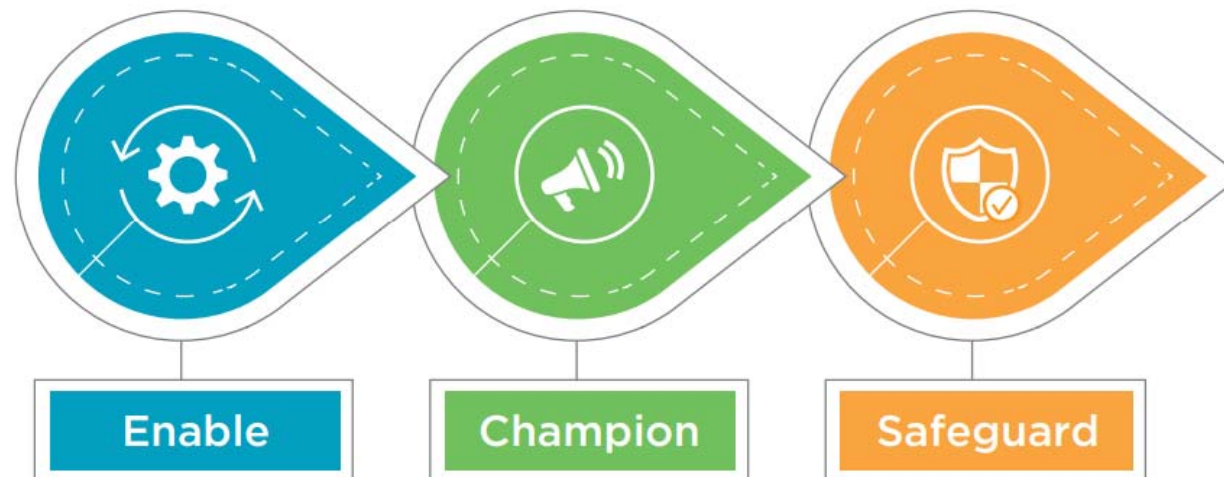
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## CPA Canada's Research, Guidance and Support



## Canadian Ideal of Good Business



CPA Canada enables, champions and safeguards the Canadian Ideal of good business.  
Virtually everything CPA Canada does reflects one or more of these roles.

## Drivers of Change

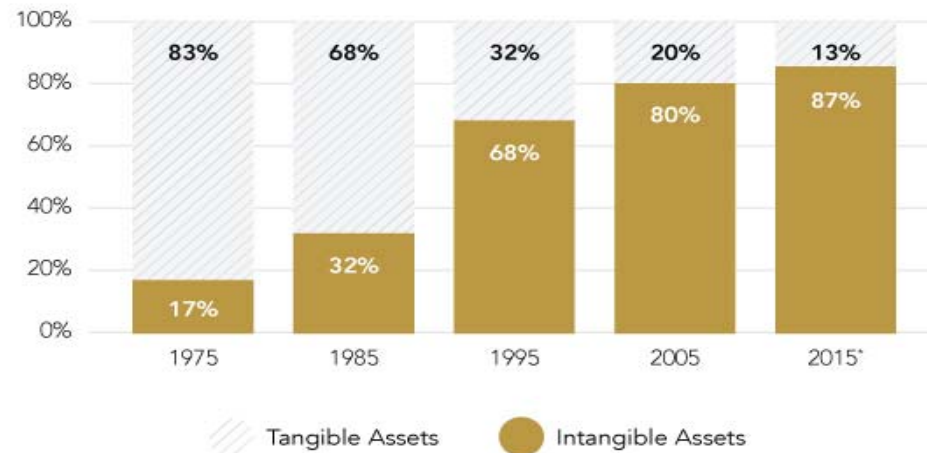
- Evolving business models
- Reliance on alternative performance measures
- Increasing focus on ESG issues
- Reporting in the digital age



## Evolving Business Models

### INTANGIBLE ASSETS DRIVING VALUE

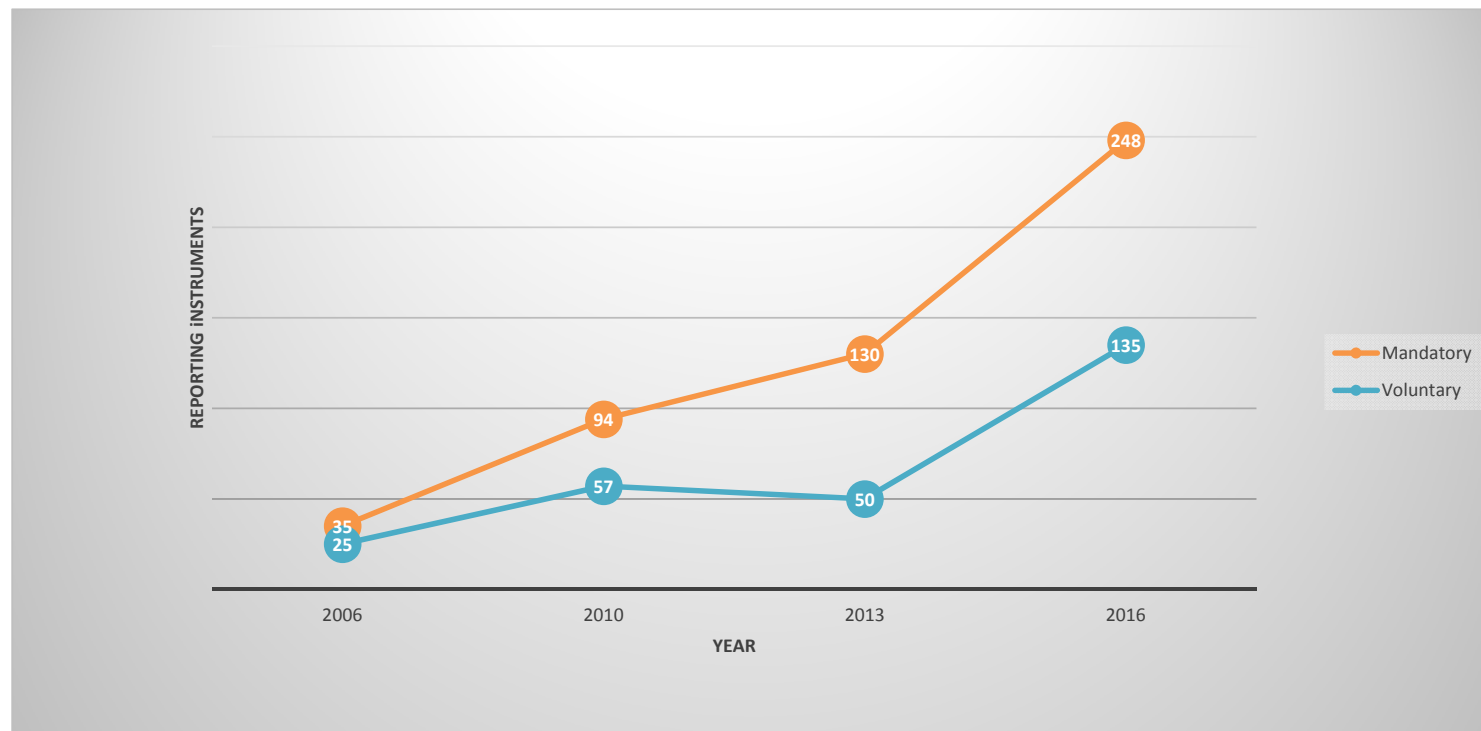
#### COMPONENTS *of* S&P 500 MARKET VALUE



SOURCE: OCEAN TOMO, LLC

## Increasing Focus on ESG

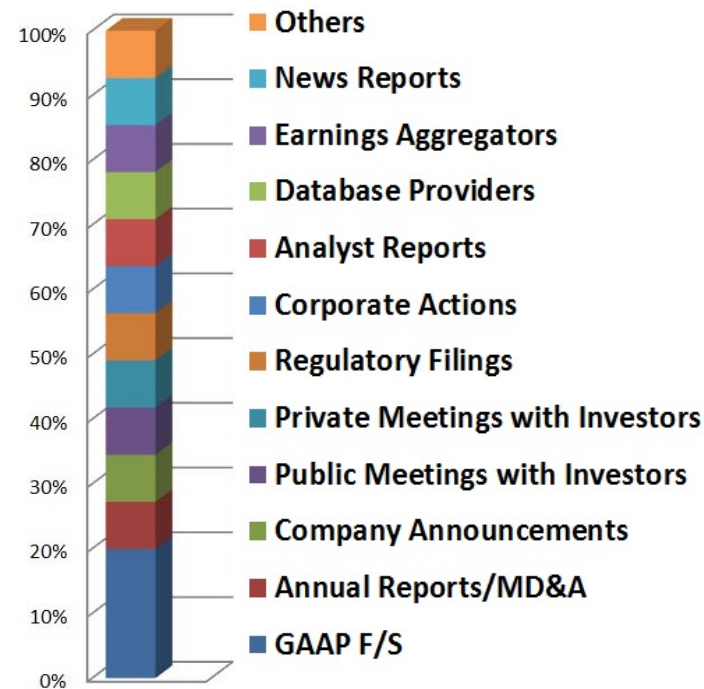
### TRENDS IN SUSTAINABILITY REPORTING INSTRUMENTS



Source: KPMG Carrots & Sticks Report 2016,  
<https://assets.kpmg.com/content/dam/kpmg/pdf/2016/05/carrots-and-sticks-may-2016.pdf>

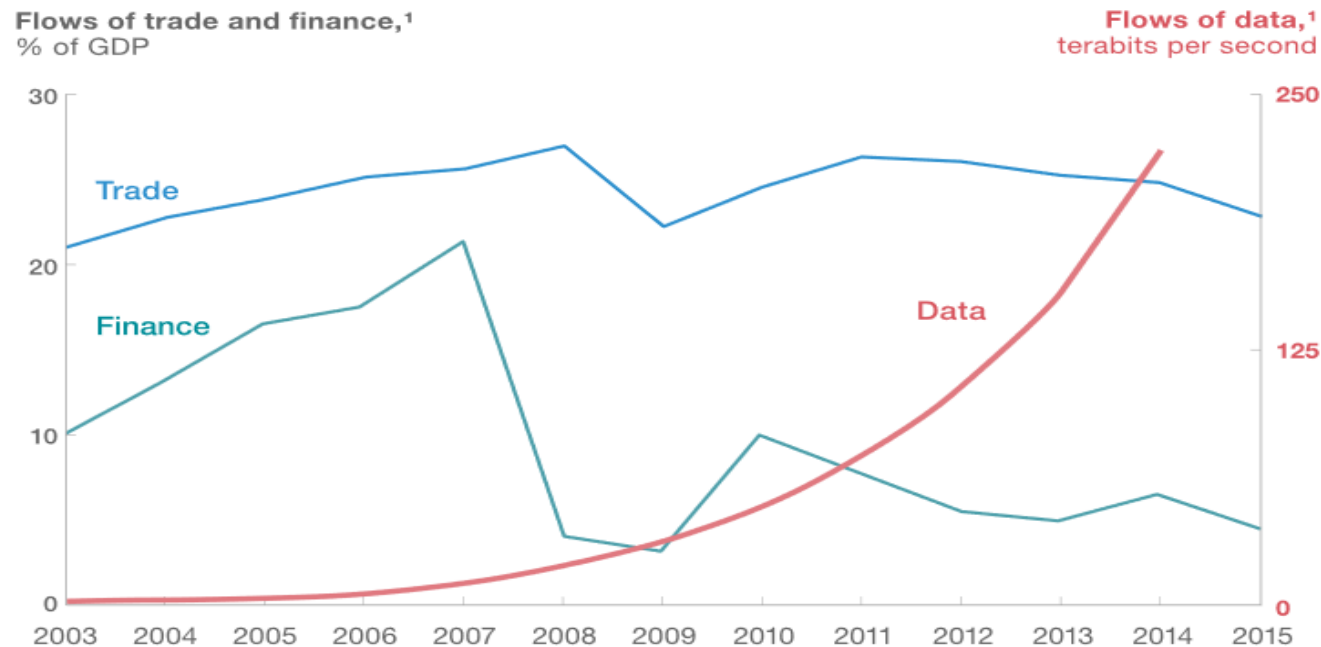
## Reliance on Alternative Performance Measures

### INVESTOR INFORMATION SOURCES



Source: CFA Society Toronto

## Expectations of Stakeholders in the Digital Age



<sup>1</sup>Trade and finance are inflows; data flows are a proxy to inflows, based on total flows of data.

Source: IMF Balance of Payments Statistics; TeleGeography, Global Bandwidth Forecast Service; UNCTAD; World Bank; McKinsey Global Institute analysis

McKinsey&Company

Source: "The global forces inspiring a new narrative of progress", by Ezra Greenberg, Martin Hirt, and Sven Smit, <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-global-forces-inspiring-a-new-narrative-of-progress>



## Corporate Reporting in Canada Today



## Reliance on Alternative Performance Measures

### THE GAP IS WIDENING

Issuer	Net Income <sup>1</sup>	Non-GAAP Measure	
Enbridge	(\$0.16)	\$1.87	Adjusted Earnings
TransCanada	(\$1.14)	\$5.91	Comparable EBITDA
Loblaw's	\$0.623	\$3.55	Adjusted EBITDA
Bell Canada	\$2.73	\$8.55	Adjusted EBITDA
Thomson Reuters	\$1.31	\$3.39	Adjusted EBITDA
Canadian Natural Resource	(\$0.64)	\$0.26	Adjusted Earnings
Alimentation Couche-Tard	\$0.93	\$1.91	Adjusted EBITDA
CP Railway	\$1.48	\$2.86	Adjusted EBITDA
CN Railway	\$3.54	\$6.45	Adjusted EBITDA
Manulife	\$2.29	\$3.43	Core Earnings

Notes:

- The above information was prepared by the staff of the Ontario Securities Commission and presented at a CPA Canada webinar – [Non-GAAP Financial Measures](#) on May 10, 2016. Based on the non-GAAP financial measure definition in CSA Staff Notice 52-306 (Revised) – Non-GAAP Financial Measures.
- Note 1 refers to fiscal 2014/2015. Figures in billions.

## Increasing Focus on Environmental, Social and Governance Issues



- Summer 2016
- CPA Canada sponsors roundtable event for Canadian CFOs featuring Mark Carney, Bank of England Governor and Chair of the Financial Stability Board

## Moving Towards an Integrated Approach

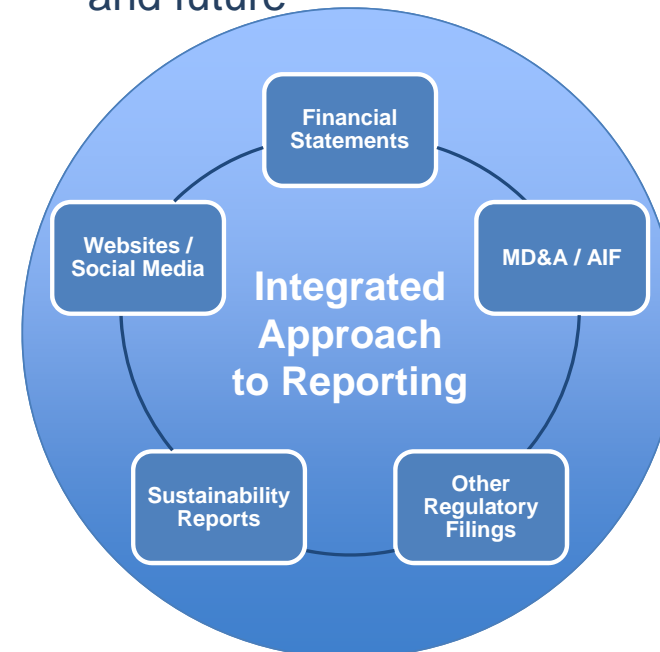
### Corporate Reporting Today

- Financial statements are the core
- Corporate reporting can be disjointed



### Future of Corporate Reporting

- Connectivity of information
- Focus on decision-making
- Understanding past, present and future



## Opportunities Moving Forward

### PARALLEL PATHS

#### Optimize existing reporting

- Better - not more disclosure
- Integration of ESG disclosures in mainstream financial filings
- Streamlined rules for smaller issuers
- Education, outreach and guidance

#### Innovate and experiment

- Fresh, clean-slate approach to the future of reporting
- Embrace technology

## The Future of Reporting – Key Takeaways



- Holistic and integrated approach required
- Focus on value creation
- Flexibility is important but...
- Consistency and comparability required
- Trust in data and reporting remains critical

**Questions?**

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