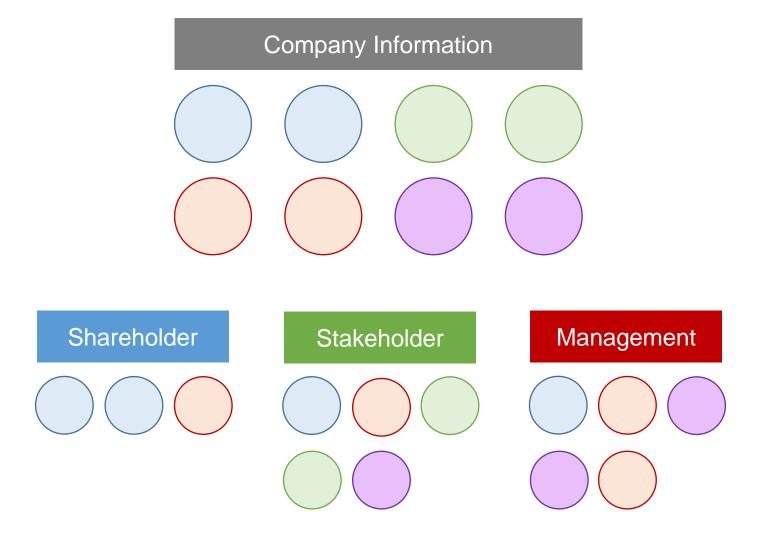
# **50 Shades of Materiality – Different Users, Different Needs**





### **Materiality Depends on Audience, Decisions (and Importance)**

#### **US Supreme Court Definition**



Presenting a **SUBSTANTIAL likelihood** that the disclosure of the

omitted fact would have been viewed by **the reasonable investor** as having significantly altered the "total mix" of information ... the omitted fact would

have assumed actual significance in the deliberations...

-TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438 (1976)

#### **IASB Definition**

An entity-specific aspect of relevance (making a difference in



**users' decisions**) based on the nature or magnitude of the information

# in a financial report

-IASB, Conceptual Framework for Financial Reporting 2010, QC 11 (2010)



## **Faithful Representation Requires Appropriate Metrics**

• From: Percentage of marketing campaigns where young people make up 10-30% of target audience

# Industry Consultation

- Marketing to audiences above legal drinking age
- Measure of compliance with industry self regulation



# Analyst Consultation

- Metric on percent of responsible marketing impressions
- Brand/reputational risk
- Regulatory risk if selfregulation fails



### Materiality Research

- 97% of advertising in compliance w/ selfregulation; 86% of impressions above legal age
- Exposure to lawsuits & future regulations



 To: Number of advertising impressions, percentage made on individuals above the legal drinking age

