Towards Integrated Reporting

Volvo Group (Volvo) welcomes the opportunity to comment upon the Discussion Paper, Towards Integrated Reporting. Volvo has joined the Pilot Programme and will over time develop our view on integrated reporting and communicate our findings to the other participants and stakeholders in the programme.

Volvo agrees in general to the definition of Integrated Reporting, in particular that the focus is the reporting organisation’s view and on stewardship. The framework is a good vision but to be realised significant changes needs to take place in the regulatory environment as well as IFRS’s disclosure requirements. Thus it is not expected that the benefits described can be realised for many years to come. To be successful important stakeholders, companies/preparers, investors and not least regulators, included the political level, needs to be involved and committed to change. The business model and value creation includes how to manage six different capital categories. From a general perspective this makes sense but the challenge to create consistent and comparable definitions for reporting should not be underestimated in time and resources. We support the idea of guiding principles based on a number of building blocks, however the future oriented information could be difficult to apply due to legal reasons. The focus on long-term strategic and materially important issues might also indicate a reporting that is static from period to period.

Volvo does not agree on the focus on one single report. Instead the focus should be on the Integrated Reporting process as it is described in the definition of Integrated Reporting, enhancing the “integrated thinking” in the organisation which will
contribute to the combined value creation for different kinds of capital. The focus on one single report will only add just another paper report and add to the reporting burden for the companies and complexity with various reports. The idea of having the Integrated Report to replace the present regulatory required reports is good, however many years away. Further we believe that the communication is enhanced if information can be focused on the areas that the particular stakeholder is most interested in. We do support the framework’s statement that the reporting should be technology enabled and thus we believe the integrated reporting is well suited to be a portal for the company’s reports where it is possible to drill down to the different regulatory required reports for more details.

Further Volvo does not support statements on external assurance. When the concept is not developed, the definitions not harmonised, it would be costly and probably impossible to have external assurance bringing any value. Instead it should be promoted that the companies during the development phase be able to develop practices together with stakeholders.

A more detailed comment letter responding to the sent out questions is provided to the IIRC from the Swedish Enterprises Accounting Group, SEAG, which Volvo supports in all material respect.

Best regards,

AB VOLVO (publ)

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