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Is the environmental disclosure profitable for agrofirms ?

Abstract:

The aim of this paper is to question the environmental reporting relevance, or in other wise its usefulness in the financial decisions taking. Considering that the investors trust depends on the demonstration of the disclosure reliability, this paper proposes the audit of the environmental reporting as a way to solve the problem of the reporting quality, which is regularly accused to be partial, convenient and focalised on good actions. As the financial audit, this new audit mission is then presented as an internal mechanism of governance supposed to constitute a guarantee of reliability and a determiner of credibility.

In order to analyse the real taking into account of the audited or non-audited environmental disclosure in the financial choices, an association analysis has been conducted after having measured an environmental indicator regarding the content analysis of the sustainable reports published by a sample of 17 agrofirms in 2009. If this methodology has concluded to the profitability of the non-audited environmental reporting, the impact of the audit seems to be largely moderated or even negative. The analysis of this audit methodology and reports should provide explanation.

Key words :

Environnmental reporting, profitability, audit of the environmental disclosure

Introduction

The sustainable reports analysis of listed companies shows a generalization of this disclosure in major parts of activity sectors since few years ago and notably in the food and beverage sector, as well as in the agribusiness retailing group. It is for example interesting to note that these firms often refer on their sustainable dynamics in their advertising slogan[1], what it suggests that sustainability could be used as a promotionnal or even a financial lever. Indeed, agrofirms are aware of their sustainable practices and disclosure stakes, on the products and corporate image. They have for instance to demonstrate that the limited use of pesticides could be offset by the new agricultural and sustainable practices implementation, which could generate a competitive advantage creation, cost economies and also the environmental injuries shunning. In this research, the objective is also to question the profitability of the environmental reporting for agrofirms, that is to say, the investors taking into account of the non-financial value creation suggested by this additional reporting. It suggests to analyse the environmental disclosure relevance and before to understand which is the fonction devoted to these added informations. Shall they justify to all the stakeholders that firms adopt sustainable pratctices (Donaldson & Preston, 1995; Charreaux & Desbrières, 1998) or shall they inform shareholders about a new way to create financial value (Jensen & Meckling, 1976; Jensen, 1994, 2001) ? As the literature review reveals difficulties to attest the profitability of the environmental reporting (Abott & Monsen, 1979; Bowman & Haire, 1975; McWilliams & Siegel, 2000, Michelon, 2005; Trébucq & D'Arcimoles, 2004), this paper proposes the audit as an appropriated mechanism of governance in this context. It is supposed to attest the environmental disclosure quality, that is to say its relevance and reliability (Evraert, 2000) and should thus contribute to reassure investors. As the financial audit, its objective is effectivelly to strengthen the credibility by the informational asymetry minimization. However, we will see that the positive impact of the environmental reporting audit is not so clear because the mission content and the audit reports are not easily understandable for the potential users.

The fact that this paper is focusing on environmental reporting dimension can be justified on two points. First, whereas social mandatory dispositions constrain firms activity for a long time, like the social balancesheet in France since 1977, environmental rules were less developped and thus, firms were not used to justify the environmental impacts of their activity in an appropriated reporting. It seems also necessary to keep a particular attention on the

[1] For example : Unilever *: "Creating a better future every day", Carrefour : "A business always more and more sustainable",* Danone : *"Health consecutive to nutrition".*

quality of these informations. Second, it appears that, nowadays, audit missions mainly consist in assessing the environmental indicators reliability.

This paper proposes thus in a first part to analyse the governance problematic suggested by the generalization of the environmental reporting. It deals with the question of the reporting addressees and thus of the risk to change the governance model based on shareholders. According to the critics about the reporting quality, the implementation of a new mechanism of governance, that is to say the environmental reporting audit, seems to be relevant. Indeed, by reassuring investors, it is supposed to participate to the recognition of an extra-financial value and thus, indirectly to the firms durability. The second part is devoted to the empirical analysis which is based on an association analysis between the profitability and the audited or non-audited environmental reporting.

1. The environmental reporting suggests an evident governance problematic

Questionning the governance problematic inherent to the environmental reporting supposes first to identify its main adressees in order to understand the reasons why it occurred. Second, it allows to analyse the new ways of satisfying environmental reporting users and thus the opportunity to have recourse to new mechanism of governance.

1.1. Shall we modify the governance model ?

Environmental disclosure supposes a governance question because one of the stakes is to understand if this disclosure is dedicated to the stakeholders or only to the shareholders. The literature review suggests different points of view. First, some authors consider that sustainability reporting exits to inform all stakeholders about the sustainable firm behavior (Donaldson & Preston, 1995) or to attest that de value sharing is quite equivalent for all stakeholders (Berles & Means, 1932; Charreaux et Desbrières, 1998; Charreaux, 1999, 2004, 2007; Hill & Jones, 1992). The social reporting is also perceived as constrained and the consequence is that it suggests a rewriting of the governance model which would not any more be focalised on shareholders but on all stakeholders. Even if this point of view seems to be attractive because it suggests a global sharing of the firm control and of the fiducial rights between all the stakeholders, it is also risked because it could compromise the stakeholders

interests protection (Heath & Norman, 2004 ; Boatright, 2006). Boatright (2006) consider that shareholders have bought the firm next incomes and have thus the right to control if the company is well-managed. Considering that stakeholders could have the same power of control over the firm management as the shareholders, suggests that they should renonciate to the numerous contracts, rules and to the hierarchy coordination, which condition their protection. More over, Heath & Norman demonstrate that recognizing many legitimate stakeholders supposes that managers should achieve many different objectives and this situation could be underproductive. In fact he could justify the firm bad performance by the difficulty to satisfy different stakeholders and he could hide and preempt a good firm performance for himself. In conclusion, they consider that this is not the firm mission to share value between stakeholders but to maximize value creation (Boatright, 2006).

Second, an other conception consists in considering that environmental disclosure is only justified if it contributes to the main financial objective, that is to say the financial value creation of the firm (Jensen, 1994; Jensen & Meckling, 1976). The sustainable information is also supposed to inform about an accurate risks management or about a possible competitive advantage creation. As a consequence, firms voluntarily disclose sustainable information when the reporting costs (information and property costs) are lower than its benefits (capital cost reduction) (Cormier & Magnan, 1999). More over, stakeholders are supposed to be indirectly satisfied by this shareholder management which contributes to the profitability and durability of firms. Even if he considers that firms have first to maximize shareholders value, Jensen (2001) proposes a nuanced agency point of view. He assesses that stakeholders do not be superior to the stakeholders, but that the long term market value is a key of the global firm value that the non financial value part represents a growing meaning. In this point of view, the objective is to conciliate the main objective of financial value creation and the quest of a growing stakeholders satisfaction. According to the political costs theory (Watts & Zimmermann, 1986), it seems that a mandatory intervention would then be necessary when, even if the disclosure costs of the sustainable informations exceed their benefits, these datas would be relevant for stakeholders. Firms would also be enclined to respect these dispositions in order to avoid political costs. But in reality, there are at the moment very few mandatory initiatives.

In that way, the reporting relevance and thus its utility seem to be linked to the investors confidence. In order to reassure them, firms have more and more recourse to the audit of the environnemental disclosure. As it is an internal mechanism of governance (Charreaux, 2004),

it is supposed to strengthen the information credibility by the interests conflicts minimization and to attest the environmental disclosure quality, which can be defined regardless its relevance and reliability (Evraert, 2000). In this research, the audit is then proposed as a solution for assessing the informations reliability. This paper objective is thus to analyse if the environmental disclosure is profitable for agrofirms and if auditor judgement contribute to this profitability by reassuring investors ?

1.2. The audit of the environmental reporting as a new governance mechanism

Even if it has been demonstrated that the generalization of the social and environmental reporting occurred in reaction to mandatory dispositions, as the french law on the New Economic Regulations[2] (Loi NRE), or to an international standard, like the Global Reporting Initiative guidelines (GRI), others explanations seem to justify this tendancy. It is now well recognized that sustainability reporting is notably intended to contribute to the firms image and reputation, but also to face the society's pressure. Following the prevalent governance model which identify the shareholders as the first beneficiaries of the firms performance, it seems justified not to occult the sustainable reporting contribution to the accurate valuation of the firms global value. This global evaluation can thus be definied as the addition of the accounting value and of an extra-financial value which would mainly consisted in (1) creating a competitive advantage relative to the sustainable politics, (2) reducing sustainable risks and (3) optimising sustainable costs. For example, in the 2009 sustainability report, Danone, which is the main french agrofirms, declares *"Danone social project… is a competitive advantage and the best way to prepare the future"*. Nevertheless, the taking into account of this potential extra-financial value inherent to the sustainability reporting is conditionned to the investors trust which have been a long time not sufficient. The information disclosed was effectively accused to be partial, convenient and focalised on good actions. Thus, as the financial audit is supposed to be the guarantor of the financial statements quality, the audit of the environmental disclosure is proposed as a guarantee of the information reliability.

Even if these two audit missions are not perfectly equivalent, it seems to be reliable to proceed at a comparison because we note some important common points. First, the audit of

[2] Law n° 2001-420 of the 15th may 2001 & Decree n°2002-221 of the 20th february 2002

the environmental information is supposed to be complementary to the financial one in order to assess the firms global value. Then, these two audit missions are conducted by the same "big four". The objective is to encourage the same working rigour because a mistake or negligence identified in the mission of the environmental disclosure audit would compromise, not only the big four image, but also the financial auditor responsibility who must signed up the inssurance assessment. These two missions are nevertheless realised by two different working teams, that is to say the financial staff on one hand and the sustainability department of the big four on the other hand. They adopt the same methodology founded on inquiries, observations, valuations, confirmations and analytical proceedings, which is resumed on the following scheme.

Acceptance of the mission & Taking into account of the proceedings quality

Evaluation of the mistake risk

Objective of the mission:

Type of inssurance assessment

Audit Terms:

- **Audit Perimeter**
- **Type of audit controls**

Collect of evidence pieces

Drafting of the inssurance assessment report

Scheme n°1 : Audit methodology according to the CNCC practices (CNCC, 2004)

The audit process presents a first step relative to the acceptance of the mission and the taking into account of the proceedings quality. Relative to the IAASB conceptual text, the sustainable reporting auditor must verify that it exists a really conventional relation between the firm, the interested stakeholders and himself (CNCC, 2004 ; Igalens 2004a). However, the audited firm supports all responsibilities about the informations disclosed. Then, the auditor must inssure of the reality and appropriated nature of the reporting framework. As the national mandatory dispositions, like the NRE Law, or the international standards, like GRI guidelines, are inappropriated to reveal the firms specificities, the framework used by auditors is generally defined for each firm, regarding the reporting proceedings quality, the indicators relevance and the possibility for all interested persons to consult them. The proceedings are

thus evaluated according to their relevance, completeness, reliability, neutrality and intelligibility (ISAE3000) and according their stability and comparability nature. At last, the mission acceptance by the auditor is again conditionned to the appreciation of the reporting auditability in order to realise an evaluation of the mistake risk, which could invite him to refuse the mission if the proceedings were not complete or relevant, or to ask for some modifications.

Then it is necessary to plan the mission in order to avoid the audit process rupture (Unhee, 1997). The objectives and perimeter of the mission are generally defined along a first briefing destinated to present the different members of the audit team (Humphrey & al., 2000). The two parts must agree on the incorrect conclusion risk that they admet, which is composed of an inherent risk, that is to say a risk linked to the information collected and a control risk, that is to say a mistake risk on datas, and so on the level of the inssurance assessment wanted. In that way, auditors have to understand the firm internal organization by visiting production sites, doing some interviews and verification tests (Humphrey & al., 2000). Then, the auditor can not more reduce his inssurance level objective or avoid some informations preliminary included in the audit perimeter.

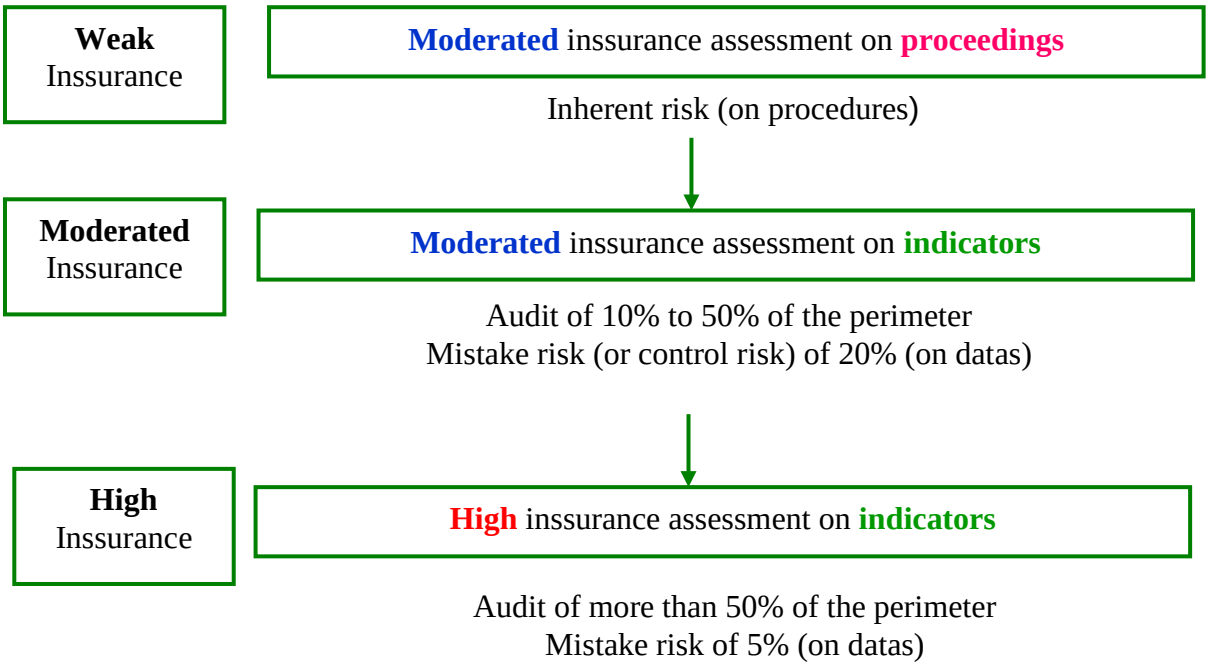
When the main audit terms have been defined (audit objective and perimeter), the audit team must collect the pieces of evidence in order to justify the reporting reliability. Like in the financial audit mission, external documents (water and energy bills…) are principally considerated and compared with internal datas. Auditors take also into account all reports such as internal audit reports which could influence their appreciation. Collect practices, as inquiries, observations, inspections, valuations, confirmations and analytical proceedings, are the same as those used in the financial audit mission. At the end, results are presented along a last briefing with the firm managers and an audit report is written in order to justify the auditor evaluation.

At the opposite, the main difference between the two audit missions is relative to the status of the environmental reporting audit which is not mandatory but results of managers discretionnal decision. More over, these missions do not comply with mandatory arrangements but only with professional and international doctrines like respectively the CNCC framework (2004) in France and the International Standard on Assurance Engagement (ISAE). Thus the quality disclosure is appreciated regarding the NRE Law in France and the GRI standards at the international levels. Even if these two dispositions have had the advantage to support the sustainability disclosure generalization, they present numerous limits

that auditors have to managed. For example, the NRE law is accused to be not operationnal enough and to require a diversified and sufficiency disclosure without questionning the environmental specificities of each firms. On the other hand, if the GRI standards interest is to allow the information comparability and credibility, their appliance is complicated by the diversity of the international laws. They are regularly accused to not be operationnal enough and mainly constitute a presentation reference. In this context, it was essential for auditors to fill in the lack of environmental reporting standardization. They have elaborated an identification method of the informations that firms should diclose in their report according to their activity sector. First, they have to identify the reliable environmental information for each firm. Then, they try to complete this analysis by doing a benchmarking, that is to say by analysing what are the informations which are the most disclosed in each sector. A strategical analysis like MacKinsey one is then obtained in order to point out the threats and opportunities between the firms and its stakeholders. A scoring valuation is also elaborated by weighting each indicator, from one to three, regarding its seriousness, impact and firm capacity to manage the problem. At last, a press analysis is done in order to identify some press articles about the firms over the last three years. These proceedings are conducted to obtain an indicators list supposed to be reliable in each sector.

An other difference with the financial audit is that these missions are exclusively conducted by the big four because the sustainability reporting is mainly done by very big firms whose the financial statements are audited by the same big four. More over, their intervention seems to be legitimate because they are able to display the juridical, technical and financial competencies required, have the experience to cooperate with experts, benefit of an important network all over the world, have sufficient financial ressources and take advantage of the reputation and quality of their signature.

The objective of the environmental reporting audit mission is to deliver an inssurance assessment which presents three gradual steps : a moderated inssurance assessment on proceedings, a moderated inssurance assessment on indicators and a high inssurance assessment on indicators. The reporting of this auditor evaluation is supposed to reassure potential reporting users on the reliability of the informations.



Scheme n°2 : The three types of auditor evaluation

In the two last cases, the auditor verifies the environmental informations regarding reporting proceedings which have been evaluated as appropriated. Nevertheless, they are different according to the nature, the perimeter and the schedule of the audit mission. Indeed, the high inssurance assessment on indicators is the highest audit level and is considerated as the equivalent of the financial statements audit. This level of inssurance supposes that the percentage of mistakes risk is only about 5%, that is to say that the informations have been confirmed at 95%. On the contrary, the moderated inssurance assessment on indicators means that unsufficient diligences have been done and is equivalent to a limited audit of the financial statements. The auditor considers that there is a weak acceptable risk of 20% to deliver a false conclusion. These two audit steps are also different regarding the audited reporting perimeter, which is from 10% to 50% for the moderated inssurance assessment on indicators and more than 50% for the high inssurance assessment on indicators. At last, the moderated inssurance assessment on proceedings, which is the first step of the audit mission, is indispensable but unsufficient. Indeed, it allows to attest the reliability of the collect proceedings and conditionned so the two other audit levels.

For instance, the lack of mandatory disposition on the environmental reporting and audit are supposed to threaten the informative power of the inssurance assessment. Indeed, a few firms do not want to disclose this information even if it should increase the readers confidence (Aeppel, 1993). More over, it is important to note that there is no guarantee that the

sustainability audit report would be understandable and considered as useful for the financial statements users. The same conclusion has been proposed concerning the financial audit report wich not present an important informative power (Gonthier-Besacier, 2001). More over, it seems that a french expectation gap exists, that is to say a perception difference between auditors and financial analysts regarding the audit mission and particularly the understanding of the auditors responsibilities and independence. Fortunately, researchers conclusions as Bamber & Stratton (1997) allow to demontrate that the audit report present an informative value for the decisions taking. Nevertheless, it could be interesting to question if it would not be essentially considerated when it underlines negative reporting parts than when it attests a good quality reporting. It suggests some doubts concerning the understanding and taking into account of the environmmental audit in the financial investment decisions.

2. The empirical analysis of the environmental reporting profitability for agrofirms

This paper has recourse to an association analysis between the profitability and the environmental reporting in order to demonstrate the environmental disclosure relevance and the audit report influence on the investors confidence.

2.1. Methodology

This methodology has been choosen in order to analyse the real taking into account of the environmental disclosure in the financial choice. It allows to measure the informational content of the accounting indicators regarding the firm value creation. It seems to be relevant in this research for analysing the potential association between the audited or non-audited environmental disclosure with the firm profitability.

Regarding the markets efficiency hypothesis, the association methodology suggests that a share value reflects the firm value creation and that market profitability informs about created value on a given date (Janin, 2002). The objective of this association analysis is to use the share values prices for appreciating if the evaluation resulting from the only accounting informations is representative from the firm value as it is evaluated on the financial markets (Janin, 2002). It is then supposed that the share value prices fluctuation, that is to say the

market profitability[3], as the capital stock fluctuation resulting from the income variation (consecutive to the taking into account of dividends paid)[4], both measure the shareholder value creation and must thus be correlated. Afer having tested the association between the market profitability and the net income or its variation, Janin (2002) demostrated that the first item was more relevant in the french context, and that, on the 1993-1998 period. In this research, as the sample is maily constituted of french listed companies, the association between the market profitability and the net income will be prefered.

The objective is to question if the environmental reporting and its audit could be complementary to the informational content of the net income, in order to appreciate the firm global value. The environmental reporting is then supposed to inform investors about the environmental risks management or about the competitive advantage creation, that is to say two strategies supposed to be able to infer a financial value creation. More over, as the objective of the environmental reporting audit is to reassure about this disclosure reliability, it should contribute to its informational content recognition. We have thus to test the following relation :

$$R_{it} = \alpha_0 + \alpha_1 BPA_{it} / P_{i,\,t-1} + \alpha_2 Env_{it} + \alpha_3 AudxEnv_{it} + \varepsilon_{it}$$

with

$$R_{it} = P_{i,\,t} - P_{i,\,t-1} + Div_{it} / P_{i,\,t-1}$$

•R_{it} **: annual profitability of firms (i) concerning the year (t)**
•BPA_{it} **: Earning per share (i) concerning the year (t)**•$P_{i,\,t-1}$ **: Share price (i) concerning the year (t-1)**•$P_{i,\,t}$ **: Share price (i) concerning the year (t)**•Div_{it} **: Dividend per share attributed by the firm (i) concerning the year (t)**•Env_{it} **: Number of environmental informations disclosed by the firm (i) in the year (t), ajusted relatively to the sector average** (explications below)•$AudxEnv_{it}$ **: Audited environmental reporting published by the firm (i) in the year (t)**

Coded :

0 : No environmental audit
1 : Moderated inssurance assessment on proceedings
2 : Moderated inssurance assessment on indicators
3 : High inssurance assessment on indicators•E_{it} **: Mistake term**

As the audit occurs only if it exists an environmental reporting, it has been decided to test the only combined item, that is to say, the audited environmental reporting variable.

[3] $R_{it} = P_{i,\,t} - P_{i,\,t-1} + Div_{it} / P_{i,\,t-1}$

[4] $R_{it} = \alpha_0 + \alpha_1 BPA_{it} / P_{i,\,t-1} + \varepsilon_{it}$

This research sample is composed of listed compagnies identified on the Euronext base and included in the food sector, beverage sector and in the agribusiness retailing group. A sample of 17 compagnies has been constituted and concerns blue chips, mid caps and small caps, quoted on the Paris, Amsterdam, Bruxelles and Lisbonne Euronext, with an identification of companies which publish an annual or a sustainable report in 2009.

Compagnies	Sustainability (SR) or annual report (AR) in 2009	Listing
Bonduelle	AR	Euronext Paris – B : Mid Caps
Bongrain	AR	Euronext Paris - B : Mid Caps
Danone	SR	Euronext Paris – A : Blue Chips
Fleury Michon	AR	Euronext Paris - B : Mid Caps
Pernod Ricard	SR	Euronext Paris – A : Blue Chips
Royal Wessanen	SR	Euronext Amsterdam - B : Mid Caps
Spadel	SR	Euronext Bruxelles - B : Mid Caps
Ter Beke	AR	Euronext Bruxelles - C : Small Caps
Tipiak	AR	Euronext Paris - C : Small Caps
Unilever	SR	Euronext Amsterdam - A : Blue Chips
Vilmorin	AR	Euronext Paris – A : Blue Chips
Vranken	SR	Euronext Paris – B : Mid Caps
Carrefour	SR	Euronext Paris – A : Blue Chips
Casino	SR	Euronext Paris – A : Blue Chips
Guyenne & Gascogne	SR	Euronext Paris – B : Mid Caps
Jeronimo Martins	SR	Euronext Lisbonne – A : Blue Chips
Rallye	AR	Euronext Paris – A : Blue Chips

Table n°1 : Sample selection

Datas have been obtained by the reports reading and the Boursorama internet site[5] concerning market datas.

The environmental indicator has been calculated according to a preliminary content analysis of the sustainable or annual reports published by the sample compagnies. The objective was to identify informations which were the more published and which were thus inclined to be audited. Even if several researchs have been conducted on the informational content of the sustainable and annual reports (Ernst & Ernst, 1978; Wiseman, 1982; Gray & al., 1995 a,b;

[5] www.boursorama.com

Deegan & Gordon, 1996; Oxibar, 2003), this content analysis hasn't been realised according to a well-known analysis grid because none seemed to be representative of the agrofirms specificities. As a consequence, for avoiding to use an approximate selection, a textual analysis software has been used. "Tropes" has thus been choosen and works by analysing equivalent groups of words, that is to say words that present a similar meaning. It particularly allows to elaborate a specific research dictionnary in three steps.

First, the content analysis of the sustainable or annual reports allows to identify the words which are occuring most often regarding the software dictionnary. Nevertheless, it has been necessary to remove some useless words and to addition specific terms in order to obtain a relevant words list. Indeed, one of this sofware advantage is to underline words which are not included in the original dictionnary but which could be specific and thus relevant for the analysis. Then, a relationship analysis between words has been done in order to set a hierarchy, representative to an accurate words classification[6]. The dictionnary quality can be appreciated at any time by the verification of the text abstracts relevance relative to each words categories. This words classification is supposed to be representative of the real environmental disclosure published by the sample companies and it allows to count the occurences number for each words (see appendix n°1).

Nevertheless, the association relation presented before suggests to use an environmental item which is not only an occurences number of environmental informations. It must be ajusted on the reporting sectoral average in order to estimate an accurate environmental item (see appendix n°2).

Environmental item = Ajusted environmental indicator / Sectoral average

with

Ajusted environmental indicator

= Number of environmental infirmations published – Sectoral average

2.2. Results and discussion

The aim of this association analysis is to analyse the environmental reporting and audit contribution to the informational content of the net income. In other wise, it suggests to study

[6] Words categories obtained : Compagny commitment, supply chain, organic thematic, farming, carbon thematic, certification, consumption, economic factors, logistics, pollution, products, food additive, natural ressources.

if an association exists between the environmental reporting, which would be audited or not, and the market profitability, representative to the value creation.

	Anova	Bêta	t	Meaning
Constant	**0,101**		3,155	0,008
BPA / $P_{i, t-1}$		0,208	0,933	0,368
Env		1,151	2,362	**0,034**
EnvAud		-1,142	-2,355	**0,035**

Table n°2 : Results of the association analysis between profitability and audited or non-audited environmental reporting

Considering that this model is slightly significant at 10%, it appears that the environmental disclosure seems to contribute to the value creation. This positive information would be interpreted as a signal of an accurate risks management or as a competitive advantage contributive to the value creation or at least to the minimization of the value destruction. More over, the environmental reporting audit is also meaningful but suggests a negative impact on the market profitability. It means that the auditor opinion is taken into account, but negatively and is then responsible for a negative effect on the value creation. Even if this results could seem surprising, it can be explained according to the auditor evaluation nature. Indeed, only five sample companies require an environmental reporting audit, which mainly concludes to a moderated inssurance assessment on indicators[7]. This inssurance assessment level reveals unsufficient diligences, that is to say an audit perimeter from 10% to 50% and a control risk on datas of only 20%, which is supposed to be similar to the limited financial audit. Whereas it could reassure investors about the managerial objective to contribute to a reliable disclosure, it compromises the market profitability and thus the financial value creation. It is interpreted as a signal of a bad reporting quality. More over, the way to enonciate the auditor inssurance assessment is nor positive, nor easy to understand: "*according to our audit mission, we have not noted meaningful mistakes which could compromise the fact that published datas have been established in all points according to* …(the proceedings)" (CNCC, 2004). Shall we interprete positively or negatively this sentence? What is sure is that it is enonciated in a negative form whereas the one of the high inssurance assessment underlines the audit positive conclusion : "*in our point of view, datas have been established in all points*

[7] 5 environmental reporting audit : 4 moderated inssurance assessment on indicators and 1 moderated inssurance assessment on proceedings

according to … (the proceedings)" (CNCC, 2004). The "moderated" term itself presents a negative connotation which facilitates an incorrect understanding of this inssurance level. More over, it is well-known that, even if the financial audit report exists for years, it does not present an important informational content but is considerated as a code, a symbol (Gonthier-Besacier, 2001). Potential users of the audit reports seem to have some difficulties to understood the differences between the audit levels and are thus not able to take this information into account in their decisions. On the contrary, Bamber & Stratton have demonstrated that the audit reports have an informational content because when the report insists about doubts described in the financial statements, these informations are more considerated in the taking decisions.

At last, the results suggest a penalty of the "moderated inssurance assessment on proceedings" obtained by a company and this result is justified because it means that indicators quality is not sufficient and that auditors have only accepted to verify the reporting proceedings. This audit mission constitute a necessary but unsufficient audit process. It is indeed necessary in order to attest the proceedings quality and to allow the implementation of the other audit missions, but is not sufficient because the demonstration of a process quality can not informed about an information quality (Igalens, 2004b).

Thus, the lack of specific mandatory disposition relative to the environmental reporting and its audit seems to compromise the informative power of the auditor inssurance assessment. Although the audit assessment is supposed to generate investors confidence, some companies refuse to disclose this information (Aeppel, 1993) and they seem to be right according to this research results. Indeed, these paper conclusions suggest that companies should communicate on the environmental reporting audit they have required, only if the mission has concluded to a high inssurance assessment on indicators, that is to say an equivalent opinion as the financial audit one.

What is more surprising is that the indicator $BPA/P_{i,\ t-1}$ is not meaningful even if it should be, because the correlation between the net income and the market profitability should reveal its informational content regarding the financial value creation. The context of crisis which is characteristic of this paper period could explain this result. Indeed, shareholders have lost confidence concerning the firms activity and as a consequence, the share prices have gone down. However, this reaction has been exagerated because the real financial statements, and more particularly the net income, were not so bad ! These doubts could thus have created a

disjunction between the two measures of profitability based on share prices and on accounting datas.

Conclusion

As a conclusion, it appears that the environmental reporting seems to be profitable for agrofirms in 2009, that is to say that this disclosure is taken into account by investors as a signal of a competitive advantage or an appropriated risks management. On the contrary, the audit, which consists essentially in a moderated inssurance assessment on indicators, has a negative impact on the financial value creation. This result questions the firms interest to require such a mission and suggests to limit the audit report disclosure to the best evaluation, that is to say the high inssurance assessment on indicators. It confirms the difficulties for the firms reporting users to understand the accurate content of the audit mission and more over of the audit reports. We were interested to contribute to the financial justification of the environmental reporting positive impact in order to encourage such a disclosure and thus sustainable practices. It is nevertheless necessary to recognize that the results generalization is not yet possible regarding the sample size which should be larger and should integrate more foreign companies. It would be also interesting to compare the results with other sector analysis.

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APPENDIX N°1 : CONTINGENCY TABLE

	Commitment	Supply	Organic thematic	Farming	Carbon thematic	Certification	Consumption	Economic factors	Logistics	Pollution	Products	(-) Food additives	Natural ressources	
Bonduelle	41	0	2	14	3	24	0	1	16	37	60	10	11	219
Bongrain	2	0	0	0	0	2	0	0	3	0	8	0	0	15
Danone	199	0	2	23	44	31	1	2	84	151	321	7	125	990
Fleury Michon	8	0	0	0	0	0	0	0	0	0	1	0	0	9
Pernod Ricard	15	0	0	1	1	15	4	1	3	5	13	0	1	59
Royal Wessanen	6	0	0	0	5	7	0	0	1	15	4	0	4	42
Spadel	1	0	0	0	0	1	1	0	0	4	14	0	5	26
Terbeke	19	0	0	0	0	9	0	0	19	13	51	10	10	131
Tipiak	1	0	0	0	3	5	0	0	12	2	17	0	1	41
Unilever	34	11	0	10	8	18	1	1	9	67	40	3	18	220
Vilmorin	3	0	0	0	0	3	0	0	2	0	1	0	0	9
Vranken	23	0	0	28	3	75	8	2	19	76	76	0	32	342
Carrefour	91	2	10	0	1	4	9	2	7	17	54	5	18	220
Casino	49	0	18	1	23	30	5	1	33	71	39	5	17	292
Guyenne & Gascogne	7	0	0	0	0	0	0	1	0	2	11	0	0	21
J. Martins	35	0	0	1	9	66	3	1	44	100	137	12	52	460
Rally	9	0	1	3	5	8	1	0	4	23	19	0	12	85
	543	13	33	81	105	298	33	12	256	583	866	52	306	3181

APPENDIX N°2 : ENVIRONMENTAL INDICATORS

Sectors	Firms	Occurrences Number	Sectoral Average	Ajusted Results	Env
Agro & Beverage Sector	Bonduelle	219	175,25	43,75	0,24964337
	Bongrain	15		-160,25	-0,91440799
	Danone	990		814,75	4,64907275
	Fleury Michon	9		-166,25	-0,94864479
	Pernod Ricard	59		-116,25	-0,66333809
	Royal Wessanen	42		-133,25	-0,76034237
	Spadel	26		-149,25	-0,85164051
	Terbeke	131		-44,25	-0,25249643
	Tipiak	41		-134,25	-0,7660485
	Unilever	220		44,75	0,2553495
	Vilmorin	9		-166,25	-0,94864479
	Vranken	342		166,75	0,95149786
Retailing Group Sector	Carrefour	220	215,6	4,4	0,02040816
	Casino	292		76,4	0,35435993
	Guyenne & Gascogne	21		-194,6	-0,9025974
	J. Martins	460		244,4	1,13358071
	Rally	85		-130,6	-0,60575139
	Global :	3181		= Occurrences Number - Sectoral Average	= Ajusted results / Sectoral average