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A study of sustainability verification practices: the French case

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Abstract

Purpose – The growth in social and environmental reports is followed by a growth in reports including an assurance statement done by an outsider to the company. The aim of this paper is to study the implementation by companies of a third party assurance provision to their sustainability reports.

Design/methodology/approach – The author examined the practices of French companies as far as verification of sustainability information is concerned and opted for an exploratory study. The study analyses the assurance statement of French CAC 40 listed companies publishing a sustainability report verified by a third party. It also analyses semi-structured interviews conducted with sustainability managers and assurance providers.

Findings – The paper provides an insight of how assurance reports are stated and it seems that they lack precision and explanation. The interest for companies to engage in the assurance of their sustainability information is to manage their sustainable development policy and to progress in reporting their sustainability information. Moreover, the aim of sustainability verification is to assure users of the accountability and reliability of the disclosed information. The sustainability assurance engagement is mainly a quest for legitimacy.

Research limitations/implications – The sample of semi-structured interviews could be enlarged and other important actors such as shareholders or non-financial rating agencies interviewed. Further research could be conducted at an international level, thus allowing embracing institutional contexts for each country.

Originality/value – This paper contributes to the emerging literature about sustainability assurance practices and could be of interest to managers and auditors to improve the assurance practices of social and environmental reporting.

Keywords France, Corporate social responsibility, Social accounting, Auditors, Environmental accounting and reporting, Social and environmental accounting, Sustainability accounting, French case, Sustainability assurance, Sustainability verification, Sustainability information

Paper type Case study

1. Introduction

Recent years have seen a rapid growth in sustainability reporting. This trend has largely been a response to stakeholder concerns about environmental, social and economic performance of businesses. Yet, organizations adopt varying levels of sustainability disclosure, ranging from simple narrative paragraphs within an annual reports to elaborate specific sustainability reports (O'Dwyer and Owen, 2005; Hodge *et al.*, 2007; Mock *et al.*, 2007).

Following the trend to publish sustainability information, another trend has emerged, the assurance engagement of those sustainable development reports. For many



researchers assurance is related to a desire to improve the credibility of the disclosed information (Choi and Wong, 2007; Simnett *et al.*, 2009).

An assurance engagement is defined by the International Auditing and Assurance Standards Board (IAASB, 2004a, b, p. 150) as one:

[...] in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.

At the international level, in 2005 the number of reports with an assurance statement increased to 30 percent (Global 250) and 33 percent (N100) from 29 and 27 percent, in 2002 (KPMG, 2005, p. 5). According to the annual study undertaken by KPMG and Publicorp (2006), in France the assurance process of data by a third party is being more and more developed; more than half of the actors of the CAC 40 and 20 percent of SBF 120 societies have adopted it in 2005, whereas in 2003 only 31 percent of CAC 40 societies and 12 percent of societies of the SBF 120 had adopted it. The growing trend towards disclosure in sustainability reporting is accompanied by a similar trend towards assurance of these reports by a third party (O'Dwyer and Owen, 2005).

This paper is an exploratory research. It investigates the approach used by companies for the implementation of the assurance of their sustainability report. It questions what is at stake when companies engage in the assurance process of their sustainability information.

To answer this question, we analyse the assurance statements of French CAC 40 companies publishing a sustainability report verified by a third party. We also analyse semi-structured interviews we conducted with sustainability managers of big French companies and with assurance providers. Although our study deals with the French context, we would like to stress that the issue of sustainability verification is a global issue which can be highlighted by the French case.

The paper is organized as follows. We first examine the literature around the concepts of our research, highlighting the similarities between financial assurance and sustainability assurance but also pointing out the specificities of sustainability assurance. Second, we present a review of literature on sustainability verification. We then describe our methodology, specifying the data collected for the study and describing how we analyse the information. We expose the results of our research about the process and practices of the verification, we try to find out what is at stake in sustainability verification. Finally we discuss these results and conclude, drawing attention on the lack of completeness of the statements, the competence and independence of the verifier, and the quest for legitimacy.

2. The definitions and objectives of assurance

First, we present the sustainability assurance practice through the process and the content of the assurance. Second, we demonstrate that sustainability verification can be a mechanism to account for reliable sustainability information.

2.1 *The sustainability verification engagement*

In most cases, companies setting up a voluntary verification of their sustainability information summon an auditor to do so (Deloitte, 2007). The sustainability verification includes several steps which are to be detailed if one wants to draw the similitude

with financial audit. The verification process starts with a planning of the engagement. During the first meeting between the company management and the auditing team, the objectives and scope of the engagement are determined. The verification engagement can deal with the process of establishing sustainability information, with data included in the sustainable development report or with both process and data.

The scope of the work undertaken and the level of assurance statement are then defined between the company and the auditor (Compagnie des Commissaires aux Comptes, 2003).

Currently, key standards aim to provide guidance on sustainability assurance processes and define assurance level. These are AA1000AS (AccountAbility Assurance Standard), Global Reporting Initiative (GRI) and International Standard on Assurance Engagement (ISAE) 3000. In France, the ISAE 3000 is the standard used by the auditors. The ISAE 3000 (ISAE3000) issued by IAASB (2004a, b), defines two types of verification statements which are advocated to report on verification engagements other than financial statements:

- (1) A “reasonable assurance engagement” which aims to communicate a high level of verification, but not absolute level of assurance due to limitations of internal control system and of the assurance process itself. Such assurance is provided through a statement in the positive form on the accountability matter.
- (2) A “limited assurance engagement” which refers to a more moderate or limited level of assurance. The accompanying assurance statement is worded in the negative form, where the practitioner reports that nothing has come to their attention to indicate that the information is not presented fairly in accordance with the identified criteria (Hodge *et al.*, 2007).

In France, the “Compagnie des Commissaires aux Comptes” (CAC, 2003) defines for the auditor three levels of assurance depending on the scope of verification and the percentage of errors acceptable according to the standards: reasonable level, moderate level or low level (Capron and Quairel, 2004; Igalens, 2004b; Rivière-Giordano, 2007).

Assurance levels of sustainability verification. Compagnie des Commissaires aux Comptes (2003).

Three levels of assurance are considered according to the scope of verifications undertaken and the acceptable percentage of errors with respect to the standards:

- (1) *Low level of assurance.* Concerning only respect of procedures and standards; audit based on internal standards (codes of conduct, internal procedures manual) or external standard (GRI, NRE law, etc.) (Capron and Quairel, 2004, p. 217; Rivière-Giordano, 2007, p. 161).
- (2) *Moderate level of assurance.* Reliability with respect of the standards is assured with a percentage of errors allowed on 20-25 percent of the audited scope (the audited scope being between 10 and 20 percent of the total scope of reporting). A moderate assurance is the first indispensable step towards reasonable assurance.
- (3) *Reasonable level of assurance.* The verification scope is wider (here the audited information is more than 50 percent of the total scope) and reliability is assured with an allowed uncertainty percentage of 5.

The auditor will then identify and collect the elements justifying the accuracy of the information disclosed by the company (Rivière-Giordano, 2007).

The auditor will examine the procedures of the reporting of sustainability information of the different parts of the group according to the standards used by the company (NRE[1] law, GRI standards, internal standards, etc.). If defined in the mission, he will also appreciate the coherence and reality of sustainability data compared with the setting of organization, existing procedures, available documents and dedicated reporting tools.

In order to carry out his mission, the auditor will use different techniques to gather and analyse information. Wallage (2000, p. 61) says that these techniques come from traditional financial audit. The auditor can hold interviews with people in charge of applying the process of setting up sustainability information (for example the person in charge of environmental reporting) or with people concerned by producing effective data (for example: for information about the issue of professional equality, interview with the person in charge of diversity matters). The auditor will be able to achieve his mission by setting up analysis procedures and realizing detailed tests on the basis of polls consisting in checking figures and comparing data with evidence.

Wallage (2000, p. 61) reports on traditional financial audit techniques which are being used for sustainability information: "Inquiry, observation, inspection, computation, confirmation, analytical procedures". Yet, other sources might be necessary to conduct a verification of sustainability reports; it could be "surveys of focus groups, expert commentary such as independent market research agencies and stakeholder panels to advise the auditor" (Wallage, 2000, p. 45).

At the end of these diverse enquiries, the auditor will issue a report called: "Advice on external verification" and/or "assurance statement" which can be included in the sustainable development report. The report written by the audit team contains the nature and the scope of the work undertaken as well as the advice given at the end of the mission. It is a conclusive report which highlights the work undertaken by the auditor. Thus, verification engagement is defined as one:

[...] in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria (IAASB, 2004a, b, p. 150).

Reporting organisations, as well as their stakeholders, increasingly accept that robust external verification is a key means of increasing the credibility, reliability and effectiveness of their reporting, and ultimately of their performance (AA1000 AS).

Therefore, we can now examine sustainability verification as a means allowing reliability of sustainability information disclosed by companies.

2.2 Sustainability verification as a means to account for sustainability information

The need for accountability is prominent in today's society, control and verification can be tools which allow to reach reliability. As a matter of fact, society's expectations as far as transparency, reliability and accountability of information are concerned have increased and hence the need to verify this information has also increased. Audit, which is a way of controlling, allows this need to be fulfilled (Power, 1999). Engaging into voluntary sustainability information verification can be an answer to the demands of stakeholders for accountability of the information disclosed. According to a KPMG (2002, p. 18) study the growing importance of the need to verify comes from:

[...] the demand for reliable and credible information from management, for managing the company's environmental and social risks, and from stakeholders who want assurance that the report truly represents the company's efforts and achievements.

This verification of sustainability information allows the report to be more reliable and reinforces the user's trust into the information (Kolk and Perego, 2010). For instance investors and analysts make a growing use of sustainability information to rate companies. Verification of this information increases their reliability for the users. Several authors demonstrate that increasing credibility and transparency of the sustainability information they disclose is a strong driver for companies and that this allows them to increase user's confidence in this information (Beets and Souther, 1999; Hodge *et al.*, 2007; Kolk and Perego, 2010). The verification being undertaken by a third independent body, it allows to secure the objectivity and credibility of the engagement. It is a way of increasing transparency by assessing a healthy communication (Carey *et al.*, 2000). According to Capron and Quairel (2004, p. 66) reliability in the information disclosed depends mainly on verification by a third party.

Yet, if the verification is to attest of reliable information, the process should be normalised. As stated by different authors (Zadek and Raynard, 2004; Iansen-Rogers and Oelschlaegel, 2005; Kolk and Perego, 2010), the need for credibility of such reporting to audiences has accelerated the development of relevant assurance framework. To carry out his engagement, the auditor will stand on rules which have been issued recently and on which he will build his verification engagement. The guidelines of the GRI, the Assurance Standard AA1000 AS and the ISAE 3000 seem to be the most widely acknowledged.

GRI is the first guidance to recommend the engagement in an "external assurance" of sustainability reports including the services of professional auditors, stakeholders' panels or other external groups or individuals. GRI is an independent international organisation that produces globally applicable Sustainability Reporting Guidelines to assist organisations to implement sustainability reporting. The GRI guidelines also specify that sustainability verification is a factor of credibility for sustainable reporting (Guidelines GRI Version 3, 2006). Thus, the guidelines of GRI provide advice to organizations wishing to adopt this standard for process of external assurance of sustainability information. The aim of these guidelines is to strengthen the credibility of the information contained in the sustainability reports and to allow comparability worldwide.

The AA1000 AS (Assurance Standard) came as a complement to GRI. The AA1000 AS (Assurance Standard) is issued by AccountAbility. It was produced to assess the quality of sustainability reports while being in accordance with the principles of GRI. According to this standard, the auditor must be an independent expert and his mission is to give a statement on the quality of the engagement of the organization towards the demands and needs of its stakeholders. The AA1000 AS provides principles to reach the objectives of the verification of sustainability reports. Three assurance principles are at the basis of this standard: stakeholder-based materiality, requests for reporting on completeness and demand for organisational responsiveness to stakeholders (Accountability, 2003; O'Dwyer and Owen, 2007, p. 80). The auditor must ensure the sustainability report contains all the useful information to stakeholders of the company. The information considered useful is that which enables the stakeholders of the company to make judgements, opinions and decisions. In this case,

it is for the auditor to comply with the principle of “materiality”. Second, the auditor should apply the principle of “completeness”. In principle the auditor looks at the extent to which the information is complete and accurate enough to estimate and understand the organization’s performance in these areas. Third complements the principles of “responsiveness”. The demands of stakeholders must be taken into account by the company. This principle ensures to what extent the company has been responsive to the expectations of stakeholders and has disseminated it in its report.

The IAASB and the International Federation of Accountants (IFAC) have developed a general framework for professionals in missions of reporting and verification of sustainability information. The ISAE 3000 standard dedicated to professional auditors, establishes principles and general procedures to carry out the verification of non-financial information. This standard also provides advice to draw assurance statements given at the end of the engagement. The auditor examines the quality of the report compared to standards defined by legal obligations (NRE law) or acknowledged practices (GRI guidelines or internal standards) in order to formulate an assurance statement. As we have seen previously, ISAE 3000 distinguishes two levels of verification, on the one hand “a reasonable assurance engagement” and on the other hand “a limited assurance engagement”. The standard or criteria used to verify the reporting being defined, the auditor will assess it according to five criteria: relevance (materiality), reliability, completeness, understandability and objectivity.

Despite the disparities between these different standards their combination seems to be a good means to carry out a third party verification engagement of sustainability information.

Even if the interest of sustainability verification as a mechanism allowing reliability of sustainability reporting is yet discussed by some critical authors (Ball *et al.*, 2000; Adams and Evans, 2004; O’Dwyer and Owen, 2005), the apparition of norms in this field is bound to make it evolve and better itself. The aim of the emergence of such standards is, as in any process of normalization of accounting standards in the case of financial information, to achieve enhanced reliability in the information disclosed (Quairel, 2004).

3. A review of literature on sustainability assurance

In recent years, many studies have focused on the verification of non-financial information. The first studies on sustainability verification only described the process and trends of these practices (Wallage, 2000; Park and Brorson, 2005; Deegan *et al.*, 2006; O’Dwyer and Owen, 2007) or analyzed standards in this area (Beets and Souther, 1999). So far, research has therefore focused on the level of verification and the type of auditor carrying out this mission (Deegan *et al.*, 2006; Mock *et al.*, 2007; Simnett *et al.*, 2009). Research on the factors explaining the decision to use a sustainability verification of information are only very recent (Herda and Taylor, 2009; Simnett *et al.*, 2009; Kolk and Perego, 2010; Gillet and Martinez, 2010).

In terms of content analysis of the audit, the study of Deegan *et al.* (2006) highlights the variety in the presentation format and content of these reports insurance internationally. This study also indicates that several types of organizations perform this verification. This may include accounting firms, environmental consultants, management consultants or NGOs. Similarly, Igalens (2004a) analyzed the auditors’ opinion on the sustainability reports of French companies for the year 2002.

It appears that sustainability verification widely used techniques borrowed from the financial audit. In this sense, sustainability verification is the cause of a power struggle between different professions, accountants, consultants or environmental experts. Thus, several studies have focused on analyzing the type of auditor carrying out this mission. Mock *et al.* (2007) conducted a search from a sample of 130 international companies issuing a sustainability report between 2002 and 2004. Their analysis suggests that different characteristics inherent in the verification provided are positively associated with the type of auditor, confirming that a high level of expertise exists in large accounting firms in the field of non-financial auditing, which is not the case as far as other auditors are concerned. Similarly, Hodge *et al.* (2007) show that user confidence in the sustainability information is enhanced when the verification is performed by a member of the accounting profession. However, the study of Aw *et al.* (2009) conducted with 74 Australian listed companies, shows that for the quality of the disclosure of information, it does not vary with the auditor, whether he is an accountant or a consultant. However, the authors find that the quality of the disclosed information is greater for companies that verify this information.

Empirical studies try to assess to what extent the type of insurance providers affects the confidence and perceptions of the reliability of sustainability reports (O'Dwyer and Owen, 2005; Hodge *et al.*, 2007). According O'Dwyer and Owen (2005), the accountant auditors adopt a cautious approach and seek to provide limited assurance levels. Conversely, the consultants have a more evaluative and generally yield higher levels of assurance. However, their views tend to serve the company's strategic direction, which affects their independence. It appears that the assurance provided by an auditor has a more positive impact on the perception of the reliability of sustainability reports than that emitted by a consultant (Hodge *et al.*, 2007). The use of a private expert to attest the fairness of the sustainability information, raises the problem of expertise. In addition, the problem of credibility to be given to auditors, whose task is assigned and paid by the company wishing to carry out an external verification, is present. The auditor's independence is also a source of discussion in the literature (Igalens, 2004b).

Other studies have focused on the verification process. Park and Brorson (2005) show, in a Swedish context (28 Swedish companies over the period 1990-2003), that the verification process is often firm-specific. They show that the time between steps depends on the objective and scope of the commitment of assurance. Thus, using interviews with companies and auditors, as well as the analysis of environmental reports, the authors describe the verification process and trends in the field. They note the increase in sustainability auditing practices between 1995 and 2003. Moreover, companies that assured their environmental report continue the process with their sustainability report. The reasons for resorting to such practices are also outlined by Park and Brorson (2005), it is essentially the sake of credibility, to respond to stakeholder expectations or improvement of internal reporting and performance of the company. These results are also confirmed in the French context by the study by Gillet (2010) with the CAC 40 companies. The cost of the sustainability verification or the immaturity of the system of reporting are limits that explain the reluctance of some companies to undertake this verification (Park and Brorson, 2005; Gillet, 2010).

Most academic studies on sustainability verification practices are attached to the literature on social and environmental accounting that addresses the issue of credibility

of the provision of sustainability verification (Adams and Evans, 2004). Thus, for most authors, this verification allows more reliable reporting and enhances user confidence in information (Igalens, 2004b; Rivière-Giordano, 2007). Kolk and Perego (2010) show in their research that the motivation of companies to check their sustainability information is to enhance the credibility and transparency of sustainability information disclosed, in order to increase user confidence. Similarly, the study of Hodge *et al.* (2007) states that the presence of an account of insurance or verification with the sustainability report generates a higher reliability of the report than when the insurance is not provided. According to Beets and Souther (1999), verification by an outside party and independent company can increase the credibility of social reporting. Indeed, the intervention of a third party, attesting to good communication is a means of increasing the transparency of the company. Quairrel and Capron (2004) state that “reliance on the information provided is largely dependent on verification by a third party”.

This need for credible sustainability information for internal and external audiences has accelerated the development of appropriate regulatory frameworks (Zadek and Raynard, 2004; Iansen-Rogers and Oelschlaegel, 2005). Thus, other studies have examined the standards of sustainability verification (Beets and Souther, 1999). On behalf of Accountability and KPMG (2005) and Iansen-Rogers and Oelschlaegel (2005) conducted a comparative study of AA1000 and ISAE3000. The main conclusion is that the combination of the two standards of verification is likely to give better results than their separate use. These standards are not in conflict but rather complementary. This research highlights the fact that their complementarity can provide verification process robust and comprehensive enough to meet user expectations. The Australian study of Hodge *et al.* (2007) aims to study the impact of assurance reports on user confidence in sustainability reports. They note that as far as the standard ISAE3000 is concerned, terminology or the name used to indicate levels of assurance (reasonable and moderate), cannot translate the expected level and therefore can contribute to a gap in the verification expectation. It shows that because of the wording of the headings of levels of verification given by the ISAE3000, the degree of confidence that the user gives the sustainability report is affected by the designation of these different levels.

Some authors are critical of the key points of these new practices, given the lack of transparency to external audiences and stakeholder groups (Gray and Bebbington, 2001; Dando and Swift, 2003; O'Dwyer, 2003). As noted by Kolk and Perego (2010), the limits of the verification concern the independence of the assessment (Ball *et al.*, 2000), the scope of the audit, the criteria used and the levels of verification services provided (Adams and Evans, 2004; Deegan *et al.*, 2006) and the lack of participation of stakeholders in the process (O'Dwyer and Owen, 2005). The study of O'Dwyer and Owen (2007) critically analyzes the practices of assurance. It reviews the verification engagement of the 51 companies nominated in 2003 for the ACCA UK Awards (29 companies) and “European Sustainability Reporting Awards” (22 firms). The results highlight a continuing lack of stakeholder involvement in the verification practice. Despite improvements due to the use of AA1000AS, management control of the process shows that stakeholders are not a major concern. Regarding the reaction of investors to set up sustainability verification, the results of the study of Rivière-Giordano (2007) also provide criticism. The objective of this research is to demonstrate that the environmental audit, considered the guarantor of the reliability of environmental information, is supposed to contribute to their credibility and thereby promote their inclusion in the decisions of financial investments.

If environmental information appears to favorably influence the profitability and market opportunities for business growth, the solicitation of an environmental audit, which is essentially, for the year of the study (2004), a verification of procedures for the collection of information, helps to send a negative signal to investors. Similarly, Gillet and Martinez (2010) show for a sample of French listed companies (CAC 40) that, as far as the reaction of the financial market is concerned, the sustainability verification appears to be associated with an abnormal change in the stock. In the absence of positive impact on investment decisions, these results suggest that consideration of the factors explaining the use of sustainability verification would be required.

Several methodological limitations were observed in studies analyzing the factors behind the establishment of sustainability verification. They include limitations on the type of samples and data used. Empirical methods used to achieve this type of research can also be criticized. Studies of the determinants of the establishment of sustainability verification are all in a context of international research. Thus, as noted by Kolk and Perego (2010), the lack of data on various countries and periods, is an important constraint for the conduct of these studies, which hinders the expansion of the analysis to other explanatory factors. The available databases do not always provide all the requested information. It is often difficult for researchers to obtain data from foreign countries. In addition, data not translated into English may be included in this analysis, for example Japanese sustainability reports (Simnett *et al.*, 2009). In addition, the authors acknowledge that the inclusion of smaller and unlisted companies, would be interesting, but data availability is even more difficult to obtain because of the size and international nature of these companies (Herda and Taylor, 2009; Simnett *et al.*, 2009; Kolk and Perego, 2010). To answer their research question, the authors implemented quantitative methodologies. However, as noted by Kolk and Perego (2010), studies on the determinants of sustainability verification are exploratory and should use other research methodologies. Indeed, as suggested by Park and Brorson (2005) and included in the research by Kolk and Perego (2010), field research on the interaction between the preparers of the sustainability report, auditors and stakeholders interest is also justified. This allows to better understand the audit process and how it affects the credibility of the information provided.

The unique use of quantitative methodologies is a major obstacle to exploratory researches. Qualitative studies allow for the emergence of new explanatory factors. This may be to investigate, for example, individual aspects of responsible sustainable development, which act as important drivers of the decision to use sustainability verification (Crawford, 2007).

4. Methodology

As we have said in the preceding section, the company decision to have its sustainable data verified is a rather recent phenomenon. The aim of this paper is to explore this emerging subject matter and to contribute to the questioning of the issues through an exploratory study. Our research work deals with the French context. To carry out this work, we collected two types of data (Miles and Huberman, 1984). We first undertook an analysis of assurance statements issued by auditors of the sustainability information of companies belonging to the CAC 40 index. Academic research in this field being scarce for the French context, it then seemed interesting to conduct exploratory interviews. Thus, at this stage, the research is an exploratory matter.

The analysis of the two sources of data thus enables us to answer the two research questions:

RQ1. What is the company's approach for setting up the external verification of its sustainability report?

RQ2. What is the content of such a report?

We first describe how we collected data for the study. We then explain the method we use to analyse the information gathered from the reading of the assurance statements and during the interviews.

4.1 Gathering of data

4.1.1 The sustainability reports. Our objective was to gather data from companies having their sustainability report verified by an outside body. So we had to select companies whose stand alone sustainability report or sustainability report integrated within the annual report holds the opinion of an auditor or an outside assurance provider. The reports of these companies are available on their internet site. We chose the year 2007 because the most recent available data was for this year. Practices being little installed before this date, we considered previous data of little interest. The companies concerned are those belonging to the French Stock Exchange index CAC 40. This choice results from the fact that they are the most representative of such practices. Hence the companies included in the study are those which publish an independent sustainability report or sustainability information included in their 2007 annual report available on internet and including "the auditor's statement on some social and environmental indicators". We identified 29 companies belonging to the French Exchange Index CAC 40 corresponding to our selection criteria (Table I).

Having determined the companies having their sustainability information verified and published on the internet, it seemed important to conduct interviews with sustainable development executives and experts within these companies as well as with assurance providers carrying out the verification mission, in order to study their discourse and to collect their perception on the subject matter.

4.1.2 The semi-structured interviews. The choice of exploratory interviews lies with the desire to understand the sustainable development executive's choice to have the sustainability data assured. The interview's aim is "to gather the print of behaviour, of social interactions and perceptions through the actors' discourse" (Wacheux, 1996, p. 205) and it provides us with a means for exploring the points of view of our research subjects (Miller and Glassner, 2004). Thus, it seemed important to gather information from both the companies which had their data verified and those which had not yet engaged into this verification process. Besides we also conducted interviews with practitioners undertaking the sustainability verification mission (Table II).

Our interviews were conducted with seven companies belonging to the CAC 40 index from which we had a favourable answer to our request. Among them, five have their sustainability information verified and two have not. As far as assurance providers are concerned we interviewed three accountant assurors conducting verification missions. All three belong to one of the big four audit practitioners and have expertise in sustainable development accountancy.

Company	Industry	Assurance level	Auditor
Air France KLM	Consumer Services	Reasonable level of assurance	KPMG
Air Liquide	Basic Materials	Low level of assurance	Mazards/Ernst & Young
Alcatel-Lucent	Technology	Low level of assurance	Ernst & Young
Axa	Financials	Moderate level of assurance	Pricewaterhouse Coopers
BNP Paribas	Financials	Moderate level of assurance	Pricewaterhouse Coopers
Carrefour	Consumer Services	Moderate level of assurance	KPMG
Crédit Agricole	Financials	Moderate level of assurance	Pricewaterhouse Coopers
Danone	Consumer Goods	Moderate level of assurance	Pricewaterhouse Coopers
Dexia	Financials	Moderate level of assurance	Ernst & Young
EDF	Utilities	Moderate level of assurance	KPMG/Deloitte
France Telecom	Telecommunications	Moderate level of assurance	Deloitte
Gaz de France	Utilities	Reasonable level of assurance	Mazards & Guerard/Ernst & Young
Lafarge	Industrials	Moderate level of assurance	Ernst & Young
L'Oréal	Consumer Goods	Moderate level of assurance	Pricewaterhouse Coopers
LVMH	Consumer Goods	Moderate level of assurance	Ernst & Young
Michelin	Consumer Goods	Moderate level of assurance	Pricewaterhouse Coopers
Peugeot	Consumer Goods	Moderate level of assurance	Pricewaterhouse Coopers
PPR	Consumer Services	Low level of assurance	Deloitte
Renault	Consumer Goods	Reasonable level of assurance	Deloitte/Ernst & Young
Sanofi-Aventis	Health Care	Moderate level of assurance	Pricewaterhouse Coopers/Ernst & Young
Schneider Electric	Technology	Moderate level of assurance	Ernst & Young
Société Générale	Financials	Moderate level of assurance	Ernst & Young
STMicroelectronics	Technology	Other	Bureau Veritas Certification
Suez	Utilities	Moderate level of assurance	Ernst & Young/Deloitte
Total	Oil and Gas	Moderate level of assurance	Ernst & Young/KPMG
Vallourec	Industrials	Moderate level of assurance	KPMG/Deloitte
Véolia	Utilities	Moderate level of assurance	Ernst & Young
Environnement			
Vinci	Industrials	Moderate level of assurance	KPMG
Vivendi	Consumer Services	Low level of assurance	KPMG

Table I.
Characteristics of the companies and of their reports

4.2 Analysis of the information gathered

To answer our research questions we first examined the assurance statement contained in the sustainability report and issued by the assurance provider at the end of his mission. The content analysis of the statements will be the method used (Holsti, 1969; Miles and Huberman, 1984). As far as the interviews are concerned, they were dealt with by the content analysis method in order to highlight indicators which allow inferring on a reality which differs from the message. We carried out a content analysis

Companies		
<i>Company</i>	<i>Interviewee's quality</i>	<i>Interview length</i>
Companies engaging external verification of sustainability reports		
C.1	Sustainability department manager	1 h
C.2	Sustainability department manager	1 h 30 min
C.3	Sustainability department manager	2 h
C.4	Manager in charge of the sustainability communication	40 min
C.5	Executive in charge of a mission in the sustainability department	1 h 15 min
Companies not engaging in external verification of sustainability reports		
C.6	Sustainability department manager	35 min
C.7	Sustainability department manager	45 min
Assurance provider		
<i>Provider</i>	<i>Provider's quality</i>	<i>Interview length</i>
P.1	Associate manager of the sustainability department of a big four	1 h 20 min
P.2	Senior consultant of the sustainability department	1 h 30 min
P.3	Senior consultant of the sustainability department	1 h

Table II.
Presentation of the
semi-structured
interviews

according to topics which had been identified before. Three interview guides had been elaborated before. The first interview guide was used for companies which have their data verified, the second one for the companies which do not have it verified. The last interview guide was used for the interviews with the sustainability auditors of the international auditing practitioners. The interview guides had been developed in reference to academic reading on the subject matter. All the semi-structured interviews have been recorded and all have been transcribed on the computer to facilitate their reading and analysis.

Once they had been transcribed, a first floating reading of each interview was made, as was the case for the assurance statements issued by the assurance providers. During this reading, the elements which had no interest for the study were excluded and the other elements were classified according topics. During the transcription, the reading and the analyses of the interviews new subject matters emerged.

5. Results

The aim of this exploratory research being the study of the practices of external verification of sustainability reports within the French context, we will expose the results of the analysis of verification processes and practices as far as the mission itself is concerned, examining the nature and scope of the engagement, the status and role of the auditors and the auditor's opinion, with its different levels of verification. We will then examine what is at stake in the sustainability verification and see what the challenges are.

5.1 *The sustainable verification process and practices*

5.1.1 *The mission: nature and scope of the engagement.* In each assurance statement the nature and scope of the work undertaken by the auditing team is stated. The reporting process is systematically analysed according to "its relevance, reliability, objectivity and understandability". In some of the assurance reports done by accountant auditors, the professional standard ISAE 3000 of the IFAC is being used.

The interview method is systematically used by the auditing team in order to analyse the reporting process and to check compliance to the standards. Thus, all the people

involved in the compliance to standards within the head office of the company, as well as some people within different offices of the group selected beforehand, are being interviewed by the auditing team. Yet, no mention is made in the assurance statements of the determining and the choice of which group is being interviewed and then audited. On the other hand, for some companies, like Carrefour, precision is given that the social and environmental indicators audited are those chosen by the group. The processes carried out by the auditors are always stated in the verification report. The techniques used can be compared to the techniques used in financial audit, for example interviews, document examinations, observations and surveys of the selected indicators, etc.:

We conducted interviews with people in charge of elaborating and applying processes as well as consolidating indicators. At this level we carried out analytical processes and we checked figures and consolidation of indicators according to surveys. We also conducted interviews with people in charge of collecting data allowing the elaboration of indicators. We checked understanding and application of the processes and undertook detailed tests based on surveys, consisting in checking figures and comparing data to supporting documents (Dexia).

Hence emphasis is drawn by the auditors on transparency about techniques and means used to carry out their mission. Yet, even if the nature and scope of the work is stated, the analysis of the statements reveals that it is often little explicit and little precise as far as verification techniques are concerned. The same thing can be said of the company having its sustainability verification made by the consultant Bureau Veritas Certification. The aim of verification being to inform and reassure the report's users as to the accountability of the sustainability information disclosed, one can legitimately wonder if the opinion of the external auditor will convey this accountability. Hence, as far as accountability is concerned the work undertaken by the auditor can be questioned because of the lack of details on the nature and scope of this work.

When we interviewed sustainability managers of important French companies and sustainability experts of big accounting firms, it seemed obvious that a definition of this mission was important. From the interviewees' answers, the verification appears as a mission allowing the exam of measuring tools and processes of sustainability reporting. When talking about verification, interviewees do not mean verification of the sustainability report itself but the verification of the auditable social and environmental information included in this report:

It's not about verification of the report itself because it would be too complicated to verify each part of the text as the witnessing and the qualitative information disclosed but it's about a verification of the measuring tools and reporting process (Interview C.2).

Thus, according to several interviewees in his mission "the auditor will examine figure accuracy" (Interview C.6), he will also "check the coherence of the measuring tools and he will explain these figures. He must be able to justify the traceability of the data" (Interview C.2). As one of the sustainability experts of a big accounting firm puts it "it's about saying if the data is true or false not fair or unfair" (Interview P.1).

Thus, the verification mission consists in checking the accuracy of social and environmental measuring tools contained in the sustainability report or in other documents and the reporting process.

The aim of this mission is at last to give out an opinion about the verified data and in some cases to state limitations. At the end of the report of the examination

undertaken by an outside party, commentaries and recommendations are given. They should specify any problem during the mission and propose improvements. For example, in the AFKLM audit report it is noted that:

[...] a reporting software applying to the whole group has been used to collect social and environmental data so that reported data is more reliable. Yet the functionalities of this tool still need to be developed further especially as far as the consolidation stage is concerned.

Thus, another interest of the examination report is to give a feedback to the companies and to allow them to improve after considering the results and the remarks of the auditors.

In some cases the auditor goes as far as stating limitations on some indicators:

Following our work, we express limitations about two of the indicators out of the twenty-two verified:

- As for the performance ratio “NOX emission by unit of activity” of the production exploration, we noticed a significant overestimation in the selected sample.
- As for the “percentage of employees having had training” we found out difficulties in understanding definitions and collecting information, which do not allow assuring homogeneity and completeness of the indicators (GDF).

Yet, it seems obvious that in the case when the auditors state limitations, they never question the process of establishing sustainability information about the data examined in comparison to the mentioned criteria. So the term limitation used in financial auditing cannot apply to this situation. Hence we can wonder if the companies which do not communicate an assessment stated by accountant auditors or other auditors of their sustainability data would be companies which have had limitations in the financial sense of the term and whose report, if it were published would question the reliability of their data. Even if the process is one of transparency towards the stakeholders interested in the disclosing of sustainability information, we can wonder about the display of the examination report which in the end always confirms the accuracy of the data and whose accountability could then be questioned.

5.1.2 The auditors: status and role. All but one (STMicroelectronics who engaged the consultant Bureau Veritas Certification) of the companies have their sustainability verification done by accountant auditors. One of the issues is to know why sustainability verification missions are nearly always done by accountant auditors in France whereas this is not the case in other countries (Simnett *et al.*, 2009).

As far these companies are concerned, it appears that the accountant auditor undertaking the sustainability verification mission is also the financial auditor of the company. This is specified in all the statements we have analysed. For example, in the Carrefour report we find: “as accountant auditor of the Carrefour Company, we undertook work which allow us to express a moderate assurance[...]” (Carrefour, 2007).

The accountant auditors of the big international accounting firms who assess the financial accounts of the company also undertake the verification mission of the sustainability information. Yet, the accountant auditor is always assisted by sustainability experts. As noted in all the reports, “to help us to achieve this work, we summoned our environmental and sustainability experts” (ARFKLM, 2007). Thus, the verification team is composed of accountant auditors who usually belong to the firm also undertaking the financial audit and of sustainability experts belonging or not to the same accounting firm.

In the end there are at least two or more signatures on the verification statement, the accountant auditor(s) responsible for the mission and the sustainability expert(s). Whether they are accounting auditors or sustainability experts, the verifiers belong to the big international accounting firms. For example, for ARFKLM, the verifiers belong to the firm KPMG, for GDF-Suez, they belong to Ernst & Young and Mazards & Guerard and for Michelin they belong to PricewaterhouseCoopers. Thus, it seems important to stress that actors having different but complementary functions contribute to the same work. Hence it seems interesting to wonder about the ability of the big international auditing firms to undertake this type of mission. As noted by Igalens (2004a) the role of the auditing firm is ambiguous in as far as their expertise in financial auditing is acknowledged, but they are not “omnipotent” and they have lacks as far as the technical aspects of sustainability verification is concerned. As a consequence, auditing firms are now developing new expertise in the more technical aspects of sustainability development and are hiring experts in their team engaged in sustainability verification.

The verification team is composed of several people and in particular of an accountant auditor and a sustainability expert. The accountant auditors and the specialized auditors are all described as competent and experienced, “these people are experts” by their specializing in sustainability development, “the auditors who do this job are specialized auditors who have expertise on precise issues linked to sustainable development” (Interview C.2). The experts interviewed acknowledge that to undertake the verification of sustainability data and more particularity of environmental data, having expertise in this field is essential, “one needs a scientific culture” (Interview P.2). In all the audit firms, the teams undertaking the verification missions are composed of a majority of engineers. These missions are undertaken by the sustainable department of the international audit firms who act as experts for the accountant auditor who has the legal responsibility.

It occurs that the audit firm undertaking the sustainability verification is the same as the one undertaking the financial audit, but it is not always the case. When the audit firm is the same “it is not the same person and it may be interesting to work with the same firm because they already know the company” (Interview C.2):

[...] it's alright to have the same signatures on the accounts and on the sustainability data. It shows the same level of interest and the same level of relevance and we may get scale savings because these people know the group well (Interview P.1).

The previous knowledge of the company, allowing a better understanding of the way it works appears noticeable.

5.1.3 The sustainability verification levels: auditor's opinion. During the interviews we insisted on the different levels of assurance, on the choice of these levels and on the means used in case of a limited assessment from the auditor. In the sustainability assurance engagement there are different types and different levels built from the standard ISAE 3000:

The first level only concerns the verification of reporting process, it's the low assurance level. The second level called “moderate assurance level” concerns the verification of processes plus the verification of some indicators. Last of all, the third level “reasonable assurance” like the lower levels also deals with verification of process and indicators but with different levels of verification. For example, for the moderate level, verification will deal with 20% of the indicators whereas for the reasonable level it will be more important (Interview C.2).

At this stage of the choice of the assurance level, the important thing is the team work between the sustainability staff of the company and the practitioners, “the auditor does not work on his own, we have numerous meetings to fix the issues and we meet as often as necessary [...]” (Interview C.2). Similarly as far as the choice of indicators is concerned, “we talk with the audit team, there is an exchange, we examine the relevance and the balance of the indicators together” (Interview C.5). This team work is also important when the company wants to switch to a different assurance level. Thus, the auditor “will realize through his verification that there are the required elements to switch to another level and he will give us the recommendations to follow to reach level” (Interview C.3). Yet, as stressed by several interviewees, the desire to keep to low level of assurance comes from money and time problems. Companies acknowledge the importance of switching to the highest level but:

[...] to reach the reasonable level of assurance whose rate is more than 50% (at the moment our recovery rate of the indicators is about 20%) it will take time, and we have neither the time nor the money to do it (Interview C.5).

At the end of the assurance engagement, practitioners may state a limitation. In this case the company must understand why the auditor has stated this limitation and correct its errors. At this stage the audit team will contact the sustainability team of the company and explain the reasons of the limitation. It is the role of the sustainability development team to undertake the necessary work to correct the mistakes, “[...] so, it isn’t a ‘punishment’ but it’s an advice” (Interview C.3). The sustainability development team will then inform the departments and the staff concerned within the company “so, you communicate with the Human Resources Department and you say ‘wait, what’s happening?’” (Interview C.3). The team will react so that next year the situation does not reproduce, “there is a corrective plan of action set up and [...] checked” (Interview C.3). In fact as the sustainability expert of the audit firm puts it:

[...] we can be led to express limitations [...] and the companies are glad we do it because it’s a proof that we do it seriously and that it leads them to improve [...] it’s a lever for their top management, for the general directors, it warms them (Interview P.1).

Both the companies and the auditors admit that stating a limitation can have an added value for internal management of the company.

5.2 What is at stake in a sustainability verification engagement?

5.2.1 *The internal challenge: a driver of change.* There are internal challenges for a company in a verification engagement. As a matter of fact, sustainability verification is a means for companies engaging in this practice to manage their sustainability policy:

Verification allows us to see any malfunctioning and then to adjust or readjust our goals and our sustainability policy according to the results and to the talks we had with our auditor (Interview C.2).

From the results of its sustainability verification, the company will be able to identify its weaknesses and to take action in order to remedy this. The sustainability mission:

[...] has become important for the management of sustainable development. These audits done by accountant auditors for instance and which are done on the spot with a very precise work, very in-depth and meticulous these experts, it leads us to move things within the company. Usually an audit makes things move, makes issues go forward. Just because it leads

those who are audited to account about their work and the way they manage reporting for instance. So it leads them to improve (Interview C.1).

All the interviewees engaged in sustainability verification acknowledge that its role is not just to check that things are done properly but this engagement is also seen as “a major driver of change in a company” (Interview C.3). This engagement allows them to manage their sustainability development policy by controlling their lacks and in the end improving their business and “generate progress”.

As for the sustainability expert practitioners, they compare their mission to:

[...] something which enables exchanges between different parties of the group [...] another important point is that with our assessment we also state recommendations and it's becoming more and more relevant and enables us to say “that's what you could do to improve” (Interview P.1).

From the analysis of the interviews it appears that the verification engagement fits into an internal management process based on the principle of the Deming wheel (PDCA). The four steps of the Deming wheel correspond to the following actions: plan, do, check and act. These four steps can be found in the discourses of the managers interviewed:

[...] as far as, we want to progress, the auditors will tell us what to do to progress, we will put it into action and then they will check and audit us and if there are still misfunctionings we will work on it again and do it again next year (Interview C.4).

According to this logic it seems to be a continuous improvement process in which sustainability verification would be a lever to improve the CSR policy and the sustainability reporting of the company (Park and Brorson, 2005). The assurance engagement appears as a process of continuous improvement of internal management whose final aim is bettering the company's sustainability performance.

However, it appears from our study that there are also some obstacles and drawbacks in the process of sustainability verification.

The first obstacle comes from a definition of sustainability indicators. Some companies admit that some indicators hardly reflect the measure they are supposed to screen. It is essentially social indicators:

[...] environmental figures make sense because X tons of CO₂ thrown out in the atmosphere, either thrown out in Brazil or in France is the same, whereas social data such as social dialogue or diversity do not represent the same thing from country to country (Interview C.6).

For the companies the challenge is to turn intangible things into tangible and measurable data. Linked to the problem of defining sustainability indicators, the following questions arise: how to audit data which is difficult to define and to measure? There arises the issue of the auditability of the sustainability information disclosed by companies (Power, 1999).

According to the companies which do not have their information verified, the desire not to engage in such practices comes from different reasons and especially from the fact that verification is rooted in the past, in a financial view:

[...] verification, it's very related to finance, it means you assess about the past when you need to look at the present situation and to plan about the future to draw tendencies of progress for the years to come (Interview C.7).

The last drawback to sustainability verification is directly linked to its cost (Carey *et al.*, 2000; Simnett *et al.*, 2009; Kolk and Perego, 2010). As some companies express it “hiring an outside verifier to check sustainability data is very expensive, it’s a real expense because they do all this work, they go on the sites, etc.” (Interview C.6). Therefore, it seems that the cost of sustainability verification would explain the will of some companies not to resort to such experts. It would also explain the choice of a low level of assurance, as the cost increases with the different assurance levels. The lowest level of assurance has a lower cost than the higher levels, hence “it’s a policy and financial decision, is it really important for the company?” (Interview P.1):

The cost is not to be disregarded, if a company wants a moderate level of assurance it implies a certain number of detailed tests, it involves an important number of man per day [...] it represents a real investment for the companies (Interview P.3).

The balance between the cost and the benefit of such a practice is important for companies.

5.2.2 The external challenge: transparency and reliability. External interests appear in the setting up of sustainability verification. The company must assert the reliability of the social and environmental information it discloses. Stakeholders being more and more demanding as far as transparency and reliability are concerned, companies set up a verification of their sustainability data:

It’s all about our desire of transparency and credibility towards our stakeholders. Our stakeholders want to make sure that our social and environmental information is really reliable [...] And the interest is to reassure the stakeholders and above all the shareholders and investors about the reliability of the information we disclose (Interview C.2).

Thus, as also noted by one of the sustainability development experts “companies realize that we are one of the important elements in making the process more reliable” (Interview V.1). These results are in accordance with the studies of Carey *et al.* (2000) and Kolk and Perego (2010).

Nowadays information comes out of the company from different places and is scrutinized by multiple stakeholders, so making these data reliable is uppermost. The rating agencies example is mentioned by all of the interviewees, as they examine all the information disclosed by the companies. One of the reasons of the will to have their information audited is the pressure of the rating agencies. Asserting the reliability of the information disclosed to stakeholders is thus considered as a priority for all the interviewees:

The main interest is to show the stakeholders concerned by our sustainability report that our data is reliable. Looking for reliability and accountability of the data we publish is something of a priority for us [...] the priority of priorities being of course to have a reliable model (Interview C.1).

Thus, the engagement into sustainability verification allowing reliability of the information will give a “competitive advantage” to the company engaging in this process. Companies which do not have their sustainability information verified acknowledge that verification allows more reliability and “is an incentive to go forward and to communicate with stakeholders” (Interview C.7), but as they have no pressure from stakeholders and as they do not belong to an industry which demands it, they do not engage in verification process.

Finally, another interest for companies in the verification engagement is benchmarking. Companies watch what other companies do and make comparisons which allow them to see what level they are. They observe the good practices of others and adopt them:

The audit team is here to tell us “outside they do this and that and you are slightly behind, we advise you to do this and that” and so they give us benchmark, comparisons (Interview C.3).

Thus, the work of experts assessing the reliability of the data allows the companies to have a benchmark, to compare the good practices of the other companies and to situate themselves in relation to their competitors. The sustainability experts of the big audit firms consider this incentive as a mimetic process in which companies “assert their sustainability information to do like everybody else, to get a signature” (Interview V.1).

On the other hand the verification process appears as “green washing, display” (Interview C.7), to companies not engaged in it. These companies question the interest of such practices by throwing discredit on the assurance assessment produced by the accounting auditors. For them the auditor’s assessment can be questioned and is not an evidence of the reliability of the information. Thus, these companies consider the assurance process as a “search for rewards” or “a fashion trend” (Gillet, 2010).

6. Discussion and conclusion

Verification of sustainability information by a third party has been an object of study in an international context (Ball *et al.*, 2000; Carey *et al.*, 2000; Dando and Swift, 2003; Hodge *et al.*, 2007; O’Dwyer and Owen, 2007; Simnett *et al.*, 2009; Kolk and Perego, 2010).

Yet, as far as French speaking countries are concerned studies until now have been scarce; this could be due to practices which had not yet been developed within companies. With the publication of the NRE law and the development of this practice in French companies (Deloitte, 2007), French speaking scholars (Igalens, 2004a, b; Rivière-Giordano, 2007; Gillet, 2009) are starting to contribute to research in this area.

To carry out the study and to answer the research question it was necessary to collect two types of data, written data coming from the sustainable development reports and oral data from the interviews. The results highlight three issues: the lack of completeness of the verification statements, the need for competence and independence of the verifiers and finally the quest for legitimacy of the companies engaging in verification processes.

6.1 Assurance statements provided by verifiers: a lack of completeness

According to our exploratory study, it seems that the statements or assurance reports provided by the verifiers at the end of their mission lacks precision and explanation as to the verification process and the conclusions stated. Whether the mission ends by a statement confirming the accuracy of the data and the conformity to the level of assurance required or whether it ends by a limitation, details and conclusion are never thoroughly explained.

The aim of the engagement in a verification of sustainability data is mainly to increase reliability in the information disclosed and used by stakeholders, “verification of sustainability information brings a lot in terms of reliability and credibility” (Interview C.4). As a matter of fact the credibility gap in the disclosed information can be reduced by the introduction of an outside assurance and hence increase confidence in the reliability and accuracy of the information (Carey *et al.*, 2000; Dando and Swift, 2003; Kolk and Perego, 2010).

Nevertheless, the lack of precision on the nature and scope of the work undertaken in the assurance statement provided at the end of the mission blurs the understanding of the assurance process and could throw doubt on the reliability of the sustainability information disclosed. Questioning of the reliability of the assessments provided by

verifiers has been highlighted by numerous authors (Ball *et al.*, 2000; Adams and Evans, 2004; O'Dwyer and Owen, 2005). Therefore, is the opinion of the verifier enough to convey reliance in the accuracy of the disclosed sustainability data?

The issue of the lack of completeness of the assessments provided by verifiers was also dealt with by Deegan *et al.* (2006). The authors state that the assurance statements provided by accountant auditors do not include commentaries or recommendations and are incomplete. This confirms our results. This lack of completeness associated to some verifiers allows us to deal with the issue of the verifier's competence.

6.2 Verifier status: a need for competence and independence

Within the French context sustainability verifications are undertaken in their large majority by international audit firms (96 percent in 2007), which is not the case in an international context. Hence a power battle between the professions able to conduct these missions and the emergence of a new market (Igalens, 2004b). This brings about the issue of the competence and independence of the verifiers.

The results of the analysis of the interviews show that the majority of the interviewees acknowledge the international audit firms as being competent in correctly undertaking the sustainability verification. It is undertaken by experts who are legitimate in conducting such missions as far as the companies interviewed are concerned. Moreover, the knowledge of the company, when they conduct the financial audit, benefits them. Yet, from the analysis of the assurance reports stated by verifiers, there are still questions concerning the real expertise of these verifiers in these types of missions. The big international accounting firms are really experts in their field which is financial accounting and they also hire experts trained in sustainable development, but the question of their independence has not been solved. The verifier's independence is a crucial issue which has been raised by several authors (Hodge *et al.*, 2007) for two reasons.

First the independence of the process increases the probability of finding material errors and omissions and thus allows increasing the quality of the information verified. Second the verifier's independence improves the perception of credibility, which means that users of the information will be more willing to believe information verified by a third objective and impartial party (Hodge *et al.*, 2007). According to DeAngelo's (1981) definition in the financial audit context, competence and independence of the auditor are an evidence of the quality of the verification.

6.3 Sustainability assurance engagement: a quest for legitimacy

Engaging into assurance of sustainability information is not compulsory. Therefore, companies, and especially French companies, are driven to do so for many reasons. The search for legitimacy towards stakeholders is one of these main reasons. Their concern for legitimacy will drive companies to engage into the verification of their sustainable information (Rivière-Giordano, 2007). According to Ball *et al.* (2000) it seems that the verification in itself would bring organisational legitimacy, regardless of the content itself. Here we should specify the meaning of legitimacy which denotes a simple reality: protecting the image and the reputation of the company in order to for instance, preserve its sales or protect its market capitalization. Simnett *et al.* (2009) demonstrate that companies wishing to reinforce their credibility or build their reputation will be more willing to have the sustainability information of reports assessed by verifiers. This engagement, as shown in the study, never questions the accuracy of data, but allows the company to emphasize its

will of transparency and credibility of the sustainability information in order to appear legitimate towards its stakeholders.

This paper contributes to the literature about sustainability verification, completing previous studies and taking part in the reflection about the relevance of such practices. From a managerial point of view, results suggest the need to improve verification practices, which could in their turn, be an important driver of change within the company. This study could also allow verifiers to identify any lapse in their mission and to consider improvements.

Further research could consider the following points. The analysis of assurance reports having been done for the year 2007, other reports for following years could be analysed, thus allowing studying their development. The sample of the semi-structured interviews could be enlarged and other important actors such as shareholders or non-financial rating agencies interviewed. Finally a further research could be conducted at an international level, thus allowing embracing institutional contexts for each country.

Note

1. "Nouvelles Régulations Economiques" (NRE) law: the article 116 of the law voted in 2001 in France introduced the obligation for all publicly listed French companies to include information within their annual reports on a series of social and environmental impacts of their activity.

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