

Compliance and Rhetoric in Sustainability Reports Published by A Malaysian Plantation Company

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ABSTRACT

Publishing sustainability reports has been mandatory in most countries, including Malaysia, where all publicly listed companies must disclose their sustainability activities since 2007, as gazetted in the Bursa Malaysia Listing Requirements, Ministry of Finance 2006. In addition, a Corporate Social Responsibility (CSR) framework was established to report corporate sustainability initiatives to include four focal areas: Environment, Workplace, Community, and Marketplace. Based on critical genre analysis, this article examines the discursive practices in disclosing these reports published by one plantation company by identifying the reports' generic structure and reporting style. The results show that the disclosure complies with the Listing Requirements, and the discourse employs modern rhetoric, a form of subtle persuasion supported with facts and figures. Therefore, it can be concluded that these sustainability reports are more than just paying lip service.

Keywords: Compliance, critical genre analysis, rhetoric, sustainability reports

INTRODUCTION

Business organizations disclose relevant corporate information in their annual reports as these reports act as an essential communication tool for improving public relations, credibility, and investor relations, as well as for financial disclosure (Hynes, 2009), for convincing stakeholders of the well-being of the company and to promote the image and reputation of the company (Karreman et al., 2014). This information includes financial and non-financial disclosure. In business, profit-making has undoubtedly been the bottom line, but there is a growing

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concern regarding the effects of business on the environment (Khavesh et al., 2012). Environmental issues resulting from business activities are not new topics having been discussed since the seventies and have been recognized by the accounting profession and the Securities & Exchange Commission as issues that need to be addressed urgently to which the Study Group on the Objectives of Financial Statements of 1973 proposed 'reporting on those activities of the enterprise affecting society which can be determined and described or measured and which are important to the role of the enterprise in its environment' as one of the basic objectives of corporate reporting (Wiseman, 1982). It began the publication of corporate social responsibility (CSR) reports, later known as Sustainability reports, Corporate Environmental Reports, Corporate Sustainability Reports, and Triple Bottom Line. This article will use sustainability reports (SRs).

According to the Global Reporting Initiative (GRI, n.d.), a sustainability report is published by a company or organization to disclose the economic, environmental, and social impacts caused by its everyday activities. The report also presents the organization's values and governance model and demonstrates the link between its strategy and commitment to a sustainable global economy. Sustainability reporting also helps organizations measure, understand, and communicate their economic, environmental, social, and governance performance, set goals, and manage change more effectively. Therefore,

it is the key platform for communicating sustainability performance and positive or negative impacts. Only 50% of the world's largest companies published these reports in 2005, but the number increased to 95% in 2013 (Higgins & Coffey, 2016) and is proliferating (Qian et al., 2021). The quality of reporting has also improved with more use of GRI indicators (Loh et al., 2016).

In Malaysia, the CSR Framework was introduced by Bursa Malaysia (Malaysian Bourse) in 2006. Since 2007, CSR reporting has been incorporated into the companies' corporate governance agenda (Saleh, 2009) and disclosed in the company's annual reports. The CSR or the sustainability section has become such a crucial element that it is the only individual section in the annual report that merits a specific award in the National Annual Corporate Report Award (NACRA) Malaysia. As stated in the NACRA 2014 brochure, the CSR Award is presented to companies displaying high standards of reporting on their commitment and efforts to operate in an economically, socially, and environmentally sustainable manner while balancing the interest of diverse stakeholders through transparent practices based on ethical values and respect for employees, communities, and the environment. The objectives were later improved, particularly in creating public awareness of the objective measures of an organization and their value creation over time, and a greater understanding of the financial performance and results from an organization has achieved. Awareness of sustainable development led to the

launching of another award, the Malaysian Sustainability Reporting Awards (MaSRA), in 2013 to incentivize and encourage best practices and good governance to build a robust and supportive local infrastructure for CSR and sustainability. In 2016, Sustainability Reporting Award replaced CSR Award.

This article stems from a bigger study on the discourse in sustainability reports (SRs). It aims to contribute to the literature with an in-depth perspective of this genre from the plantation industry. Literature on sustainability reports abounds naturally in the disciplines of Accounting and Business. Although studies have been conducted from the language and linguistic perspectives, none has included the perspectives proposed in this article, i.e., the compliance and the rhetoric in the disclosure of sustainability reports. Preparers of these reports include various personnel in a company, but corporate writers are expected to write the final reports. Thus, writers must identify the reports' crucial aspects, including the contents and language. This article takes writing sustainability reports in Malaysian companies in view while attempting to answer the following research questions: (1) Do the sustainability reports comply with the reporting framework established by the government? (2) Is there the presence of rhetoric in the disclosure of sustainability reports?

Appendix 9c, Item 29 of the Bursa Malaysia Listing Requirements stipulates that all public listed companies disclose

their sustainability engagements in the annual reports starting from 2007 (Bursa Malaysia, 2006). Although mandatory, the level of reporting may vary. To ensure the reporting standard, Bursa Malaysia has established a CSR framework for reporting corporate sustainability initiatives to include four focal areas: Environment, Workplace, Community, and Marketplace. Companies need to include the four focal areas in their reports as a requirement to be listed and to stay listed on the Board. In addition, companies must provide information on open and transparent business practices based on ethical values and respect for the community, employees, shareholders, and other stakeholders (Bursa Malaysia). However, thus far, only one study examined the extent of disclosure of the four focal areas in SRs, including the plantation industry (Darus et al., 2013) but from the accounting perspective. Therefore, the first objective of this article is to examine the extent of compliance in SRs with the reporting framework by observing the generic structure of these reports.

SRs have been criticized as “an undisguised advertisement” or “platforms for preaching [management’s] philosophies and [for] touting themselves and their companies” (Ingram & Frazier, 1983, p. 49), dubbing these reports as the proverbial ‘paying lip service.’ It is the reason for the second objective of this article: to investigate the rhetoric in the disclosure of sustainability reports.

Disclosure in Sustainability Reports

The sustainability section represents the non-financial disclosure in annual reports, and interest in the discourse began as early as the eighties in the accounting and management fields, focusing on the contents of the reports with the major themes, trends, and future research directions between 2001 and 2020 reviewed recently by Qian et al. (2021). Lai and Stacchezzini (2021) traced changes in the evolution of sustainability reporting and offered insights into organizational fields, starting from a period in which there was no space for sustainability to more recent periods in which sustainability gained increasing momentum beyond initial niches and culminating in more integrated forms of sustainability reporting. Unerman et al.'s (2018) insight into how sustainability reports provide information on externalities comprising social, environmental, and broader economic impacts arising from activities of an entity that are borne by others. Although provided in the same annual report, the externalities are reported in silo leading to the financial dimensions of many externalities being opaque in the sustainability reports and potentially miscommunicating the financial impacts of these externalities. Khavesh et al. (2012) proved that companies with more CSR disclosure have higher revenue. Focusing mainly on the contents of the SRs may not contribute to the overall writing of these reports.

However, it is believed that by recently taking 'a linguistic turn' (Avelsson & Karreman, 2000), research in the two fields

has provided an in-depth understanding of the publication of SRs and contributed to the writing endeavor. For example, based on critical discourse analysis, Nwagbara and Belal (2019) investigated how language (choice) in CSR reports of leading oil companies in Nigeria is used to portray an image of "responsible organization" while Sun et al. (2018) investigated metaphor usage as a discursive and cognitive strategy for developing corporate images in Chinese and American CSR reports from the perspective of corpus-based conceptual metaphor analysis. Based on discourse analysis, Higgins and Coffey (2016) explored strategies companies use to show what sustainability reports 'do' to offer insights about what they 'could do' and how sustainability is embedded into the company's strategic priorities.

Corporate reports have been viewed as rhetorical vehicles. Just as Ingram and Frazier (1983) criticized the rhetoric in SRs earlier, Van Der Ploeg and Vanclay (2013) also questioned whether SRs represent credible claims or corporate spin, to which they proposed a Sustainability Reporting Assessment. Two items they covered, 'consideration of all relevant aspects of operations' and 'use of evidence to support claims,' are related to the rhetoric analysis in this article. Literature has proven that discourses in sustainability practices are not merely rhetoric. A review by Cyphert (2021), for instance, shows that "[C]orporations were not merely recognizing the importance of conserving limited natural resources but developing an internal

discourse of decision making that could support continuous, successful adaptation to an ever-changing environment” (p. 2).

Corporate reports employ many images to support contents because of the distinctive role and benefits of visual imagery and have been used for rhetorical purposes in their communications to produce desired messages about the nature and performance of the organization (Greenwood et al., 2018). By conducting a rhetorical analysis, Greenwood et al. (2018) provided an interpretation of the connotations available in the visual design elements in relation to each other and the contexts of the specific organizational setting. Thus, multimodality is crucial in corporate reports to support contents, as will be proven with the images and context in the SRs in the discussion later.

Discursive Practices in Sustainability Reports

Research from the linguistic perspective certainly provides crucial input into the construction of this genre, particularly the type of language and the context in which the language is used. For example, Fuoli (2012) conducted a corpus analysis employing the Appraisal theory to examine the interpersonal language resources in two companies’ social reports, specifically how they discursively construct their corporate identity in the reports and the kind of relationship they establish with their putative interlocutors. Using the same type of analysis, Fuoli (2018) investigated how companies use stance expressions in their

annual and corporate social responsibility (CSR) reports to construct and promote a positive corporate identity to gain the trust of the stakeholder groups that these texts target.

Rajandran and Taib (2014) employed critical discourse analysis to examine how Malaysian CEO Statements represent corporate social responsibility emphasizing image and language features in a text while exploring intertextuality in discourse practice and ideology in social practice. Later, Rajandran (2015) employed Systemic Functional Linguistics to examine how the Environment Sections in Malaysian corporate social responsibility reports disclose environmental CSR, focusing on the macrostructure (topics) and microstructure (language features).

The genre perspective of CSR/SR is provided by A. Bhatia (2012), who considers CSR reports as a hybrid genre and attempted to identify the communicative purposes and the differences in the discursive construction of this genre in three similar industries (oil, banking, and aviation) from China and US. Specifically, the article reports how and to what extent these reports meet the expectations of the international discourse community. Other genre-based studies generally provide a macro perspective. The generic structure of CSR and sustainability reports as undertaken, for example, by Catenaccio (2011) on CSR reports issued by large western companies over the period 2000–2007; and Yu and Bondi (2017) on a collection of CSR reports published in Italian, Chinese and English

in 2013. Lin's (2020) recent study also provides the macrostructure of how 37 Chinese Fortune 500 companies represent occupational fatalities and injuries in their CSR reports. The difference in Lin's (2020) study is presenting negative reports to the stakeholders.

Very few studies provide in-depth perspectives of sustainability/CSR reports. For example, A. Bhatia (2013) investigated the linguistic and rhetorical resources exploited in CSR reports from PetroChina, one of the largest oil companies in the world, based on critical genre analysis (V. K. Bhatia, 2008; 2010). In addition, A. Bhatia (2013) discussed how the CSR reports are constructed, interpreted, and exploited by corporate players within conventions that govern and constrain CSR reporting practices and the extent to which the disclosure practices meet the expectations of various stakeholders, in particular, those suggested by agencies such as the United Nations Conference on Trade and Development about standards in the reporting of CSR actions. Thus, more critical analyses of the construct and linguistic aspects of SRs are required to understand this genre from different perspectives.

MATERIALS AND METHOD

The plantation industry was selected because it has been considered an environmentally sensitive industry (Darus et al., 2013) that directly impacts the environment, and reporting sustainable initiatives can be considered crucial for the survival of the companies. There is substantial literature

discussing sustainability disclosure in this industry in Malaysia focusing on contents such as investigating factors influencing public-listed companies to use corporate websites to communicate their CSR information (Darus et al., 2013), examining the level of CSR disclosure, and ascertaining whether size, profitability, and leverage of the company correlate with the level of CSR disclosure (Chek et al., 2013) and examining environmental-related risk disclosure (Yusoff et al., 2019); while in neighboring Indonesia, investigating how corporate social and environmental strategy can contribute to corporate social and environmental reporting (Lestari et al., 2019). Although presented from the linguistic perspective, Lin's (2020) and A. Bhatia's (2012) data do not include this industry.

One plantation company in Malaysia, Kulim (Malaysia) Berhad (KMB), was selected as a case company because the company won the Industry Excellence Award (Plantations & Mining Category) in the Malaysian National Annual Corporate Report Award (NACRA) 2014 and 2020, and Excellence Category for Sustainable Palm Oil Plantation Management at the Global Responsible Business Leadership Award 2018 among others. With written permission from the company, texts in sustainability reports published in KMB e-annual reports (<http://www.kulim.com.my>) from 2013 to 2020 were extracted to form a corpus of 59,547 words (excluding captions and texts on the images) for this investigation. The sustainability reports were coded SR2013-2020 for reference in the discussion (Table 1).

Table 1

Codes for sustainability reports 2013-2020

Annual report	Sustainability report heading	Code
2013	SUSTAINABILITY	SR2013
2014	SUSTAINABILITY	SR2014
2015	SUSTAINABILITY	SR2015
2016	SUSTAINABILITY	SR2016
2017	SUSTAINABILITY	SR2017
2018	SUSTAINABILITY	SR2018
2019	SUSTAINABILITY REPORT	SR2019
2020	Ensuring Sustainable Value Creation	SR2020

The method of analysis selected is critical genre analysis (CGA, V. K. Bhatia, 2008, 2010). CGA generally examines the corpus to identify the generic structure based on the texts' communicative purpose(s). It is followed by examining how the texts are constructed, interpreted, and exploited within the context in which they are used. Thus, drawing on the concept of CGA, the corpus was first investigated to identify how KMB discloses its sustainability activities by establishing the generic structure of

the SRs and examining the extent of compliance with the Bursa Malaysia reporting framework. Next, the investigation examined how the SRs are constructed, interpreted, and exploited, focusing on the existence of rhetoric which is discussed based on Crawley and Hawhee's (1994) explanation of ancient and modern rhetoric (Table 2). Finally, the texts in the disclosure of the eight SRs were checked against the explanation of ancient and modern rhetoric to confirm where they stand.

Table 2

Comparison between ancient and modern rhetoric

Ancient rhetoric	Modern rhetoric
Factual proofs were not highly valued (Individual) opinions were valued as a source of information (based on the a belief that an individual represents a community	Facts and testimonies are virtually required Opinions are dismissed as unimportant
Teaching is situated in a place and time where local and temporal conditions influence the composition	Rhetorical occasions are conventionally treated as if they are alike
The role of language was seen as a tool that did many things, e.g., to instruct, delight, and move	The role of language is limited to the communication of facts with empirical evidence and expert knowledge

The investigation also involves the role played by the theory of multimodality (Kress, 2010), which includes the many different modes people use to communicate, particularly combining different semiotic resources such as images and graphics with the texts. The framework for the analysis can be depicted in Figure 1.

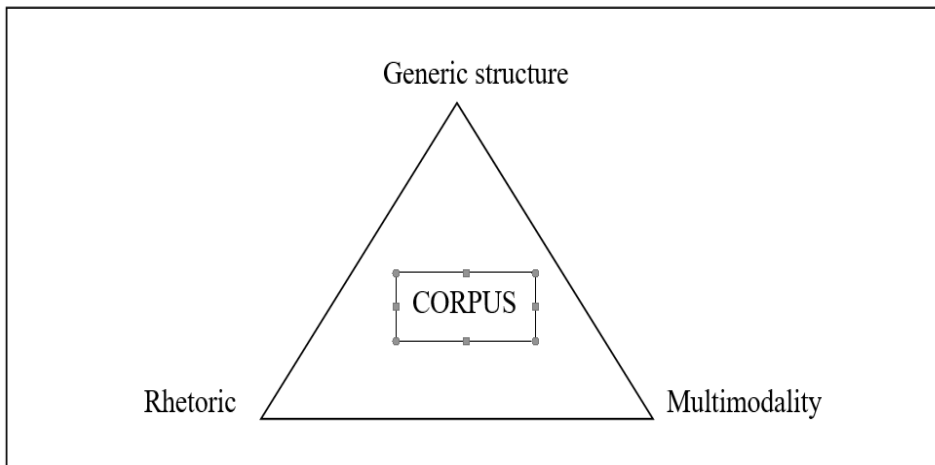


Figure 1. Framework for critical genre analysis

RESULTS AND DISCUSSION

As a public listed company, KMB has been publishing its annual report every year for eight consecutive years (2013–2020) at the time of data collection, complying with the requirements of the Malaysian Bourse as well as the new framework launched by GRI in May 2013 and the Integrated Reporting Framework in December of the same year in which a sustainability report (SR) is very much a part of, which can generally be found in Section 4 or 5 of the annual reports and which is the only focus of this article.

As annual reports are documents on which investors base their decision to invest in a company, they pose buying-in challenges to the preparers in terms of content and language choice. For example, although

the CSR framework has stipulated the main contents of the sustainability section, they need to be presented to show that the company complies with the framework’s requirements and is not merely rhetorical in the reporting.

The eight SRs published in KMB’s annual reports consist of an average of 28.5 pages, including section headings generally using ‘Sustainability’ but ‘Ensuring Sustainable Value Creation’ in SR2020. The presentation style is multimodal (Karreman et al., 2014), consisting of texts and images. The disclosure in the reports displays a six-move generic structure with 100% occurrence generally but not necessarily in this sequence. The moves are:

Move 1: Introducing sustainability in KMB

Move 2: Indicating compliance with Sustainability/CSR policy

Move 3: Providing information on a commitment to the workplace

Move 4: Providing information on a commitment to community

Move 5: Providing information on a commitment to the environment

Move 6: Providing information on a commitment to the marketplace

Each move is realized by several strategies which strategically employ multimodality and modern rhetoric. These are discussed below to illustrate how the preparers construct, interpret, and exploit the texts to achieve the purposes of SRs laid out in the GRI, particularly on rhetoric. The generic structure concurs with modern rhetoric, where ‘rhetorical occasions are conventionally treated as if they are all alike.’ It is further enhanced with the 100% occurrence of the six moves. It can be established that the SRs embody modern rhetoric, which requires facts and testimonies. It has been achieved in the disclosure exemplified in the discussion of the six moves below.

Introduction to KMB’s Sustainability

The opening move in the report, Move 1, ‘Introducing sustainability in KMB,’ start by emphasizing the importance of sustainability in business which has been the core of KMB’s values, policy, and practice:

Kulim is committed to growing its business sustainably (SR2017). As we move ahead in the 21st Century, we believe that the success of an organization will be driven by the principles of long-term sustainable development. The sustainability of a business has gone beyond the traditional measures of profits, return on investment, and shareholder’s value. (SR2015)

That is why we have long embedded sustainability and corporate responsibility as an integral part of our core values, policy statements, and work practices. (SR2014)

The following strategy illustrates how sustainability has been adapted into KMB’s business practices. From 2013 until 2017, KMB responded to the UN Bruntland Commission’s definition of sustainability as “Meeting the needs of the present generation without compromising the ability of future generations to meet their own needs” by

focusing on performance along the interrelated dimensions of People, Planet and Profits (“3Ps”), also known as the Triple Bottom Line. (SRs 2013-2017)

The 3Ps are etched in KMB’s sustainability framework. In 2015, the UN developed 17 Sustainability Development Goals (“SDG”) under the aegis of “Transforming Our World: the 2030 Agenda for Sustainable Development” accepted by most countries, including Malaysia. The SDGs aligned with

KMB’s sustainability efforts have been highlighted throughout the SRs. Hence, for the 2018 reporting, KMB moved from “3Ps” to “5Ps” (Peace, Prosperity, Planet, People, and Partnership).

The 5Ps were introduced to provide a good understanding of the broad scope of KMB’s sustainability agenda. (SR2018)

In 2020, KMB revised its sustainability framework to uphold its *commitment to*

“No Deforestation; Protection of Peat Areas; and No Exploitation of People and Communities” (SR2020) presented under the three pillars of Environment, Social, and Governance. In sum, KMB has disclosed its sustainability initiatives within the three frameworks in compliance with Bursa Malaysia’s reporting framework with four focal areas of Environment, Workplace, Community, and Marketplace, as depicted in Table 3.

Table 3
KMB’s compliance with the reporting framework

Focal areas	KMB’s Framework (–2017)	KMB’s Framework (2018–2019)	KMB’s Framework (2020–)
Environment	Planet	Planet	Environment
Workplace	People	People	Social
Community	People	Peace	Social
Marketplace	Profits	Prosperity, Partnership	Governance

Compliance with Sustainability Policy

Having established the sustainability framework, Move 2, ‘Indicating compliance to CRS or Sustainability Policy,’ shows that KMB has established a policy on sustainability to comply with the framework. With a sub-heading ‘*POLICY FRAMEWORK*,’ KMB highlights its commitment to the “3Ps,” presented in uppercase, presumably indicating their strong commitment to sustainable business practices.

POLICY FRAMEWORK

WE INTEGRATE OUR BUSINESS STRATEGY WITH SUSTAINABILITY THROUGH A COMMITMENT TO PEOPLE, PLANET, AND PROFIT (“3Ps”). THE 3Ps GOVERN HOW WE CREATE SUSTAINABLE VALUE FOR ALL OUR STAKEHOLDERS. TO MEET OUR GOALS AND DELIVER THE SUSTAINABLE RETURNS SUSPECTED OF US, WE EMBRACE A DEEP COMMITMENT TOWARDS BUILDING A FAIR, ETHICAL AND

RESPONSIBLE COMPANY. THIS SITS AT THE HEART OF OUR SUSTAINABILITY APPROACH AND STRUCTURES OUR RELATIONSHIPS WITH OUR STAKEHOLDERS AND THE OPERATING ENVIRONMENT (SR2013).

KMB embraces the principles of sustainable development, and the Company's goal is to ensure that future generations will continue to benefit from today's actions.

KMB defines sustainable development as encompassing social responsibility, resource stewardship, appropriate environmental control, and the capacity to produce efficiently. The goal of sustainable development will be achieved by balancing the considerations for People, Planet, and Profit in all management decisions and operations. (SR2013)

SR2014 until SR2019 use 'OUR SUSTAINABILITY POLICY' as the sub-heading to give a personal touch, while SR2020 uses 'OUR APPROACH TO SUSTAINABILITY' to enhance the personal touch further. Within a multimodal style, the policy is depicted in an image of a pyramid (Figure 2) and explained as follows:

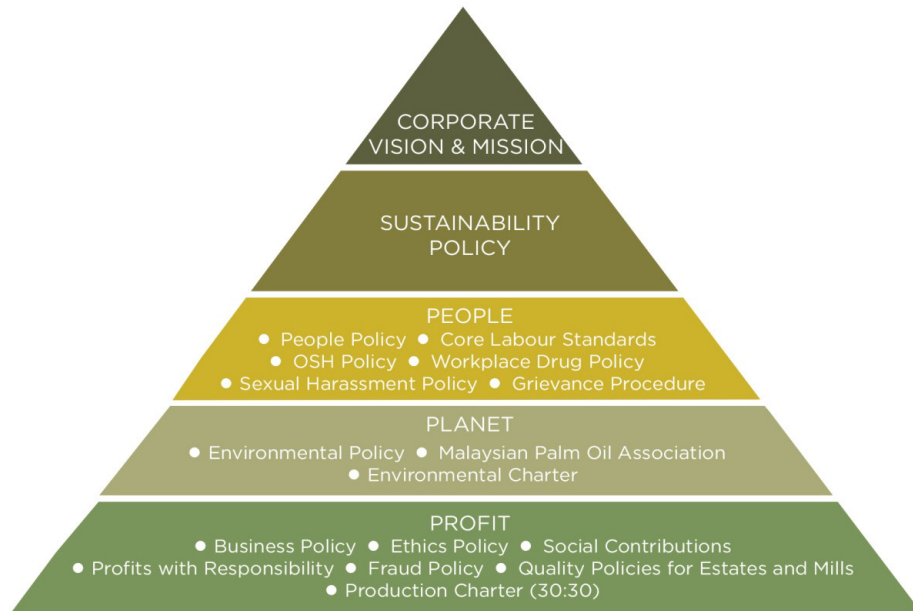


Figure 2. Policy framework (SR2014)

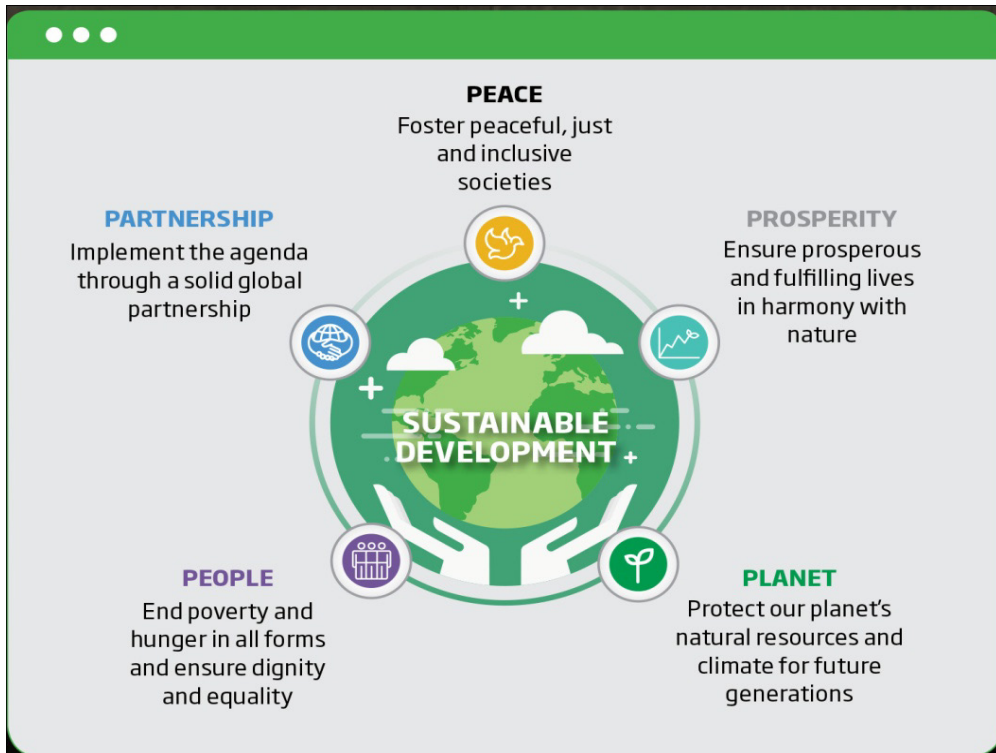


Figure 3: Policy framework (SR2019)

The readers can easily capture the policy, an application of multimodality to support modern rhetoric as depicted in images. For example, in SR2018 and SR2019, the policy illustrates the 5Ps matching the nation's SDGs (Figure 3), followed by the explanation:

By defining all that we do within the 5Ps, we have embraced the more comprehensive 17 Sustainable Development Goals (“SDG”), now the global standard for sustainability. As a plantation company, we are aware that the world is watching us. Even before sustainability became a global clarion call, Kulim had adopted many

agricultural practices now deemed sustainable. Today, Kulim’s business policies, strategies, and operations are aligned with both global and industry sustainability frameworks. With this, we can stand up to scrutiny as a responsible plantation company committed to enhancing value for diverse stakeholders—from shareholders to the wider community and the environment. (SR2019)

KMB stresses that it complies with the relevant Acts and Regulations pertaining to sustainable business

ISCC is a multi-stakeholder initiative with the multi-pronged objective of reducing GHG emissions, promoting sustainable use of land, protecting natural biospheres, and achieving social sustainability. The ISCC standard ensures compliance with the requirements of the European Union, Renewable Energy Directive, and Germany's Sustainability Ordinance. All five of our mills have been accorded ISCC status. (SR2020);

and reveals that it takes the necessary actions to comply. For instance, KMB is proud to announce that it was among the first palm oil companies to sign up for RSPO certification, achieved for all its estates in January 2009.

Almost all our operating units have undergone prerequisite re-certification audits in December 2013, and with some fine-tuning, the new certification was received in April 2014 ... (SR2014)

KMB also assures its customers of its ability to sustainably produce Certified Sustainable Palm Oil ("CSPO") lies on our continuous commitment to the Roundtable on Sustainable Palm Oil ("RSPO"). Equipped with a set of guidelines that an organization has to adopt, the RSPO certification complements the general efforts of the Group towards achieving sustainable development in our plantation sector. (SR2018)

Perhaps it is easy to say that any company can state such an action (embracing the principles) on paper but can be doubted in action. However, KMB illustrates how the principles are embraced in the company's sustainable management system (SMS) (SR2016) as a basis for KMB's key performance indicators, which are depicted strategically in a flow chart. Multimodality has been exploited to support KMB's actions. The policies mentioned are supported with images of KMB's certification from the various certification bodies. The actions are illustrated with KMB's guidelines for working and managing the plantations, testimonies required in modern rhetoric.

Commitment to the Workplace

Move 3, 'Providing information on the commitment to the workplace,' is presented under the banner of 'People' and 'Social' (SR2020), referring to the employees at all levels. To KMB,

Our people, our greatest asset (SR2020)

The first strategy shows that KMB values its employees by emphasizing the importance of a conducive work environment.

The People aspect of Sustainability has always had a special meaning for KMB. We share the global vision to build healthy and vibrant communities. Improving the well-being of the individual on an equitable basis, practicing ethical responsibility in dealing with the communities in which

we work and play, and protecting the vulnerable form the basis of sustainability. (SR2017)

Under the sub-heading of ‘Developing Our People,’ the statistics of its staff strength in all KMB’s plantations are provided and supported with its human resource policies stressing that KMB is governed by Malaysia’s labor laws as well as the International Labor Organization’s Declaration on Fundamental Principles and Rights at work. In addition, KMB is also guided by the Code of Conduct for Industrial Harmony, which sets forth the “principles and guidelines to employers on the practice of industrial relations for achieving greater industrial harmony” as conducive environment results in a happy, healthy, and ethical workforce.

At the same time, KMB acknowledges the importance of a skilled workforce, which is critical for its success, and the company strives to develop its human capital.

Among our many initiatives, we have in place a Performance Management System (“PMS”) that is aimed at promoting a high-performance culture. We have also implemented a performance-based Reward System to improve employee competencies. Each year, the targets are reviewed, and the bar is raised so as to challenge the Group and employees to achieve the next level of performance. (SR2017)

Engendering gender quality is another strategy that KMB emphasizes, promoting

gender equality and stressing that women are not discouraged nor discriminated against to work in the estates.

As of 31 December 2016, women made up 11.52% of our workforce, and 12.41% of them are at the management level. (SR2016)

Because of KMB’s commitment to upholding the welfare of women, the company was awarded the *Employment of Women Award (Gold) in the 9th Annual Global CSR Summit and Awards Ceremony 2017.* (SR2017)

Finally, to ensure every employee’s right to work in a safe and healthy work environment, KMB’s mission is to manage occupational safety and health (OSH) effectively through the implementation of efficient oversight and regulatory action enforced at all mills and estates, and this has proven successful with the low fatality rate illustrated by statistics yet another proof of modern rhetoric.

KMB is pleased to report that we continued to achieve our goal of zero fatalities in 2016. The year under review also saw a marked improvement in the Lost Time Accident Rate (“LTAR”) which was recorded at 3.51 as compared to 6.82 posted in the previous year, keeping us within the target of below 10. Our injury severity rate of 2.13 is a marginal improvement versus 2.28 in 2015, against the target of below 3.5. (SR2016)

Commitment to the Community

Move 4 ‘Providing information on a commitment to the community is also under the banner of ‘People’ in the 3Ps framework and under the banner of ‘Peace’ in the 5Ps framework. The community refers to all those connected to KMB in any way, such as villages neighboring the plantations. KMB strongly believes that the surrounding community plays an important in its business performance, stressing that it builds

community trust by integrating corporate responsibility and sustainability in all our business processes and contributing to the well-being of the communities in which we operate.

In today’s increasingly interconnected world, no business can operate as an entity unto itself. For KMB, this means striving to be a good neighbor and friend, planting roots deep into the communities wherever it operates. Taking an active role in the community has always been central to our core values, identity, and our business strategy of putting people first. We play our part in responding to the needs of society and sharing our success to help improve the quality of life in the community. (SR2018)

KMB also believes in giving to the community, and its community development programs and activities rest on five (5) main pillars: community, sports, welfare, education, and infrastructure development.

KMB encourages staff at all levels to participate in the programs. To stress the seriousness of KMB’s commitment to the community, the activities carried out, and the amount spent are presented in all the reports. Images of the activities are also displayed as proof that the SRs are not mere rhetoric.

Our community outreach efforts take many forms. It combines donations in cash and in-kind, as well as active participation by our employees in community projects and activities. We have an open approach to communication with local communities ... (SR2014)

Commitment to the Environment

Move 5, ‘Providing information on a commitment to environment,’ is presented under the banner of ‘Planet’ in both the 3Ps and the 5Ps framework, sub-headed as *Environmental Performance* (SR2013) or *Protecting Our Planet* (SR2017). The disclosure is crucial as it pertains directly to the environment. Apart from complying with certification requirements, standards, and policies stated in Move 2, KMB realizes its commitment to achieving sustainable development by protecting the environment with several strategies to reveal good management practices. The first is ensuring the preservation of the environment by conserving biodiversity.

KMB is well aware of the essential role it plays in protecting biodiversity and maintaining natural habitats.

Our plantations in Johor border the EndauRompin National Park and the Labis Forest Reserve. The last survey to assess the state of flora and fauna bordering our estates was undertaken in 2008, and according to the International Union for Conservation of Nature, the biodiversity of appenlife on its Red List of Threatened Species has become even more precarious. (SR2015)

Initiatives to preserve the environment include saving the country's natural heritage especially endangered species, with the formation of 'Kulim Wildlife Defenders;' enhancing biodiversity areas, setting aside 52.46 hectares of land for buffer zones, and acknowledging the negative impacts of its operations and initiating serious measures.

Recognizing the importance of conserving water and ensuring healthy water quality in the country's waterways, KMB strives to manage water responsibly and effectively. Similar measures are taken to manage solid waste and the use of chemicals.

We recycle water from sterilizer condensates for use in our mills in order to reduce our water consumption, and have set the target of maintaining consumption intensity below 1.2 m3 per tonne of FFB. Although our consumption intensity increased by a marginal 3.8% from 2019 to 2020, it remained below our target. (SR2020)

To minimize solid waste, KMB has put in place standard operating procedures for the disposal of solid waste EFB is used as biocompost, while more than half of the palm fibers and shells are used as biomass at our mills. The remaining of the palm fibers is used as biocompost while the shells are sold. (SR2016)

To reduce chemical usage, KMB has long endeavored to find an alternative to pesticides, and in 2008, we introduced cattle rearing as part of our effort to reduce chemical usage in our operations as natural weeding program. In lieu of using pesticides, we have also adopted Integrated Pest Management ("IPM") techniques to control pests, diseases, weeds, and introduced invasive species. IPM techniques include the use of barn owls, which were introduced to our estates to control the rodent population. (SR2016)

Operating an environmentally-sensitive industry, KMB makes addressing climate change an important agenda.

As early as 2013, KMB published its inaugural Carbon Footprint Report 2012, the first of its kind in Malaysia (SR2014). The company has set a target to reduce the Group's overall carbon footprint to 58% by 2020 and to establish biogas plants at all of its five (5) mills by 2025. The installation of biogas plants at the remaining two (2) POMs are expected to be completed

by 2019 to meet the requirements of the DOE. (SR2018)

KMB has always been committed to ensuring that its business causes the least impact on the environment, particularly

from carbon emissions, with its strategy (Figure 4), which has proven successful based on the awards received for sustainable palm oil management. The images prove the actual processes and not just KMB's words.

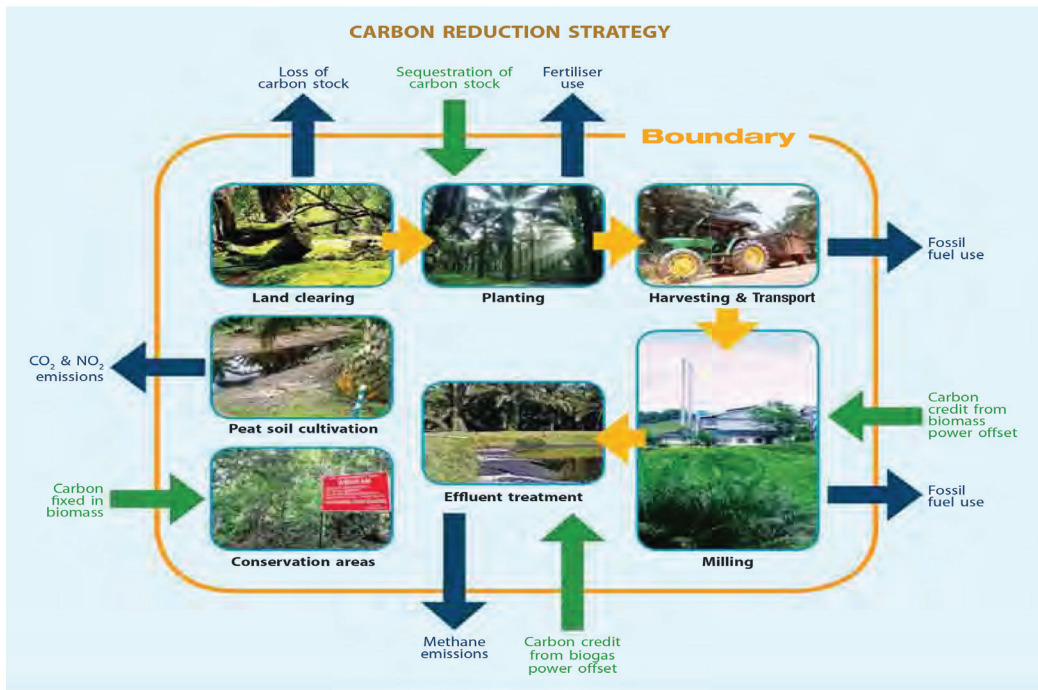


Figure 4. KMB's carbon reduction strategy (SR2013)

KMB assures that installing biogas plants has led to an overall carbon footprint reduction, targeting 50% (0.88 MT CO₂ e per MT CPO/PK) by 2025 and further to 90% (SR2020). However, these figures reveal that the disclosure in the SRs represents modern rhetoric.

Commitment to the Marketplace

Move 6, 'Providing information on a commitment to marketplace' is under the

banner of Profit in the 3Ps, with SR2013 using 'Doing our part for the palm oil supply chain' as the sub-heading while SR2014 through SR2017 use 'PROFIT' as the sub-heading. In SR2018 and SR2019, this move occurs under the banners of Prosperity and Partnership in the 5Ps sub-headed with the same terms. However, in SR2020, the approach is very different as the marketplace is placed under the banner of Governance.

KMB ensures that it complies with good governance and is ethical in its dealing

with both buying fresh products and selling processed products, presented in uppercase for emphasis.

THE BULK OF OUR CROP IS SOLD TO REFINERIES, WHICH IN TURN PRODUCE FOOD INGREDIENTS AND COOKING OILS LARGELY FOR DOMESTIC SALES. THERE IS A GROWING PRESSURE ON THE PALM OIL PLAYERS TO ENSURE AN ETHICAL AND SUSTAINABLE SUPPLY CHAIN THAT IS FULLY TRACEABLE TO THE ORIGINS OF THE CROP. WE ARE WORKING ON FULL CERTIFICATION OF ALL THE FRESH FRUIT BUNCHES (“FFB”) PROCESSED BY OUR MILLS AS PART OF OUR COMMITMENT TO RSPO. (SR2013)

KMB believes that to compete successfully in an increasingly complex and ever-changing business environment, and it needs to engage all the stakeholders, the employees, business partners, investors, members of the media, suppliers, the community at large, government agencies, Non-Governmental Organizations (“NGOs”) and unions by building good relationship and productive rapport. Therefore, KMB developed a materiality matrix to analyze and prioritize actions to achieve this.

The materiality matrix presented here lays out the business, social and environmental issues that affect our business activities and can be used to help guide our decisions and prioritize our actions. (SR2015)

In SR2020, engaging the stakeholders is even more enhanced when KMB reiterates that it

upholds the highest level of corporate governance as we recognize the importance of gaining and maintaining the trust of all our stakeholders.

The governance highlights KMB’s commitment to fighting corruption, ensuring compliance and transparency in business transactions, and traceability and quality of products. For example, KMB’s quality policy ensures the highest quality rolling out of its mills.

Move 6 is about profit making, but a significant observation is how KMB downplays this action in SR2018 by using subheadings ‘prosperity’ and ‘partnership’ and highlighting its commitment to engage the stakeholders. KMB believes that corporate citizens are increasingly held accountable not only to their shareholders but also to stakeholders such as employees, consumers, suppliers, local communities, and society at large, where companies that invest in eco-efficiency and engage themselves in social well-being have a competitive advantage. Furthermore, earning the goodwill of consumers and communities in the marketplace will be reflected in the bottom line and, ultimately, the long-term value for shareholders.

CONCLUSION

The disclosure in KMB’s eight SRs generally complies with the reporting framework, including all four focal areas of

environment, workplace, community, and marketplace. It is exhibited in the six moves realized by several strategies, demonstrating KMB's commitment to eliminate or at least minimize the negative impact of its business endeavors environmentally and socially, as required by GRI. By adopting the nation's SDGs, the SRs disclose the company's values and governance model and demonstrate the link between its strategies and its commitment to a sustainable global economy.

The construction of the texts displays multimodality with a high interplay of images and graphics to support the disclosure.

The combination must complement each other to be effective (Karreman et al., 2014). By aptly applying multimodality, the SRs successfully eliminate ancient rhetoric but demonstrate modern rhetoric (Crawley & Hawhee, 1994) as a form of subtle persuasion. The texts that describe the contents are accompanied by colorful, interesting yet appropriate images and graphics, for example, the luscious green scenery of a plantation in Figure 5, proving that multimodality can transform a common report into an enlightening read. It confirms multimodality's significant role in the construction of SRs.



Figure 5. One of KMB's plantations (SR2015)

As modern rhetoric requires facts and testimonies, the KMB SRs provide the facts with the statistics of staff strength, the number of plantations, and even the amount of reduced carbon footprint, to name a few. In contrast, the testimonies are provided with original images of staff activities, the plantations, and the finished products.

The SRs do not include personal opinions from any management team members. The language style adopted communicates facts provided with empirical evidence and expert knowledge in the industry. The SRs are not the proverbial rhetoric merely paying lip service but demonstrate a successful presentation of facts and figures about

KMB's activities to achieve sustainable business as GRI requires.

Future research can explore further linguistic devices used to realize modern rhetoric in the SRs and investigate the generic structure of more SRs in this and other industries.

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