

Sustainability Reports versus Sustainability Practices: Impact of Organised Hypocrisy & Organisational Facades on Sustainability Behaviour of Australian Mining Companies

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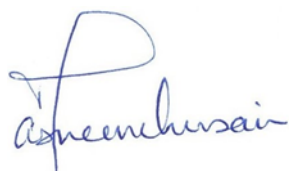
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SUMMARY

Using content analysis, this study aims to investigate the existence of any gaps between corporate talk, decisions and actions in the sustainability reporting of the Australian mining sector and provide explanations for the existence of these gaps (if any). Prior research on sustainability reporting has focused on the theoretical frameworks of legitimacy, stakeholder and institutional theories, while this study uses a more nuanced theoretical framework of organised hypocrisy and organisational facades to investigate the divergence between talk, decisions and actions relating to the sustainability behaviour of two large Australian mining companies over the period 2012-2017. It also investigates whether these companies create organisational facades to meet the conflicting demands of their different stakeholder groups. The findings suggest that there is a divergence between talk, decisions and actions and while these gaps are less evident within each facade, they become more obvious across facades. Moreover, the evaluation of the disclosures finds that companies meet the conflicting demands of their stakeholders by engaging in organised hypocrisy, i.e., satisfying some stakeholders with corporate talk and decisions and others with corporate actions. The findings will help stakeholders better evaluate the sustainability disclosures and enable a constructive dialogue between the organisations and their stakeholders to improve the quality of their sustainability reporting.

STATEMENT

I hereby certify that this thesis is the result of my own research and that it has not, nor has any part of it, been submitted for a higher degree to any other university or institution.



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Tasneem Husain

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CHAPTER ONE

INTRODUCTION

1.1 Background

Corporate social responsibility (CSR) has been an integral part of corporate governance since the 1950s when Bowen (1953) defined it as an obligation of businessmen to pursue desirable social objectives and values (Davis, 1960; Heald, 1970). This was further supported by Carroll (1979) who argued that businesses should take into account not just the economic but also the legal, ethical and discretionary expectations of the societal environment they operate within. This evolution of sustainability practices and their importance can be attributed to the changing dynamics of business and its environment. This changing dynamic is perhaps due to stakeholders having a stronger voice on corporate investments and how those investments perform. The stakeholders' demands for accountability are having an impact on the sustainability behaviour of organisations (Costa & Pesci, 2016; Elkington, 1999; Ha-Brookshire, 2017; Tschopp & Nastanski, 2014). Therefore, the focus of corporate reporting has expanded from the mandatory reporting of financial results to include voluntary reporting¹ of social and environmental factors that could increase accountability and transparency of companies and their management (Dumay, Bernardi, Guthrie, & Demartini, 2016). According to KPMG (2015), 93% of the 250 largest companies in the world prepare and publish a CSR report, and this rate has varied between 90 to 95% from 2011 to 2015. These levels are expected to remain consistent as international and domestic legislation increase the non-financial disclosure requirements for companies (KPMG, 2015).

Sustainability reporting gained momentum after the year 2000 (Tregidga, Milne, & Kearins, 2014; Tschopp & Huefner, 2015). The number of non-regulatory international governance bodies developing frameworks for comprehensive and comparable reporting increased, each with the aim of meeting a company's need to disclose non-financial information – the Global Reporting Initiative (GRI), the Organisation for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises), the UN Global Compact (Communication on Progress), the International Organization for Standardization (ISO 26000 Guidance on social responsibility) and the International Integrated Reporting Council (IIRC International Framework) to name just a few prominent examples. The main reporting frameworks are those developed by the GRI as they are adopted by a large number of companies in a range of industries (Gilbert, Rasche, & Waddock, 2011; Gray, 2010; Michelon, Pilonato, & Ricceri, 2015; Vigneau, Humphreys, & Moon, 2015). The GRI standards are used by more than 75%

¹ However, according to a report by Bartels and Fogelberg (2016), over the last three years, government regulations, such as company acts and accounting regulations, require mandatory disclosure of corporate responsibility, especially for specific areas of corporate governance and environmental protection. They find that the number of instruments that require or encourage organisations to report information about their sustainability performance has grown rapidly and significantly worldwide, specifically for the OECD countries.

of the 250 largest corporations in the world and are regarded as the ‘de facto global standard’ for CSR reporting (KPMG, 2017). The GRI’s main objective is “to support companies, public and private, large and small, [to] protect the environment and improve society, while at the same time thriving economically by improving governance and stakeholder relations, enhancing reputations and building trust” (GRI, 2018).

This increase in sustainability reporting has led to a critical discourse in academic literature about the efficacy and reliability of the sustainability disclosures and their importance to value creation for a variety of stakeholders (Adams, 2017; Bachoo, Tan, & Wilson, 2013; Barth, Cahan, Chen, & Venter, 2017; Berthelot, Coulmont, & Serret, 2012; Dhaliwal, Li, Tsang, & Yang, 2011a).

Arguably, companies engage in sustainability reporting as a tool to satisfy the information needs of the stakeholders that demand more than financial information to evaluate the holistic performance of a company (Cho, Phillips, Hageman, & Patten, 2009; Deegan & Rankin, 1997; Doh, Howton, Howton, & Siegel, 2010). However, given the voluntary nature of this reporting, there are concerns that companies may be using sustainability reporting as a tool for social legitimacy or to justify their actions (Cho, Guidry, Hageman, & Patten, 2011). Such voluntary reporting could serve as an impediment to actual sustainability performance as companies can use these voluntary disclosures to paint a positive picture of their activities and, thereby, negating the need to work towards improving their actual performance. According to Boiral (2013, p. 1040), companies use sustainability reports as a “marketing tool to seduce and persuade” by exaggerating claims about their performance and future commitments to environmental and social concerns. This divergence between actual performance and disclosures has negative implications for the relevance and reliability of sustainability information and decision making by the users of sustainability reports.

Therefore, it is critical to evaluate whether sustainability reporting does provide a comprehensive and holistic picture of a company’s sustainability disclosures or whether there are any gaps between the disclosures and the sustainability practices of these companies. An analysis and evaluation of the gaps could provide us with a deeper understanding of how to improve the quality of reporting to reduce such gaps and create a bridge between what they say and what they do.

The purpose of this study is to investigate whether voluntary sustainability reporting creates a divergence in corporate talk, decisions and actions, which can help to provide evidence of accountability and transparency regarding sustainability practices and performance. According to Brunsson (2007) and Cho, Laine, Roberts, and Rodrigue (2015a), sustainability reporting can be divided into three outputs: corporate talk, decisions and actions. In the context of sustainability reporting, “talk is understood to include descriptive disclosures, generic statements, and broad commitments that are presented without any concrete plans or details of implementation. Decisions consist of future-oriented statements, which have a tangible and to some extent detailed outline of forthcoming activities. Actions

are implied by disclosures, which depict something that has already been done or is currently in process” (Cho et al., 2015a, p. 86). Using a content analysis of the annual reports, standalone sustainability reports, media reports and ASX announcements for mining companies in Australia, this study will investigate whether there are any gaps between their talk, decisions and actions to meet the differing needs of their stakeholders. For example, a company could try to satisfy environmental concerns by producing visions or plans or making decisions about environmental protection while satisfying demands for profitability by continuing to use polluting production processes (Brunsson, 2007). The study will attempt to provide explanations for any gaps between sustainability reporting and practice by examining any discrepancies between the talk, decisions and actions of the companies preparing these reports.

1.2 Motivations of the Study

According to Du and Vieira (2012, p. 2), “scholars have consistently called for more research on CSR communication as it tends to trigger stakeholder scepticisms and perceptions of corporate hypocrisy”.

The motivations for this study are as follows:

1.2.1 Growth in voluntary sustainability reporting and its impacts on stakeholder judgements

The objective of corporate disclosures is to support the decision-making processes of the user, which includes investors as well as other stakeholders, with information that may have an impact on firm value over the short and long-term. Globalisation, increased competition and stakeholder and regulatory pressures have increased the focus of companies to differentiate their performance and disclosures from a financial and a non-financial perspective (Healy & Palepu, 1993; McGuire, Sundgren, & Schneeweis, 1988; Singhvi & Desai, 1971). This has led to a change in the corporate disclosure environment, with an increasing focus on the supply and demand for non-financial information (Belkaoui & Karpik, 1989; Dhaliwal et al., 2011a; Hackston & Milne, 1996; Roberts, 1992). Capital markets research has demonstrated the value relevance of financial information (Kothari, 2001; Smith, Limaye, Huang, & Okafor, 2011; Wang, 2014). Further, research in sustainability reporting supports the proposition that social and environmental disclosures enhance the reliability of financial disclosures (Dhaliwal et al., 2011a).

With this growing importance of sustainability disclosures and its impact on firm performance and firm value (Bird, D. Hall, Momentè, & Reggiani, 2007; Cohen, Holder-Webb, & Khalil, 2017; Malik, 2015), I am interested in the organisational perspective on what and how companies report. This question is relevant because sustainability reporting is still largely voluntary and subjective. While the disclosure of financial information is regulated through accounting standards-setting bodies and government regulation, organisations are not required to follow any specific standards for their sustainability reporting. Therefore, it is important to ensure that sustainability reporting does provide relevant and

reliable information for decision making. How do managers decide what they should report and what issues they should ignore? Whose perspective is more important, the shareholders and other powerful stakeholders or all stakeholders? This study aims to answer some of these questions by proposing that organisations could engage in organised hypocrisy by creating a divergence regarding corporate talk, decisions and actions in sustainability reporting to merely meet a minimal level of acceptance by all stakeholder groups.

1.2.2 Concerns about the credibility of information provided

Given the voluntary nature of these sustainability reports, it is at the discretion of the management to decide on the extent and appropriateness of the disclosures from the perspective of strategic considerations rather than unbiased reflections of performance (Chiu & Wang, 2015; Indra, 2013). Therefore, there are concerns that the information provided in these reports can create issues of verifiability (Adams, 2004; Beck, Dumay, & Frost, 2017). According to Hahn and Lülfs (2014), this voluntary nature could lead to differing interpretations and “greenwashing” of these sustainability reports. Similarly, there are concerns that an organisation’s voluntary portrayal of their social and environmental performance does not compare positively with the performance evaluation by sources external to the organisation (Adams, 2004). Cho et al. (2015a) argue that this could create a divergence between sustainability talk and actions leading to sustainability reports that contain unjustified claims and whitewashed results rather than logical plans that affect sustainability performance (Adams, 2004; Boiral, 2013).

In this study, I examine the sustainability disclosures of mining companies in Australia where reporting on sustainability issues is still largely voluntary. The mining industry is a significant provider of wealth and employment in Australia. A report prepared for the Mineral Council of Australia (2017) estimated that the mining sector contributed 15% to Australia's GDP, accounted for 64% of the total exports and employed about 10% of the total workforce in the country. While mining provides significant economic benefits, it has major environmental and social impacts, such as degradation of land, carbon emissions, exhaustion of non-renewable natural resources and significant health and safety concerns (de Villiers & Alexander, 2014). According to Lodhia and Hess (2014, p. 1), “the extraction of natural resources has created legacies of unacceptable long-term social and environmental impacts in many parts of the world”. Therefore, mining companies have to be very strategic in their responses to stakeholders so that they can balance the financial and sustainability impacts of their operations. Due to the involvement of the mining industry in significant social and environmental scandals, mining companies have sought to respond to these negative perceptions by embracing the core principles of sustainability (Lodhia & Ebscohost, 2018). I posit that mining companies could be incentivised to present a more positive or greenwashed picture of their operations to justify their legitimacy and access to resources to meet stakeholder and institutional demands (de Villiers & Alexander, 2014; Guthrie & Parker, 1989; Higgins,

Milne, & Gramberg, 2015). Therefore, in examining any gaps between the reporting and practice, undertaking this study is motivated by concerns about the reliability of such disclosures.

1.2.3 Need for a more nuanced theoretical framework

As the focus of the firms expanded from the shareholders to multiple stakeholders, several theories attempted to explain and support the behaviour of the firms. Among them, the stakeholder, legitimacy, and the institutional theories are considered as the more insightful theoretical perspectives to explain corporate disclosures (Adams, Coutts, & Harte, 1995; Chen & Roberts, 2010; Gray, Kouhy, & Lavers, 1995). These theories have provided a rich background against which sustainability reporting and performance is examined. However, there are new developments in organisational theory that can also help provide a more nuanced understanding of the gaps in, and the reasons for, sustainability reporting.

As previously mentioned, mining companies in Australia need to meet conflicting demands regarding their business, environmental and social sustainability and may deliberately create a divergence in their corporate talk, decisions and actions to satisfy these demands. Organised hypocrisy is an alternative theory that can be used to explain the divergence between the three reporting outputs of an organisation. According to Brunsson (2007), organisations can strategically manage conflicting demands placed on them by multiple stakeholders by finding a way to satisfy the minimum demands of each key stakeholder group – some through corporate talk, some through corporate decisions and others through corporate actions. This type of strategic management could be possible if each of these outputs is managed through different sub-structures within the organisation, i.e., organisational facades. This model of organised hypocrisy and organisational facades is explained further in the Theoretical Framework section. I suggest that this model could provide deeper insights into why and how organisations structure their sustainability disclosures and performance to satisfy stakeholders, institutions and the larger community while keeping their goal of maximising shareholder wealth at the forefront (Michelon, Pilonato, Ricceri, & Roberts, 2016).

1.3 Aims, Objectives, and Research Question

1.3.1 Aim

This study aims to investigate the existence of any gaps between corporate talk, decisions and actions in the sustainability reporting of the Australian mining sector and provide explanations for the existence of these gaps (if any). The objectives linked to this aim are summarised below.

1.3.2 Objectives

This study includes the following objectives:

1. To examine whether the sustainability reporting and sustainability practices of Australian mining companies diverge.

2. To examine whether organisational facades are created to satisfy different stakeholder groups.
3. To examine whether organised hypocrisy as a model provides a more nuanced explanation for the gaps (if any) between corporate talk, decisions and actions in the context of sustainability reporting.

1.3.3 Research question

To address the aim and objectives by using the theoretical framework discussed in Chapter 2, I attempt to answer the following research question:

Does organised hypocrisy and the creation of organisational facades exist in the talk, decisions and actions of Australian mining companies with respect to their sustainability behaviour?

1.4 Organisation of the Thesis

The thesis is organised as follows:

Chapter 2 presents a review of the current literature and discusses the theoretical framework. Chapter 3 discusses the methodology used to collect and interpret the data. Chapter 4 provides the results of the data analysis performed to test the theoretical framework developed in Chapter 2; and finally, Chapter 5 discusses the conclusion, contributions, limitations, and suggestions for future research.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Literature Review

The implications of corporate sustainability for organisations, their stakeholders, and the social and physical environment they operate in have attracted rigorous and extensive research as the focus on financial performance is toned down by concerns about social stewardship and environmental protection (Elkington, 1999; Ha-Brookshire, 2017). Similarly, the importance of disclosures made to shareholders (providers of financial capital) and other stakeholders for financial and non-financial information has been extensively discussed (Costa & Pesci, 2016; Dhaliwal et al., 2011a; Dhaliwal, Radhakrishnan, Tsang, & Yang, 2012; Doh et al., 2010). The analysis of the existing literature finds links between sustainability reporting and its justifications within the stakeholder, legitimacy and institutional theories (Hahn & Kuhnen, 2013).

According to legitimacy theory, management makes and discloses strategic decisions about social and environmental issues in response to social pressures in a bid to justify their continued legitimacy (Guthrie & Parker, 1989; Suchman, 1995). Stakeholder theories (Freeman, 1984) suggest that there is a disparate and broad number of groups in the social environment that a company operates in. Each of these groups has differing claims on the company and can affect a company's continued access to resources if their claims are not met. Institutional theory (DiMaggio & Powell, 1983) builds on the legitimacy theory by highlighting how processes and strategies for achieving legitimacy across organisations and industries are homogenised to increase possibilities for success and acceptance within the industry (Chen & Roberts, 2010).

However, while these theories provide justifications for sustainability reporting, they are also criticised for exacerbating the gap between corporate reporting and corporate actions on sustainability (Adams, 2004; Beck et al., 2017; Cho, Michelon, & Patten, 2012). There is a growing body of research that links legitimacy and stakeholder theories with the use of sustainability reports to create window dressing and impression management² strategies (Bansal & Clelland, 2004; Beck et al., 2017; Cho et al., 2012; Samkin & Schneider, 2010; Talbot & Boiral, 2018). Bansal and Kistruck (2006) conceptualise organisational impression management as the discrepancy between a company's substantive actions

² According to Bansal and Kistruck (2006, p. 166), organisational impression management “is the shaping of those representations in order to influence stakeholder perceptions, by controlling what is disclosed and how”. It refers to behaviour that organisations use to actively shape the impressions that others hold of them (Sandberg & Holmlund, 2015).

and the symbolic representations of the substantive actions. Substantive actions refer to a real change in the company's operations, whereas symbolic representations are how a company presents its actions to others. For example, in their analysis of media reports and share prices of 100 firms over a five-year period, Bansal and Clelland (2004) argue that environmentally legitimate firms (those whose environmental performance is in line with stakeholder expectations) face less unsystematic market risk and that firms can influence this by selectively choosing the content and the extent of the disclosures for their environmental commitments and potential liabilities. Likewise, Cho et al. (2012), in their graphical analysis of 77 sustainability reports of US companies (including utilities and mining), demonstrate that companies tend to highlight the positive aspects of their performance and present misleading information (material distortion) to improve their image. In other words, such companies only report on the positive aspects of performance to improve their image, which is misleading by omission (Cho et al., 2012; Samkin & Schneider, 2010). Furthermore, Arora and Lodhia (2017) also find evidence that when faced with an environmental disaster, organisations may engage in reputation risk management by highlighting the positive aspects of their operations and management in order to divert attention away from its actual social and environmental actions during the crisis.

In their case study of a New Zealand public benefit entity – the Department of Conservation (DOC) – Samkin and Schneider (2010) conclude that the narrative reports issued by the DOC tended to portray the entity and its activities in the most positive light to ensure the continued support of its stakeholders. They argued that the DOC employed impression management techniques in their annual reports to legitimise the entity and its actions, thereby focusing on self-preservation as well as environmental stewardship (Samkin & Schneider, 2010). Similarly, Talbot and Boiral (2018), in their qualitative content analysis of sustainability reports of 21 companies³, conclude that the companies displayed a strong tendency to disclose climate change information that was not compliant with GRI standards and did employ impression management tactics. By disclosing their sustainability performance and their commitment to the environmental impacts of their operations, companies are not necessarily demonstrating their desire for accountability and transparency. They argue that these voluntary disclosures are a company's reaction to external stakeholder pressures rather than a genuine response to sustainable behaviour and performance (Talbot & Boiral, 2018, p. 2).

In his review of the theoretical perspectives behind sustainability reporting, Deegan (2002) suggests information about sustainability is only released when there are concerns or suspicions raised about their practices rather than from an accountability perspective. He implies that sustainability performance can be hindered by these legitimising strategies and can also be affected by which groups of stakeholders are more readily influenced by such disclosures. Therefore, there are concerns that sustainability reports are more of a marketing tool rather than a reflection of a company's true

³ The companies selected were energy sector companies who used Global Reporting Initiative (GRI) with A or A+ application levels over a period of 5 years.

sustainability performance and are used as tools of social legitimacy and stakeholder impression management (Cho et al., 2012; Cho & Patten, 2007; Deegan, Cooper, & Shelly, 2006). Michelon et al. (2015) refers to this as a “symbolic approach” where companies engage in sustainability reporting and practices to create a positive stakeholder perspective of the company’s societal legitimacy. Within this “symbolic approach”, sustainability reports could be used to show a company’s commitment to sustainability issues and help create a positive company image. In their study of 92 US firms from environmentally sensitive industries (including mining and other extractive industries such as oil and gas), Cho et al. (2011) found that voluntary environmental disclosure is negatively related to environmental performance (companies with worse performance had more disclosures), which implies that companies are more interested in using these disclosures for strategic and political concerns rather than concrete action. They question whether voluntary environmental reporting (as a way of justifying their social legitimacy) could impede future action on sustainable environmental practices.

Hahn and Lülfs (2014) in their qualitative content analysis of 40 sustainability reports of US and German companies over the 2010-2011 period have studied how firms voluntarily disclose “good” performance to reduce information asymmetries between managers and stakeholders and whether the disclosure of “negative” performance is used as a legitimisation strategy. They identified six strategies that companies use to legitimise negative aspects in sustainability disclosure, i.e., “marginalisation, abstraction, indicating facts, rationalisation, authorisation, and corrective action” (see table 2 Hahn & Lülfs, 2014, p. 409). Moreover, Beck et al. (2017) in their case study⁴ of an Australian financial institution comment that while non-financial reporting is widely used, the reported content may not truly reflect the performance and practices of the reporting companies. In their study, they also observed that the initial move towards non-financial reporting started as a broad strategic response by the management to restore their legitimacy. However, the management subsequently decided to actively identify and include non-financial considerations within their business models and decision making. (Beck et al., 2017). This suggests that there is a need to examine sustainability disclosures within a broader theoretical framework than just legitimacy theory and over a longer time horizon that allows reporting to evolve into practice.

While the importance of corporate sustainability is enhanced due to publicly available information about a firm’s sustainability activities (Wagner, Lutz, & Weitz, 2009), the perceptions regarding corporate sustainability performance can be affected by the quality and credibility of the information (Diouf & Boiral, 2017; Hahn & Kuhnen, 2013). This quality is affected by the institutional pressures faced by companies to conform to the acceptable norms of the industry and the social and political

⁴ The case study involved interviews with managers who were involved with the preparation of the Corporate Responsibility Reviews/ Integrated Reports, analysis of external reports (including Annual Reports, standalone sustainability reports) for the period 2003 to 2013 and all relevant Australian Stock Exchange (ASX) announcements over the same period.

environment they operate in. The danger of the institutional theory is that it can pressurise companies to adopt generic, “isomorphic” measures to ensure its homogeneity with the other companies in the field. According to Michelon, Pilonato, Ricceri, and Roberts (2016), this could be a detriment to actual social and environmental progress on issues specific to companies as they follow generic practices that are developed independently of local issues and concerns. In their study, de Villiers and Alexander (2014) found that despite the companies facing different environmental and social issues, they had very similar sustainability reporting patterns. They base this on the comparison of 30 characteristics of Corporate Social Responsibility Reporting of a size matched sample of Australian and South African mining companies in their annual reports and their websites. de Villiers and Alexander (2014) conclude that users of corporate sustainability reports should be careful in their interpretations of the content of these reports as the disclosures and emphasis within these reports may be motivated by the need to follow global frameworks rather than the organisation’s specific concerns or strategies.

Social responsibility disclosures can affect the perceptions of stakeholders regarding the image of the companies, their products and reputations. O'Dwyer (2005) suggests management may engage with stakeholders merely to manage any externalities that could negatively affect their key strategies and objectives rather than a genuine desire to alleviate the concerns raised by the stakeholders. Stakeholder management could then be used by managers to project a responsible attitude towards sustainability practices by selectively choosing which stakeholders and which issues to listen to while ignoring others (Michelon et al., 2016; Parker, 2005). Likewise, O'Dwyer (2005) claims that organisational talk around sustainability accounting processes can simplify their complexities and is inclined to reduce their ability to galvanise stakeholders or effect actual actions.⁵

Therefore, while it is critical that the companies report on their sustainability behaviour and practices, we need to be aware of the pressures this could create on management as they try to satisfy the differing needs of a myriad of stakeholders. For example, shareholders are likely to focus on profitability and cost efficiency, employees may raise health and safety concerns, and consumers might prefer greener products. These pressures can create a moral dilemma for management as they try to placate potentially mutually exclusive demands. These dilemmas may be exacerbated when stakeholders hold an unequal balance of power, forcing managers to forego the best interests of all. As companies become more complex and their influence extends across social, economic and political boundaries, they need overarching strategies to deal with and manage the differing, and often conflicting, needs of all their stakeholders (Cho et al., 2015a; Malsch, 2012). In such scenarios, managers may have to develop multiple, yet inconsistent, strategies to meet a minimum level of acceptance by each stakeholder group (Simons, 2002). For example, an organisation may create a department to deal with equality in the

⁵ This is based on a case study which evaluated the social accounting process of an Irish overseas aid agency and illuminated the contradictions and tensions during the stakeholder engagement and social account construction process.

workplace but may not fundamentally change their employment practices to include more diversity. This can raise issues of behavioural integrity and a lack of strategic consistency in decision making. This is consistent with Bebbington and Larrinaga (2014, p. 396) who succinctly summarise that “this has led some to suggest that these accounts (of sustainability) should be conceived of as narratives decoupled from underlying organisational realities, intended (at best) to construct a plurality of discourses about sustainable development and among which it is impossible to adjudicate”.

However, existing research has only focused on the organisation and its different departments as a single entity that deals with stakeholders, organisational legitimacy and institutional pressures as a unitary actor. It is assumed that the organisation has an implicit contract with the society it operates in. Cho et al. (2015a) question the existing research that theorises that this implicit contract is a single contract between the organisation and all of its stakeholders that is either enforced or broken. They claim that legitimacy, stakeholder, and institutional theories assume that companies use sustainability disclosures for impression management and window dressing purposes so that this contract is not broken (Boiral, 2013; Cho et al., 2012; Cho & Patten, 2007; Deegan, 2002). This notion is reflected in the contradictory behaviour of companies who, for example, disclose their carbon emissions and negative impacts of their operations and yet continue to use the same the processes for economic value creation. Cho et al. (2015a) question whether an organisation can be expected to fully disclose the impact of its operations on environmental and social sustainability within a system that requires the organisation and its management to develop and meet the short-term profitability objectives and penalises them for non-financial activities, such as sustainability initiatives that increase costs.

According to Brunsson (2007), this contradictory behaviour can be explained by a model of “organised hypocrisy” that can enable managers to meet the divergent demands of their stakeholders. He describes organised hypocrisy as “a way of handling conflicts by reflecting them in inconsistencies among talk, decisions and actions” (Brunsson, 2007, p. 115). In the context of sustainability reporting, talk refers to any narrative and general statements or commitments that are not supported by any detailed policies or procedures for operations, sustainability-related decisions include detailed frameworks and guidelines for future action, and actions are inferred by the sustainability-related disclosures for past or current processes and activities undertaken (Cho et al., 2015a).

Similarly, Christensen et al. (2013) argue that the discrepancies between corporate talk and actions might be beneficial. According to them “aspirational talk”, which announces ideals and future intentions rather than concrete practices, could help reduce the gap between disclosures and practice. They accept that discrepancies between talk and actions may lead to facades and duplicity and further suggest that talk is seen as inferior to action. However, they argue that “even when corporate ambitions to do good vis-à-vis society do not reflect managerial action, talk about such ambitions provides articulations of

ideals, beliefs, values and frameworks for decisions—in other words, raw material for (re)constructing the organization”(Christensen et al., 2013, p. 376).

Further, Christensen et al. (2013) question Brunsson (1989; 2007)’s notion of hypocrisy in its inability to clearly identify the importance of “aspirations in organisational talk”. They posit that there are two types of hypocrisy- “duplicity” and “aspiration”. According to Christensen et al. (2013), duplicity is when an organisation deliberately misleads stakeholders by hiding fraudulent or negative behaviour behind positive words and aspiration is when an organisation motivates positive behaviour or an envisioned future by pretending that it already exists. While this may also be considered hypocrisy, it may serve as a tool that organisations use to stay focused in their search for a more sustainable future (Cho et al., 2015a).

This incongruity between talk and actions has been studied by Cho et al. (2015a)⁶ through the model of organised hypocrisy, which they have extended to include organisational facades (Abrahamson & Baumard, 2008). Cho et al. (2015) argue that organised hypocrisy forces the management of a company to develop strategies that could enable them to meet diverse stakeholder expectations to legitimise their actions within their contracts to society. They believe that the management can aim to meet a minimal level of expectations for each stakeholder group. For this to work, it is important that the organisation is studied as a series of silos that work in isolation and then address different stakeholder concerns at the silo rather than the organisational level. Cho et al. (2015a, p. 81) define silos as “sub-structures within the organisation which are developed to respond to specific stakeholder management requirements (e.g., an investor relations department, sustainability office, or charitable foundation)”. These different silos or “substructures” (Cho et al., 2015) then develop organisational facades that can reiterate the legitimacy of organisational actions to the various stakeholders.

Cho et al. (2015) use the three facades as per Abrahamson and Baumard (2008) in their paper on organisational decision making; “rational, progressive and reputation facades”. These concepts have been explained further in the Theoretical Framework section. Cho et al. (2015a) find the rational and reputation facades to be in direct contradiction with the progressive facade enabling a bridge between the two. Cho et al. (2015a) conclude that while an organisation’s talk, decisions and actions may be consistent within facades, the inconsistencies are more evident across facades. However, Cho et al. (2015a) warn that these facades and hypocrisy can only justify management’s behaviour towards sustainability in the short-term. In the long-term, the progressive facades must be rationalised and put into action otherwise the organisation will have issues maintaining its reputational facades, and their hypocrisy between words and actions will be exposed.

⁶ The study is a qualitative content analysis of sustainability disclosures (between 2006 and 2009) of two large oil and gas companies in the US with specific reference to drilling in the ANWR (Alaskan National Wildlife Refuge) debates in the US Congress.

Cho et al. (2015a)'s model of organised hypocrisy and creation of organisational facades has also been described by Michelon et al. (2016) as a recent development in organisational theory and more specifically in accounting research that could provide one possible explanation⁷ for the reasons and extent of sustainability disclosures made by organisations. Michelon et al. (2016) reiterate Cho et al. (2015a)'s opinions that this model could provide new insights and an "alternative lens" from which to examine how organisations can understand and justify their management of conflicting stakeholder demands. However, Michelon et al. (2016) posit that given the increasing evidence and societal concerns for the unsustainability of the planet, the creation of facades may not be able to assuage differing stakeholder concerns and that the temporal space, i.e., the benefit of time allowing for the differences between talk, decisions and subsequent actions, is reducing. Michelon et al. (2016) conclude that this could force organisations to engage in a more obvious form of hypocrisy, camouflaging. Hypocrisy as "duplicity" (Christensen et al., 2013) could be another way to describe this camouflaging.

However, Adams (2017) finds support for the view that an organisation's disclosure strategy (aspirational talk and decisions) can motivate the organisation to work towards achieving them and reduce the gap between their talk, decisions and actions. Based on semi-structured interviews with the non-executive directors (NEDs) of companies in Australia and South Africa, the study suggests that aspirational future talk can inspire these NEDs to work towards a future that is aligned with creating value for all stakeholders (Adams, 2017).

Adams (2017) and Michelon et al. (2016) have commented on the theoretical perspectives of organised hypocrisy and organisational facades without any specific empirical findings relevant to the model⁸. In my review, the only substantial empirical evidence for the model (see footnote 8) was provided by Cho et al. (2015a), and that study was focused on a narrow period and limited to a specific environmental event. However, a recent study by Maroun (2018) has also examined the existence of organised hypocrisy and organisational facades created in the context of workers' rights for three South African platinum mining companies over the 2012-2013 period, again with reference to a very specific event⁹. I opine that the model proposed by Cho et al. (2015a) could benefit from more robust empirical studies over a longer-term period of analysis and without the existence of any mitigating circumstances.

The next section discusses the theoretical framework adopted for the analysis of the findings for this study.

⁷ See also research on Reputation Risk Management (Arora & Lodhia, 2017; Bebbington, Larrinaga, & Moneva, 2008) and Theory of Planned Behaviour (Thoradeniya, Lee, Tan, & Ferreira, 2015) among others.

⁸ The model refers to Cho et al. (2015a)'s model incorporating organised hypocrisy and organisational facades.

⁹ The industrial strike action by mining workers in South Africa in 2012 and the subsequent events in Marikana where police combatted with the striking workers which led to 30 fatalities and several others being wounded.

2.2 Theoretical Framework

Given the differing and often conflicting stakeholder demands placed on organisations, there are gaps between what an organisation does and what it says when it comes to sustainability disclosures (Hahn & Lülfs, 2014; Higgins, 2014; Milne, 2013; Moratis, 2015). Extant literature has focused on explaining these gaps within the legitimacy, stakeholder and institutional theories. However, the majority of research suggests that these gaps are a potential outcome and weakness of these existing theories (Bansal & Clelland, 2004; Beck et al., 2017; Cho et al., 2012; Cho, Michelon, Patten, & Roberts, 2015b; Talbot & Boiral, 2018). This study focuses on a more nuanced explanation for these gaps rather than the suggested weaknesses of existing theories.

Research in organisational theory and organisational behaviour indicates that companies may deliberately create gaps/divergence between talk, decisions and actions to maintain their social legitimacy and meet the differing and conflicting demands of stakeholders (Abrahamson & Baumard, 2008; Brunsson, 1989; Cho et al., 2015a; Christensen et al., 2013). According to Brunsson (2007), this divergence between talk, decisions and actions is “organised hypocrisy” which can help create flexibility for the management to deal with differing stakeholder concerns and yet meet the minimum expectations of all stakeholders so that they may continue in their quest for future business sustainability. Furthermore, according to Lipson (2007, p. 6), “Organised hypocrisy refers to inconsistent rhetoric and action — hypocrisy — resulting from conflicting material and normative pressures. Actors respond to norms with symbolic action, while simultaneously violating the norms through instrumental behaviour. For example, when competitive pressures impel firms to exploit workers or pollute the environment, companies often develop public relations campaigns extolling their commitment to workers’ rights and environmental conservation”. However, it is important to ensure that these inconsistencies are not completely exposed to their stakeholders and lead to a dichotomy between its ideals and behaviour (Cour, 2011; Lipson, 2007).

This study uses the model of organised hypocrisy as proposed by Brunsson (2007) and extends it to include organisational facades (Abrahamson & Baumard, 2008), similar to the study by Cho et al. (2015a). Cho et al. (2015a) propose that organisations will deliberately engage in “organised hypocrisy” to handle the conflicts between different stakeholders by creating a divergence between the talk, decisions and actions in their sustainability disclosures.

An important characteristic of companies that operate today is that they do not operate as independent or individual entities meeting the value maximisation needs of their shareholders alone, but rather as a political organisation that must juggle the needs of its various constituents, i.e., its stakeholders (Brunsson, 2007). Therefore, one of the ways to bridge the gap between the hypocrisy and legitimacy would be to delineate a company’s activities as a single operating unit and convert them into “individual

silos” that sometimes operate in isolation of each other to meet the demands of different stakeholders (Brunsson, 1989; 2007; Cho et al., 2015a; Lipson, 2007).

Consistent with Cho et al. (2015a), this study posits that it is these “silos” that are visible to the stakeholders and are identified as organisational facades. Initially, it was assumed that organisations erected a single facade to justify their organisational legitimacy to the different stakeholders (Lindblom, 1994); however, recent literature suggests organisations create multiple facades to deal with differing stakeholder expectations. In the context of sustainability reporting, according to Abrahamson and Baumard (2008, p. 438), facades are “a symbolic front erected by organisational participants designed to reassure their organisation’s stakeholders of the legitimacy of the organisation and its management”. This study will look at three potential facades as suggested by the extant literature: rational, progressive and reputational (Abrahamson & Baumard, 2008; Cho et al., 2015a; Michelon et al., 2016). In the context of sustainability reporting, this study adopts the descriptions for the three different facades from Cho et al. (2015a) and Michelon et al. (2016) as follows:

- A rational facade is the one that shows stakeholders that the firm is acting in accordance with rational and pragmatic notions of business decision making. This facade would enable a company to justify its market legitimacy and access to continued resources. The evidence provided by the management would be in the form of a cost/benefit analysis and extensive market evaluations to make and rationalise decisions. Rational facades would enable the organisation to show its key stakeholders that the firm is working towards achieving its financial goals and doing so in the most cost-effective ways possible. Companies may show their commitment to expanding their operations, ensuring continued access to resources, and operating in the most efficient way possible so to ensure the maximum return on investment for its shareholders.
- A progressive facade implies that the most efficient companies must continue to make decisions in a contemporary and cutting-edge manner that implies progressive norms. Stakeholders must be satisfied that managers are using “state-of-the-art” management techniques to make these rational decisions. Under this facade, innovation and reform are the key components, and the company will make future-oriented decisions, generic commitments and possible actions. For example, companies may show that they are using technology to reduce their environmental impacts or employing strategic management techniques to improve the health and wellbeing of their employees.
- A reputational facade is one that deals with the image of the corporation. This facade is used to express lofty corporate values and display symbols of professed societal commitment. This is evidenced by corporate mission statements and codes of ethics or achievements and awards presented to the company. This facade is critical to the external image of the company and can conceal objectionable behaviour or actions to influential stakeholders while inflating their

rational and feasible goals. Under this facade, the company will show its commitment to the environment and society they operate in by emphasising their role as environmental and social stewards. They commit themselves to the betterment of the local communities and environment.

This study attempts to show how organisations engage in organised hypocrisy and create organisation facades through their sustainability reporting disclosures by examining the three outputs created by the organisation: talk, decisions and actions. According to Brunsson (2007), these outputs can be used selectively by the different “silos”¹⁰ within an organisation, and if there is any inconsistency between them, it can then lead to organised hypocrisy. Lipson (2007) suggests that talk and decisions can counteract inconsistent actions, and actions could counteract inconsistent talk or decisions. This relationship is referred to as “counter-coupling”¹¹. Again, consistent with Cho et al. (2015a), this study posits that this counter-coupling will allow organisations to create rational, progressive and reputational facades.

Organisations are required to create rational facades to justify their existence based on the market-based obligations of short-term value creation and their talk, decisions and actions are couched in terms of business sustainability rather than environmental or social sustainability. However, as social and environmental issues gained prominence on the world stage, the links between sustainability disclosures and value creation were identified through triple bottom line reporting, GRI standards and integrated reporting (Dhaliwal, Li, Tsang, & Yang, 2011b; Doh et al., 2010; Elkington, 1999; IIRC, 2013). The progressive facade, therefore, allows organisations to tailor their talk, decisions and actions to show a commitment to using technological advances and innovative solutions to reduce their negative environmental and social impacts while maintaining their financial performance. Finally, the reputational facade puts the focus on other stakeholders rather than just the providers of financial capital. Under the reputational facade, organisational talk, decisions and actions are geared towards providing evidence of social and environmental stewardship through philanthropy and corporate citizenship (Cho et al., 2015a).

This study will attempt to provide evidence that the way to maintain these facades would be to use corporate talk, decisions and actions in a counter-coupled way to satisfy conflicting stakeholder demands. Similar to Cho et al. (2015a), this study suggests that organisations will maintain consistency

¹⁰ In the context of this study, “silos” refer to the three organisational facades : rational, progressive and reputational facades.

¹¹ According to Cho et al. (2015a, p. 82), “Counter-coupling provides an organisation with a vehicle that allows management to pacify some stakeholders through less costly activities (i.e., talking about stakeholder expectations or announcing decisions about future possible actions relevant to those stakeholders) while focusing more significant resources on current actions that address the expectations of more powerful stakeholders, often those most interested and affected by its core operations.

in their talk, decisions and actions within the facades, while across facades there could be evidence of organised hypocrisy through the counter-coupling of talk, decisions and actions.

This study has created a diagrammatic representation of Cho et al. (2015a)'s model of organised hypocrisy and organisational facades as shown below:

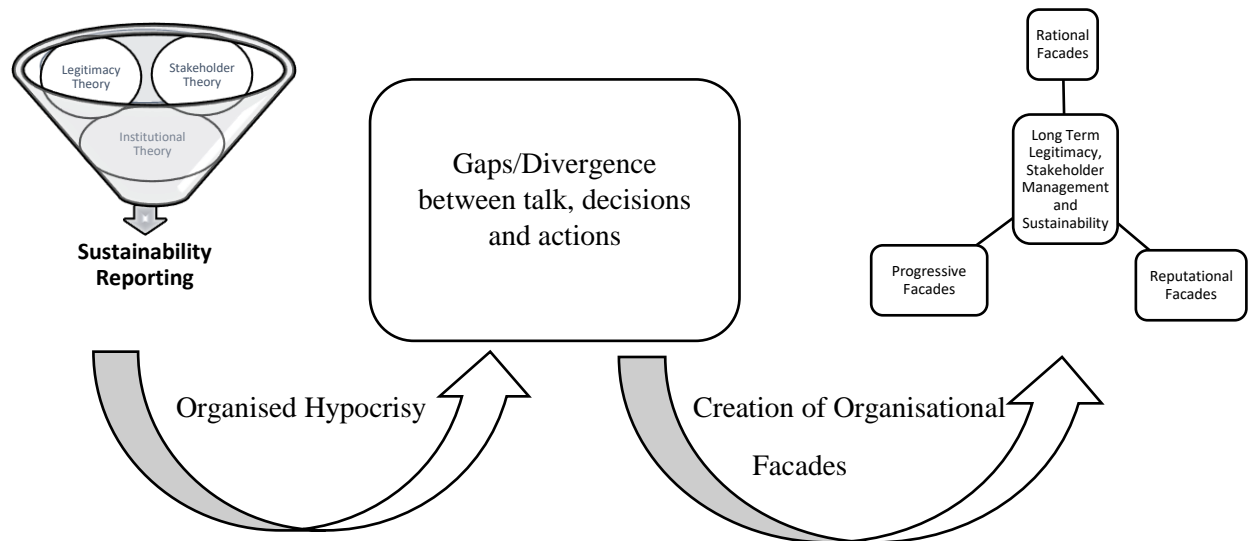


Figure 1: An Organised Hypocrisy and Organisational Facades Approach

CHAPTER THREE

METHODOLOGY

3.1 Research Method

This study adopts an interpretive paradigm based on qualitative methodology and uses content analysis as its research method for collecting data. Content analysis is a well-documented methodology for evaluating sustainability disclosures (Dumay & Cai, 2014; Guthrie, Petty, Yongvanich, & Ricceri, 2004; Unerman, 2000). According to Krippendorff (2013, p. 24), it is “a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use”. Milne and Adler (1999) acknowledge that content analysis is a useful method in the study of sustainability disclosures. This is further confirmed by Tang and Li (2009) who posit that this method is deemed useful in studying diverse sustainability issues, for example, the motivations, themes and approaches adopted by organisations regarding their sustainability disclosures. Content analysis enables researchers to condense large volumes of data from various sources and texts into manageable themes and categories according to systematic and categorical patterns or guidelines (Bryman, 2011; Stemler, 2001).

This study, therefore, adopts a content analysis method. Specifically, qualitative content analysis is used, which facilitates contextual meaning in the text through the development of emergent themes (Bryman, 2011) derived from textual data. This kind of qualitative content analysis is appropriate for this study as it enables us to subjectively analyse the sustainability disclosures and identify the themes and patterns between talk, decisions and actions through the “systematic classification process of coding” (Cho & Lee, 2014, p. 5). For this study, annual reports, standalone sustainability reports, media reports and ASX announcements will be used to investigate the existence of any gaps between corporate talk, decisions and actions in the sustainability reporting of the Australian mining sector. Further, this study will examine if organised hypocrisy and organisational facades exist in the talk, decisions and actions concerning their sustainability behaviour.

Researchers initially used content analysis as a quantitative research method to analyse “the content of media text to enable similar results to be established across a group of text coders” (Priest, Roberts, & Woods, 2002, p. 35). According to Cho and Lee (2014, p. 5), this quantitative approach was criticised “because it often simplified and distorted meaning as a result of breaking down text into quantifiable units in the analytic process”. This criticism, however, has been mitigated by the development of a qualitative approach to content analysis where meaning and perceptions are gleaned from the text more holistically (Priest et al., 2002).

3.2 Data Sources

The choice of documents for content analysis is critical and is the essential stage in any content analysis study (Krippendorff, 2013; Unerman, 2000). Since the 1980's, research in sustainability and CSR disclosures across countries and industrial sectors has predominantly focused on analysing the information provided in annual reports (Campbell, 2000; Gray, Kouhy, & Lavers, 1995b; Holder-Webb, Cohen, Nath, & Wood, 2009). Further, according to Frost, Jones, Loftus, and Laan (2005, p. 89), "traditionally the annual report has been viewed as the primary means for the dissemination of information to various stakeholders. However, over the past couple of decades, companies have started to use other formal means of reporting on environmental issues and, more recently, to issue standalone reports on sustainability performance". Several studies have looked at either annual reports or sustainability reports or both to evaluate CSR disclosures (see Bebbington et al., 2008; Guthrie & Parker, 1989).

Moreover, the internet has become an important source for communication between the companies and their stakeholders; therefore, researchers have started to focus on analysing company websites for information on sustainability disclosures (Du & Vieira, 2012; Holder-Webb et al., 2009; Lodhia, 2018; Maignan & Ralston, 2002). Also, Montecchia, Giordano, and Grieco (2016) and Tang and Li (2009) talk about various sources of communication that can enable effective disclosure of sustainability efforts, such as CSR reports, annual reports, corporate websites and social activities like building relationships with NGOs. This is further supported by Du and Vieira (2012, p. 415) who state that "there exists a diverse range of channels through which companies communicate their CSR-related information, such as social, environmental, and sustainability reporting, corporate websites, CSR advertising, public relations, and social media platforms".

I am interested in a similar wide source of data to analyse the differences between corporate talk, decisions, and actions, which is consistent with prior research. This study will look at the differences in information provided by the chosen companies between various sources of data to examine whether organisations do create multiple facades.

3.3 Research Sample

Studies have shown that there is an impact of company size and industry type on sustainability performance and sustainability disclosures (Blombäck & Wigren, 2009; Hackston & Milne, 1996; Moore, 2001; Reverte, 2009; Udayasankar, 2008). Larger companies are subject to greater scrutiny and are more likely to be involved in sustainability initiatives due to greater influence and pressure from their stakeholders (Moore, 2001; Udayasankar, 2008). Moreover, large companies are better able to integrate sustainability initiatives as they may have access to greater resources (Blombäck & Wigren,

2009; Gallo & Christensen, 2011). Hackston and Milne (1996) find that companies in the extractive industries, such as mining, disclose more information about their environmental impacts than companies in other industries. Given its transitory nature and concerns regarding the social and environmental impacts of mining activities, there is an increasing focus on sustainability issues in the mining industry (Hamann, 2004; Rodrigues & Mendes, 2018). According to Rodrigues and Mendes (2018, p. 89) because of these issues, “mining company directors come under pressure to include measures of social responsibility in their management strategies, and to adopt a high degree of social responsibility in the countries they operate in, particularly in relation to the surrounding communities”. Therefore, Rodrigues and Mendes (2018) suggest that the key issue for the mining industry is to show its commitment to intragenerational and intergenerational equity.

This study looks for the existence of gaps between corporate talk, decisions and actions of companies regarding their sustainability performance. Therefore, companies that have the necessary resources to implement sustainability initiatives and are subject to stakeholder pressures for relevant disclosures would be an appropriate choice to provide empirical evidence. The sample consists of the sustainability disclosures over the period 2012 to 2017 for the two largest mining companies listed on the Australian Stock Exchange (ASX), BHP Billiton and Rio Tinto. The annual reports, sustainability reports, media reports and ASX announcements were readily available for this period, which enables a comprehensive examination of the gaps between the talk, decisions and actions and whether the companies are progressing across the facades. Moreover, the period of 2012-2017 signified the shift from Australia’s mining boom that started in the year 2000. As commodity prices lowered over this period, mining companies were subject to earnings pressures, which could have had an impact on their sustainability behaviour as they try to justify their actions to their stakeholders. BHP Billiton has a current market capitalisation of approximately \$99 billion, and Rio Tinto’s current market capitalisation is approximately \$32 billion. Both companies prepare standalone sustainability reports and provide sustainability information for their stakeholders through a range of different communications channels, including their website and media reports. Moreover, these companies have been involved in sustainability issues and scandals both domestically and internationally.

3.4 Content Analysis Procedures

Given the large amount of sustainability information disclosed in the annual reports, sustainability reports and other data sources, such as company websites and media releases, it is critical that data is classified into appropriate CSR categories¹² (Gray, Kouhy, & Lavers, 1995a; Milne & Adler, 1999). This classification will enable the researchers to derive reliable inferences from the data and provide

¹² One of the ways to determine these categories is to use reporting framework guidelines such as the GRI (Clarkson, Li, Richardson, & Vasvari, 2008; Jose & Lee, 2007).

consistency among multiple coders who independently code the data, which is then collated. However, questions are also raised about the coding instruments themselves and Milne and Adler (1999, p. 5) argue that “well-specified decision categories, with well-specified decision rules, may produce few discrepancies when used by relatively inexperienced coders”. Dumay (2014) critiques the reliability and subjectivity of manually coding qualitative data and raises concerns about the time-consuming aspects of manual coding. He suggests the use of state-of-the-art software, such as Leximancer, to analyse large volumes of data, which could avoid the “subjective and labour intensive aspects of manual data coding” (Dumay, 2014, p. 6). Further, he argues that “using state of the art software also helps resolve the reliability issue because different researchers can repeatedly use the same data and analysis processes and uncover similar results” (Dumay, 2014, p. 6).

Therefore, the sustainability disclosures will be coded using Leximancer 4.5¹³ (qualitative data analysis software) according to their pre-specified classifications. According to (Rooney, 2005, p. 409), “Leximancer does both conceptual (thematic) and relational (semantic) analysis”. Leximancer uses word frequency for thematic analysis and the co-occurrence of data to identify the main concepts through a machine-learning process. Frequently used terms or seed words are automatically identified as the starting point for the concepts. These seeds words then generate a thesaurus of terms using “a bootstrapping thesaurus builder, which learns a set of classifiers from the text by iteratively extending the seed word definitions” (Smith & Humphreys, 2006, p. 262). The main concepts are extracted using the automated thesaurus of words that are closely related to the overall concept and then coded into text. Leximancer also produces a ranked-ordered concept list showing the number of times a concept occurs. Then, Leximancer creates a relational or semantic context by evaluating the co-occurrence between the concepts based on the number of times a concept occurs with another concept. This relationship is strengthened when the data related to a concept is co-related to the original concept and their co-occurring words. This creates a complex relationship matrix that is displayed on a concept map.

A concept map is a visual representation of the relationships between the main concepts highlighted in the text and provides a “birds-eye” view of the relational context of the entire dataset and guides the researcher’s interpretation of the global representation of the important concepts and relationships between them (Rooney, McKenna, & Barker, 2011). The relational analysis is provided by the concept map where concepts strongly related to each other semantically are clustered together; whereas, concepts with dissimilar semantic contexts, although having a direct relationship, will be far apart. These clusters of closely related concepts are termed as a theme and displayed on the concept map. However, Leximancer names the theme according to the most frequently appearing concept, which may not provide contextual clues to the theme.

¹³ For other studies in the area of sustainability reporting using Leximancer, see Chen and Bouvain (2009); Einwiller (2016); Lodhia and Martin (2011; 2012).

Apart from a global conceptual view, Leximancer also enables the researcher to go into each concept and take a detailed look at the thesaurus of words and then further into the text blocks where those concepts and words are found. This can enable the researcher to interpret the text within the context of their study and their underlying theoretical framework, and also look for linguistic and semantic meanings behind the text (Rooney, 2005).

A critical feature of using Leximancer for this type of content analysis is its reliability (Poser, Guenther, & Orlitzky, 2012; Rooney, 2005; Rooney et al., 2011). The reliability of content analysis is assessed by its stability and reproducibility. In content analysis, stability is an indicator of whether the same data will produce the same results using multiple coders. Inter-coder reliability is not a problem associated with Leximancer as it “is highly consistent in the way it automatically codes and recodes concepts in a dataset” (Rooney et al., 2011, p. 588). According to Rooney (2005, p. 410), this is because of the software’s “automated and deterministic learning phase”. Further, reproducibility in the context of Leximancer is met when, irrespective of multiple coding attempts, the chosen dataset will generate the same result assuming the same parameters are used (Smith & Humphreys, 2006).

This study has performed a separate, individual analysis of the different disclosure documents, i.e., annual reports, sustainability reports, media reports and ASX announcements. Ranked concept lists and concepts maps are generated for each company for each set of the documents. The study then ‘drills down’ into the text blocks, which includes the concepts, and categorises the representative disclosures as talk, decisions and actions across the rational, progressive and reputational facades. This subjective categorisation is based on the individual interpretation of the researcher using the organised hypocrisy and organisational facades approach that forms the basis of the theoretical framework in the previous chapter. The choice of the representative quotes and their categorisation was verified through a repetitive process involving detailed discussions and several rounds of reading and analysis with the thesis supervisor. The categorisation was also compared for consistency and understanding with the interpretations made by Cho et al. (2015a) in their analysis of the talk, decisions and actions inherent in the sustainability disclosures of the two oil and gas companies in the US. The findings, the main concepts and themes emerging from the analysis are presented and discussed in the next section.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Findings

4.1.1 Concept lists, concept maps and key concepts

Leximancer generates lengthy concept lists based on its data analysis. However, this list can be customised by the researcher by limiting the number of concepts generated through the elimination of unimportant concepts or combination of concepts that may have similar connotations. This study has not limited the number of concepts as a comprehensive examination of the disclosures is needed for an in-depth analysis. Based on the texts, the concepts are ranked-ordered according to the number of occurrences and frequency.

Tables 1 and 2 (Appendix) show the ranked concepts lists for the annual reports over the period 2012 to 2017 for BHP and Rio Tinto, respectively. The concepts are ranked according to word frequency and co-occurrence. Its ranking in the concept lists determines the importance of the concept in overall data analysis done by Leximancer. This has provided the thematic (conceptual) analysis of the data. The top concepts according to rankings generated by Leximancer for BHP Billiton are assets, financial, performance, operations and value; while for Rio Tinto the main concepts are statements, financial, value, shares, report and assets.

Similarly, Tables 3 and 4 (Appendix) show the ranked concept lists for the sustainability reports over the period 2012 to 2017 for BHP Billiton and Rio Tinto, respectively. In this analysis, the main concepts for BHP Billiton are operations, community or communities, business, people, management and emissions; while for Rio Tinto the ranked concept list highlights development, operations, business, work, management and performance as the main concepts.

To provide a clear, demarcated view of the differences in disclosures made by the two companies in their annual versus sustainability reports, a discriminant analysis has been conducted, which involved combining the annual and sustainability reports for the two companies. In discriminant analysis, Leximancer separates the concepts according to the type of report, i.e., sustainability and annual reports, individually for both BHP Billiton and Rio Tinto. Table 5 (Appendix) lists the concepts identified by Leximancer for the discriminant analysis of the annual and sustainability reports for both companies. The top concepts highlighted in the discriminant analysis focus on the financial concepts such as liabilities, value and performance and the concept of operations which includes health and safety of their employees and the environment and communities they operate in.

Table 6 (Appendix) shows the ranked concept list for the media reports for both companies where the main concepts focus on the production of their metals and minerals. Table 7 (Appendix) shows a

similarly ranked list for the concepts highlighted by Leximancer for the ASX announcements made by the two companies over the 2012-2017 period. Again, this shows the focus on production and annual financial results and the extent of their operations. Most of the ASX announcements made by the two companies were to inform their key stakeholders of the growth in their operations and their financial results.

All the concepts generated by Leximancer are then visually depicted in the concept maps, see figures 2 to 8. These figures clearly show the main concepts clustered together into dominant themes. The interrelations between the concepts depicted across the themes and overlaps between the themes provide the relational (semantic) analysis of the disclosures. For the BHP Billiton's annual report (Figure 2), the main theme highlighted in red is 'financial', which includes the key concepts of 'assets', 'value', 'performance' and 'financial'. This theme overlaps the themes of 'assets', 'activities', and 'board' showing that the links between financial results are dependent on their activities and use of assets and the decision making and management inherent within the Board of Directors. The 'assets' and 'activities' themes also overlap with 'operations', again showing the interconnections between their assets generating production and enabling future developments.

Likewise, the main theme as highlighted in red for Rio Tinto in their annual reports (Figure 3), is 'Rio Tinto' which includes concepts of 'assets', 'tax', 'capital' and 'value', which is interconnected with the next key theme of 'statements', which includes the concepts of 'financial', 'statements', 'management', 'risk' and 'business'. Consistent with BHP Billiton, the overlapping themes of 'Rio Tinto', 'statements', 'production', and 'operations' show that the focus of the annual reports is to disclose their financial performance through their operations and production and the use of their resources to enhance both.

For both BHP Billiton and Rio Tinto, the main themes highlighted in the concept maps for their annual reports are consistent with the rational facade where a company makes rational and informed choices based on cost-benefit analysis and is in line with providing value to their shareholders.

Figures 4 and 5 map the disclosures made by BHP Billiton and Rio Tinto in their sustainability reports. BHP Billiton's concept map (Figure 4) shows the overlapping themes of 'operations', 'community' and 'water' showing the impact of their operations on the overall sustainability of the communities and environment they operate in. This is interlinked with the theme that includes concepts relating to their 'investments', 'projects' and 'assets'. This highlights the sustainability impacts on their core business. The theme 'water' overlaps with 'emissions', which further highlights the connections between the concepts of 'resources', 'use' and 'climate change' suggesting that their 'emissions' and 'water' usage could have sustainability impacts.



A similar pattern is detected in the Rio Tinto's sustainability reports concept map (Figure 5), where the themes 'business', 'operation', 'Rio Tinto' and 'water' also overlap. Consistent with BHP Billiton, this suggests that their operations are affected by their sustainability impacts and behaviour. The core concept of 'operations' is closely linked to 'environment', 'impacts' and 'risk', 'management' and 'company' which may imply the impact of environmental risks and their subsequent management on the overall operational performance.

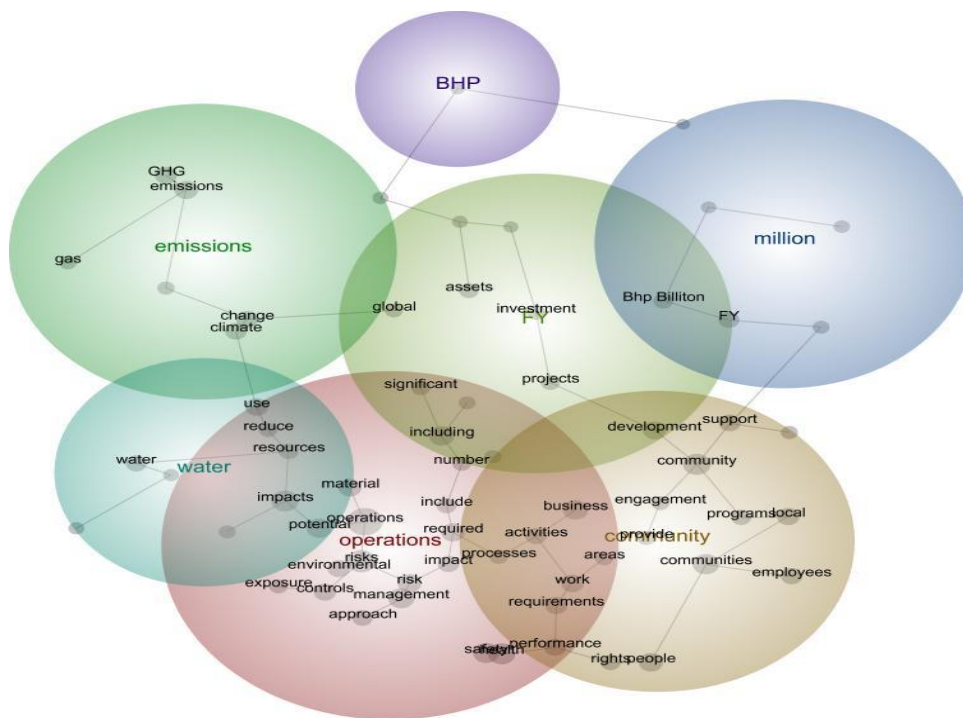


Figure 4 Concept Map of BHP Billiton's Sustainability Reports

Figure 6 shows the results of the discriminant analysis where the sustainability reports of BHP Billiton and Rio Tinto are shown clustered into similar concepts of 'communities', 'people', 'health', 'water', 'emissions', 'risk' and 'operations'. This is consistent with the progressive and reputational facades as the focus of companies in their sustainability reports is to improve operations and provide a focus on improving the sustainability of their operations. They also show linkages between the protection of the environment and local communities, which can help them enhance their reputations by focusing on the future. Conversely, the clusters that highlight the annual report disclosures for both BHP Billiton and Rio Tinto focus on value creation, net worth, mining exploration, shareholders and production. Moreover, it is interesting to note that all the themes are closely clustered with significant overlaps between 'million', 'operations', 'liabilities' and 'gas'. This suggests that their operations, which include the concepts of 'communities', 'people', 'business', 'emissions' and 'environmental', relating to

sustainability issues have an impact on their financial performance, production and value creation for shareholders.

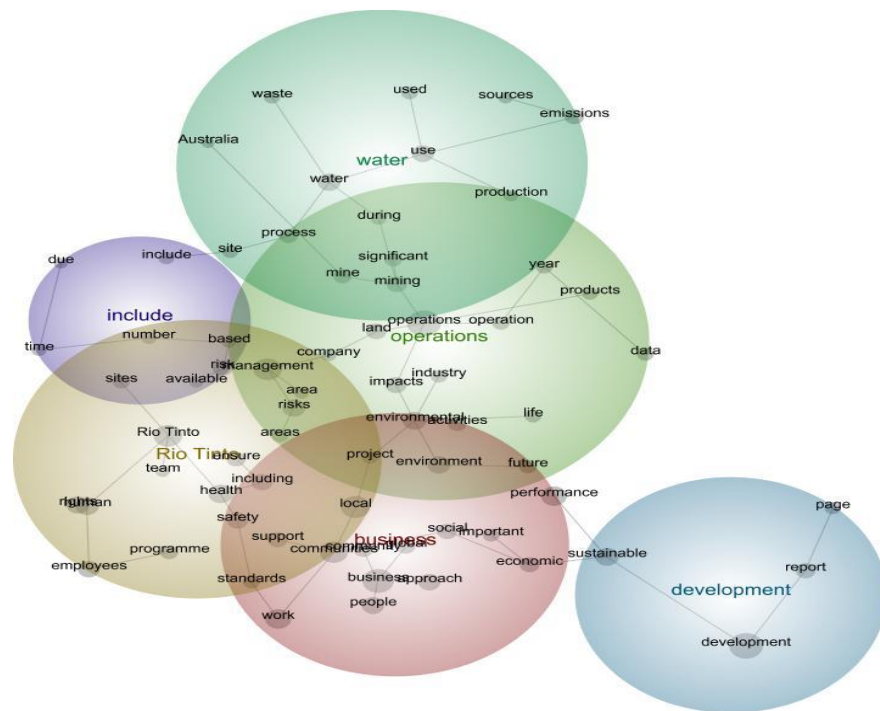


Figure 5 Concept Map of Rio Tinto's Sustainability Reports

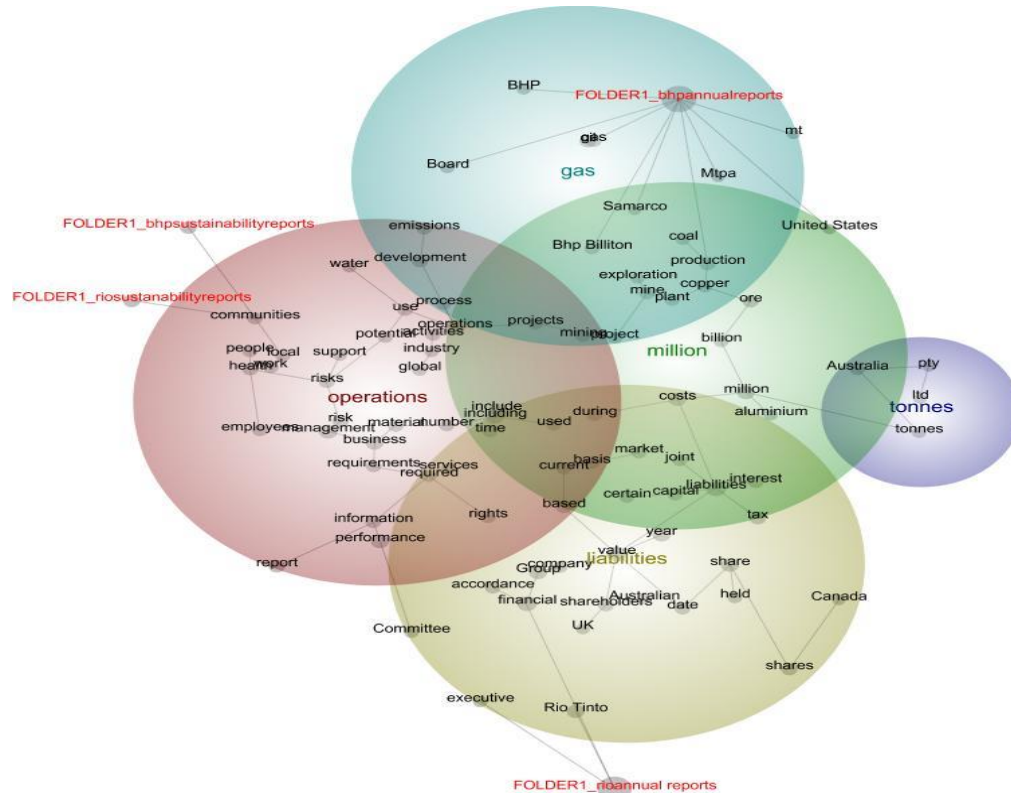


Figure 6 Discriminant Analysis of Annual Reports and Sustainability Reports

down further into the text blocks, which includes the relevant concepts and themes to examine the interrelationships and context behind the disclosures and provide evidence of the creation of facades that enable the companies to manage the conflicts between the differing needs of their multiple stakeholders. Tables 8-10 list the representative quotes (which are identified as talk, decision or action) from the different sources of the disclosures and demarcate them into the three main facades: rational, progressive and reputational according to the theoretical framework of this study (Abrahamson & Baumard, 2008; Cho et al., 2015a). The following sections analyse disclosures under the three facades to examine the divergence (if any) between talk, decisions and actions within and across the facades.

4.1.2 Rational facade: Business sustainability

According to Abrahamson and Baumard (2008), companies must manage their operations rationally by conforming to certain expectations and business norms. These rational norms are aligned with key stakeholder expectations, and the focus is on business sustainability. The goal of profit maximisation and value creation for the shareholders is seen as a key feature of companies operating in a competitive market-based economy, such as Australia (Anderson, Jones, Marshall, Mitchell, & Ramsay, 2008), which could enhance future growth and ensure business sustainability in the longer term.

As a key stakeholder expectation, the two largest mining companies in Australia are expected to focus on the market value of their company by focusing on shareholder wealth maximisation as evidenced in Table 8 (Appendix) under the heading of ‘Shareholder wealth creation’. The quotes that succinctly summarise this focus on shareholder wealth maximisation from BHP Billiton’s annual reports for the years 2012 to 2017 are where they highlight that their purpose “is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources” (BHP, 2017a, p. 10; BHP Billiton, 2012a, p. 3; 2013a, p. 8; 2014a, p. 10; 2015a, p. 12; 2016b, p. 10) and they further extend this by commenting that their strategy is to

“own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market remains the foundation for creating shareholder value. At the end of FY2014, the Group had seven major projects and one other project under development with a combined budget of US\$14.1 billion” (BHP Billiton, 2014a, p. 151).

This focus on shareholder wealth maximisation is also supported by Rio Tinto’s focus on value delivery for their shareholders by balancing “disciplined investment with prudent management of our balance sheet and cash returns to shareholders” as reiterated in their annual reports from 2012-2017 (Rio Tinto, 2012a, p. 3; 2013a, p. 3; 2014a, p. 13; 2015a, p. 15; 2016, p. 14; 2017a, p. 15). Rio Tinto clearly express their financial contributions as the key to shareholder wealth creation with the comment “Rio Tinto’s direct economic contribution(s) has exceeded US\$265 billion, we believe the value we bring is clear” (Rio Tinto, 2015a, p. 6). Similar to BHP Billiton, Rio Tinto consistently talk about their decision to

invest in “large, long-term, low-cost mines and businesses” and acknowledge that “creating shareholder return is the reward for taking and accepting risk” (Rio Tinto, 2012a, p. 82; 2013a, p. 66; 2014a, p. 64).

Further, one of the important elements of a competitive market environment is continuous growth and development (Anderson et al., 2008). Shareholder wealth must be created and maintained if the companies are to enjoy access to capital and a license to operate. This focus on growth and development is highlighted in their communications as shown in Table 8 where they justify their investments in non-renewable sources of minerals and energy resources as their aim of satisfying the needs of their shareholders. Rio Tinto talks about the aim of their capital allocation process is

“to invest in a sustainable way through the cycle, having consideration of shareholders’ expectations of returns, and the robustness of our balance sheet. This is achieved through an evaluation and prioritisation of the Group’s portfolio of investment opportunities over a number of years to determine what will be the best use of capital” (Rio Tinto, 2013a, p. 20).

Furthermore, Rio Tinto highlight their actions and decisions in this regard by talking about their key projects, which enables them to demonstrate the varied nature of their portfolio, for example, “the completion of the Pilbara iron ore infrastructure; the pouring of first hot metal at the modernised Kitimat smelter; the project financing package agreed for Oyu Tolgoi underground; and the approval of the Amrun bauxite project” (Rio Tinto, 2015a, p. 7).

BHP Billiton claim that their strategy of focusing on their operations on productivity and investments in their “great ore bodies” will help them “deliver stronger margins throughout the economic cycle, a simpler and more capital efficient structure, a substantial increase in free cash flow and growth in shareholder value” (BHP Billiton, 2013a, p. 7) . The company expresses confidence that their commitment to “high-return growth investments”, such as their ‘brownfield projects’ will “continue to drive momentum in our major businesses and create value for our shareholders in the near term” (BHP Billiton, 2012a, p. 4).

The core business of the mining industry involves continuous access to the exhaustible, non-renewable sources of metals and minerals. To ensure that they continue to be economically viable in the future, they must justify to their shareholders that they will have the ability to source mining rights and access to mineral deposits. To maintain the rational facade, these companies should be able to ensure their shareholders that they are working to constantly secure such access in the medium to long-term. In each of their annual reports from 2012 to 2017, the main argument presented by BHP Billiton to justify their operations and expansion is expressed in the quote below

“failure to discover or acquire new resources, maintain reserves or develop new operations could negatively affect our future results and financial condition the demand for our products and production from our operations results in existing reserves being depleted over time”

(BHP, 2017a, p. 35; BHP Billiton, 2012a, p. 8; 2013a, p. 14; 2014a, p. 21; 2015a, p. 21; 2016b, p. 31).

BHP Billiton further argues that as their financial performance is derived from the mining and extraction of fossils fuels and minerals, their exploration efforts for these resources could affect sustainability as these activities “may increase land tenure, infrastructure and related political risks” (BHP, 2017a, p. 35; BHP Billiton, 2012a, p. 8; 2013a, p. 14; 2014a, p. 21; 2015a, p. 21; 2016a, p. 31).

Likewise, Rio Tinto consistently (from 2014 to 2017) talks about their portfolio of assets, such as “our Pilbara iron ore business, to our Queensland bauxite ore reserves, hydro-powered aluminium smelters, our global suite of copper mines and sector-leading energy, diamonds and minerals assets” (BHP Billiton, 2016a; Rio Tinto, 2014a, p. 10; 2015a, p. 12; 2016, p. 11; 2017a, p. 11) is dependent on their clear strategic framework to “assess our existing assets and new opportunities – taking into account the industry attractiveness and the competitive advantage of each asset, and its capacity to deliver best-in-class returns” (Rio Tinto, 2014a, p. 10; 2015a, p. 12; 2016, p. 11; 2017a, p. 11).

Future growth and access to mining deposits and mining rights are also affected by regulatory pressure and government restrictions, and the companies acknowledge that these considerations are evaluated within a rational cost-benefit analysis framework. Moreover, they indicate that given the impact that governments and policymakers can have on their operations, they are cognisant of the need to work with regulatory authorities to ensure that they continue to add value to their shareholders. Rio Tinto talks about the regulations they face in their international operations in 35 countries and comments on being subjected to “extensive laws and regulations imposed by local, state, provincial and federal governments. These regulations govern many aspects of our operations” (Rio Tinto, 2016, p. 51), on their various activities, such as exploration, mining and processing, land tenure conditions, occupational health and safety and environmental requirements. BHP Billiton also comments on how regulations affect their operations as below

“environmental protection, land rehabilitation and occupational health and safety are principally regulated by governments and to a lesser degree, if applicable, by lease contracts with the landowners. These obligations often require us to make substantial expenditures to minimise or remediate the environmental impact of our operations and to ensure the safety of our employees and contractors” (BHP Billiton, 2015a, p. 318).

BHP Billiton justify the above expenditures as a commitment to sustainable development, which is a key component of their business strategy and that they “integrate health, safety, environmental, social and economic factors into our decision-making” (BHP Billiton, 2012a, p. 46) so that they can maintain their social license to operate globally.

Both companies also highlight their commitments to climate change and governmental policies on climate change and indicate that corporate response balances this with their commitment to creating returns to their shareholders. BHP Billiton indicates that “given the increasingly complex competitive and regulatory environments in which we operate, our ability to engage effectively with governments will be central to ensuring shareholders’ interests are protected” (BHP Billiton, 2012b, p. 34).

However, BHP Billiton also distance themselves from any suggestions of influencing governmental decision making by maintaining “a position of impartiality with respect to party politics” (BHP, 2017a, p. 123) and further support this impartiality with the comment that they

“do not make political contributions/donations for political purposes to any political party, politician, elected official or candidate for public office. We do, however, contribute to the public debate of policy issues that may affect BHP in the countries in which we operate” (BHP, 2017a, p. 123).

BHP (2017a) suggests that the diversity of their portfolios in conjunction with their own commitments to environmental action, such as emissions abatements, will position them favourably considering any future policy decisions by the regulatory authorities. Rio Tinto also comments on their assessments of carbon policy and regulations impacting their core business by monitoring “national and international climate and energy policy developments” and by advocating “constructively for policies that are environmentally effective, economically efficient and equitable” (Rio Tinto, 2014b, p. 62).

Mining industries are also subject to intense scrutiny for their role in exacerbating the impact on climate change and environmental sustainability and health and safety concerns. Under the rational facade, I would expect these companies to link issues of sustainability with the overall goal of shareholder value creation and growth. BHP Billiton comments on their acceptance of the climate change science from 2014 onwards, which links global warming with human influence, and advocates that the

“world must pursue the twin objectives of limiting climate change to the lower end of the IPCC emission scenarios in line with current international agreements, while providing access to reliable and affordable energy to support economic development and improved living standards” (BHP, 2017a, p. 52; BHP Billiton, 2014a, p. 51; 2015a, p. 7; 2016b, p. 22).

Rio Tinto also highlights that they have a “responsible approach to mineral development” (Rio Tinto, 2013a, p. 1), which enables them to gain and maintain their social license to operate. The company indicates that their vision is one of being a company that is “admired and respected for delivering superior business value as the industry’s trusted partner” is possible only through their contribution to sustainable development (Rio Tinto, 2013a, p. 1; 2014a, p. 22; 2015a, p. 24).

However, both companies also indicate how their commitment to sustainability could have implications on the value of their balance sheet and could have negative consequences for shareholder wealth. BHP

(2017a, p. 40) acknowledges that if their resources are rendered incapable of extraction “in an economically viable fashion due to technology, regulatory or market responses to climate change” then they may have to write-off the value of such assets from their balance sheet and their “inability to make productive use of such assets may also negatively impact our financial condition and results”. Similarly, Rio Tinto suggests that their goal of exploration to create value for the company could be jeopardised because “to pass modern community, sustainability and investment hurdles, the exploration process can take ten to 20 years from target generation to development decisions” (Rio Tinto, 2012a, p. 34; 2013a, p. 36).

4.1.3 Progressive Facade: Environmental protection and social sustainability through leading-edge improvements and transformations

With the increase in stakeholder scrutiny and growth in stakeholder demands, businesses are no longer able to offer wealth maximisation as the key stakeholder expectation and rational decision making as the foundations of their business strategies. Issues relating to climate change, social welfare and community, and employee concerns have become an important feature of the boardroom and regulatory discussions. Companies now need to develop leading-edge solutions to issues of environmental degradation and carbon emissions so they can justify their access to resources and future growth. Abrahamson and Baumard (2008, p. 10) argue that “organisational facades must not only fit norms of rationality but that they must also mirror norms of progress. Norms of progress mandate not just that managers use efficient means to important ends, but rather that they use the newest and most improved efficient means equally to new and improved ends”.

Therefore, rational decision making must be supported by innovative tools and state-of-the-art techniques. In the mining industry, the environmental degradation caused by business processes needs to be managed and managed well. Within the quotes listed in Table 9 (Appendix), both BHP Billiton and Rio Tinto make claims about their environmental stewardship as a complement to shareholder value creation. BHP Billiton reiterates that in pursuing the “twin objectives of limiting climate changewhile providing access to reliable and affordable energy to support economic development and improved living standards” they “do not prioritise one of these objectives over the other – both are essential to sustainable development” (BHP, 2017a, p. 52).

Rio Tinto also claims that they manage financial and technical risks facing their businesses in conjunction with the sustainable development risks and that

“by maximising the societal, environmental and economic benefits of our activities – and minimising negative impacts – we optimise business value, gain and build our stakeholders’ trust, and support our licence to operate” (Rio Tinto, 2013b, p. 2).

Moreover, their decisions on responding to climate change are a “priority governance and strategic issue for BHP Billiton in the context of the transformational changes now underway in the global energy

market, driven by climate policy and technology advances” (BHP Billiton, 2016a, p. 3). BHP Billiton advocates that engagement with all their stakeholders is a priority in their approach to climate change. Similarly, Rio Tinto suggests that as an outcome of their rigorous assessments and review processes, they ensure that they only approve those

“investments that offer attractive returns above our capital costs over the long term, whilst ensuring there are minimal negative impacts associated with our activities on people, communities and the environment” (Rio Tinto, 2017b, p. 9).

Within the progressive facade, I would expect companies to make commitments to increase their productivity while at the same time reducing their negative impacts on the environment and society through innovative techniques. The study finds evidence of this in the disclosures (demarcated under the talk, decisions and actions columns) made by the mining companies in Table 9. Rio Tinto explains how they maximise opportunities and minimise threats from their operations by working closely with “scientists, customers, suppliers, communities, regulators and NGOs to improve our collective understanding” (Rio Tinto, 2013b, p. 9) of sustainability issues facing their business. As a result, Rio Tinto claim that they have “one of the lowest carbon footprints in the aluminium industry, with almost 80 per cent of its power coming from non-fossil fuel-based sources” (Rio Tinto, 2014b, p. 13). Rio Tinto also highlight their use of hydropower in Canada and the UK and that their “AP Technology™ solutions”, is an industry benchmark offering “lower energy consumption and improved environmental performance” (Rio Tinto, 2014b, p. 13).

BHP Billiton talks about their decision to have

“Land and Biodiversity Management Plans that incorporate baseline and impact assessments, controls designed to mitigate impacts on biodiversity, land use and water resources, and monitoring programs to verify effectiveness of controls” (BHP Billiton, 2013b, p. 27).

BHP Billiton highlight how their risk-based approach to managing the physical impacts of climate change has affected the way they work, for example,

“the identification and assessment of increasing storm intensity and storm surge levels has resulted in raising the height of the trestle at our Hay Point coal port facility in Australia as part of our expansion plans” (BHP Billiton, 2014b, p. 14).

The two companies also talk about how they are proactively managing their carbon footprint, and while continuing to increase production, they also look for ways to improve their environmental performance. BHP Billiton discusses how they build operational resilience to climate change by working with others to “support effective policy frameworks that support a transition to a low-carbon economy” (BHP Billiton, 2015b, p. 1). The company comments on their decision to “actively exploring opportunities to invest in low-emission technologies such as carbon capture and storage and battery storage” (BHP

Billiton, 2015b, p. 1). While acknowledging that fossil fuels will likely be a part of the energy mix for the future, BHP Billiton also talks about how “it is vital that low-emissions technologies (LET) are available at scale, lower cost and much faster than the usual commercial time frames to meet the challenge of climate change” (BHP Billiton, 2015b, p. 20). Similarly, Rio Tinto also talks about opportunities for “socioeconomic and environmental regeneration” and how through careful management and “applying innovative solutions where appropriate and working in close collaboration with others” they can transform rehabilitated land into “community assets” (Rio Tinto, 2015b, p. 52). Rio Tinto also comments on how their innovative research enables them to manage their waste rock through a decision to develop a “cover system for the high sulphur rock that takes advantage of the local permafrost environment and limits poor-quality drainage” (Rio Tinto, 2015b, p. 91).

The companies show their commitment to not only the environment but also to health and safety concerns for their employees and local communities that they operate in through their talk, decisions and actions. An organised approach to managing their social commitments can placate stakeholders and allow the companies to continue to maintain their social license to operate. Both BHP Billiton and Rio Tinto talk about their commitment to the health and safety of their employees and awareness of protecting the local communities that they operate in through continuous dialogue and continuous improvements in the way concerns are handled and resolved. Rio Tinto has developed a ‘three-year roadmap’ to support the development needs of their employees (across all levels and roles) and has researchers from leading medical schools conduct mental health reviews for their employees in their iron ore operations to evaluate gaps between their current mental health strategies and global best practices. Rio Tinto has also developed group-wide occupational health standards that are constantly revised and integrated with their “custom-built and recently revised Rio Tinto management system to ensure consistent Group-wide application” (Rio Tinto, 2014b, p. 48). The company also talks about their commitment to the local communities by introducing initiatives, such as the “Weipa’s Kinection programme – an innovative pre-employment training course designed to equip local Aboriginal people with the skills needed to work in the mining sector” (Rio Tinto, 2015b, p. 68).

In the same vein, BHP Billiton highlights how they aim to improve the quality of life in the communities they operate in by working with the host communities “to identify the major social issues and development priorities” (BHP Billiton, 2014b, p. 43). BHP Billiton also talks about how they have developed a

“new BHP Billiton Social Investment Framework to build a stronger linkage between our business and the communities that support and host us. The framework has identified three areas of sustainable development that will form the basis of future investments: governance, environment, and human capability and social inclusion” (BHP Billiton, 2015a, p. 5).

Commitments to safety performance and reduction of work-related fatalities is managed through the development of policies and intervention strategies and investment in safety initiatives, such as BHP Billiton's commitment to "move to the highest NCAP safety rating will, by 2016, improve the safety rating of an estimated 50,000 vehicles a year in Australia alone, resulting in broad community benefits as safer vehicles appear on the road" (BHP Billiton, 2012b, p. 10). BHP Billiton (2014a, p. 9) also commented on how they delivered more "than US\$6.6 billion of sustainable productivity-led gains over the last two years" through their ability to replicate best practices across teams and "operating on a common data platform across the organisation" and improving their safety performance through their focus on "accelerating sustainable improvements in productivity by finding more efficient and effective ways of performing day-to-day operations".

4.1.4 Reputational facade: Social and environmental protection

According to Abrahamson and Baumard (2008, p. 447), a reputational facade "appears as symbols, stories, and attributes that lead observers to believe that an organisation can achieve more than it really can". In the context of sustainability, reputational facades portray companies as leaders in environmental and social protection and stewardship. Representative quotes demarcated into talk, decisions and actions, from the reputational facade are listed in Table 10 (Appendix). In this list, the companies indicate that environmental sustainability and protection of employees, communities and overall society is relevant to the decision making of the company and takes precedence over financial returns and growth. Under this facade, the companies emphasise their commitment to protecting the environment and society as their goal. While BHP Billiton talks about sustainability as the leading value in their charter and being "at the heart of everything we do" (BHP Billiton, 2016b, p. 8), Rio Tinto talks about sustainable development underpinning their commercial success and benefiting "shareholders, partners, neighbouring communities, suppliers, customers, employees and society" (Rio Tinto, 2016, p. 27).

Both companies further augment this goal by providing information about their involvement with occupational health and safety concerns and protecting the rights of the local indigenous populations in the areas they operate in. Rio Tinto talks about their "journey towards a zero-harm culture where everyone knows that they make a difference and where all employees and contractors have the knowledge, competence and desire to work safely" (Rio Tinto, 2012b, p. 10). Rio Tinto highlights its commitment to providing a safe, healthy and inclusive work environment where their employees "can pursue challenging and exciting careers and be rewarded for helping us deliver value" (Rio Tinto, 2013b, p. 12). BHP Billiton also focuses on health and safety goals by talking about their objective to reduce "the potential for fatigue in our people and to mitigate its effects. Our operations are required to identify causes of fatigue, assess fatigue-related risks and implement controls to manage the identified risks" (BHP Billiton, 2013b, p. 19). BHP Billiton talks about implementing programs to provide information about "diet and exercise and educating workers and their families regarding the need for

good sleep opportunities” to help workers mitigate the effects of fatigue (BHP Billiton, 2013b, p. 19). BHP (2017b, p. 18) reinforces their commitment to a diverse and inclusive workforce by ensuring its stakeholders that they “employ, develop and promote based on merit and we do not tolerate any form of unlawful discrimination, bullying or harassment”.

Rio Tinto and BHP Billiton both operate in regions of the world that have significant local and indigenous communities. Both companies comment on working with the local communities to cement their long-term commitments through ‘mutual respect’ and ‘active partnerships’. Rio Tinto emphasises that they foster engagement with the local communities as a core feature of their sustainable development and highlight their role as the largest private sector employer of Indigenous Australians. BHP Billiton talks about how important it is to recognise the “traditional rights and values of Indigenous people, respect their cultural heritage and the significance of their lands and provide opportunities for inclusion and advancement” (BHP Billiton, 2015a, p. 57).

Since the companies in this study are involved in mining, their operations can, and do, have a detrimental effect on the local flora and fauna. Therefore, it is important that they address the concerns for biodiversity and land degradation. BHP Billiton commented on their priority to avoid or minimise any adverse environmental impacts from their operations by having “management plans and controls in place to identify, assess and mitigate environmental impacts, thereby minimising the potential for significant environmental incidents” (BHP Billiton, 2012b, p. 5). They acknowledge that the sustainability of the environment is dependent upon the efficient and responsible use of natural resources and they reiterate their commitment to “focus on reducing our greenhouse gas emissions and on improving our energy usage and efficiency” (BHP Billiton, 2012b, p. 1). They also talk about their role in reducing deforestation, improving biodiversity and watershed conservation through “improved governance, project support, and market stimulation” (BHP Billiton, 2016b, p. 46). BHP Billiton further talks about their commitment to “being responsible stewards of the natural resources we develop and use in our operations and seek to minimise our environmental impact” (BHP Billiton, 2015b, p. 3).

Under the reputational facade, the companies also show their commitment to local communities through their actions of setting up charitable trusts and voluntary financial expenditure on environmental conservation efforts. BHP Billiton shows its commitment by the following decision to voluntarily invest

“one per cent of our pre-tax profit, calculated on the average of the previous three years’ pre-tax profit, in community programs that aim to have a long-lasting positive impact on people’s quality of life, including implementing new and supporting existing community projects” (BHP Billiton, 2014b, p. 43; 2015b, p. 54).

BHP Billiton has also set up the BHP Billiton Foundation to “identify and support large sustainable development projects in countries and regions of interest to BHP Billiton” (BHP Billiton, 2013b, p. 38). Similarly, Rio Tinto has spent an “estimated US\$261 million on community assistance programmes

and payments into trusts set up in directly-negotiated community impact benefit agreements” (Rio Tinto, 2014b, p. 107). They also set up investment funds, trusts and foundations to help their stakeholders “achieve their goals and to deliver long-term benefits” (Rio Tinto, 2014b, p. 107).

4.2 Discussion

The ability of modern organisations to satisfy conflicting demands placed on them by their stakeholders is possible if they engage in organised hypocrisy (Brunsson, 2007). Organised hypocrisy is a way to satisfy some demands by talk or decisions and others by actions (Brunsson, 1989). The disclosures made by both BHP Billiton and Rio Tinto provide evidence of this organised hypocrisy. While they claim that their primary focus is on shareholder wealth maximisation, they soften this focus with comments on their commitment to sustainability. This can lead to conflicting targets as their commitment to sustainability is motivated by their need to maintain their social license to continue operating in industries that are detrimental to environmental and social sustainability. BHP Billiton reinforces this dichotomy by linking sustainable development as a key factor in their business strategy, since their ability to operate globally was “heavily dependent on gaining access to natural resources and maintaining our licence to operate” (BHP Billiton, 2012a, p. 46). Similarly, Rio Tinto highlighted that

“while delivering shareholder value is our primary objective, there is no doubt that we need to get better at explaining the economic and social contribution we make to our host countries, particularly during uncertain times” (Rio Tinto, 2016, p. 7).

Here, both companies would need to justify their continued actions of creating shareholder value through expansion of their investment in non-renewable resources while also talking about their responsibilities towards environmental and social stewardship. However, these responsibilities are brought into question when they emphasise that the global economic growth and development provided by their operations take precedence over the environmental impacts. I suggest that, in this scenario, their rational actions are not consistent with their reputational talk and they engage in organised hypocrisy as they focus on continuing to produce resources that can exacerbate the impacts on the environment. This contradiction is evident in the following quotes where they ignore the environmental implication of sourcing these materials and commodities.

“For 145 years, Rio Tinto has been pioneering the production of materials essential to human progress. The minerals and metals we produce play a vital role in a host of everyday items and innovative technologies that help make modern life work” (Rio Tinto, 2017a, p. 30).

“the commodities we produce underpin nearly every facet of modern life – the essential infrastructure, telecommunications, transportation and energy supplies that contribute to higher living standards for many people globally” (BHP Billiton, 2016a, p. 12).

Under the rational facade, the companies maintain that their overall goal is to maximise return to their shareholders and grow their portfolio to ensure there is value and wealth creation. To meet this goal, they are consistent between their corporate talk, decisions, and actions by committing significant resources to enhance their portfolio and assets. Rio Tinto talks about their capital allocation aims to ensure that they invest in a sustainable way while at the same time being cognisant of the shareholder's expectations of return and the resilience of their balance sheet. According to Rio Tinto, this can be achieved through a decision to evaluate and prioritise the "Group's portfolio of investment opportunities over a number of years to determine what will be the best use of capital" (Rio Tinto, 2013a, p. 12). Further, corporate actions are consistent as Rio Tinto has invested in an

"ore portfolio of four operating assets (Kennecott Utah Copper, Oyu Tolgoi, Escondida and Grasberg) and two world-class greenfield projects (La Granja and Resolution Copper) that are or are expected to be large, long-life, low-cost and expandable operations" (Rio Tinto, 2013a, p. 28).

BHP Billiton also talks about their commitment to improving productivity across the organisation that has the potential to create significant value for their shareholders. They talk about their actions to significantly improve operating performance, such as "a nine per cent increase in Group production (on a copper equivalent basis) and record output at 12 operations" (BHP Billiton, 2014a, p. 15). They further augment this with the quote "During FY2014, we delivered US\$2.9 billion of benefits attributable to productivity initiatives. This means we have now delivered more than US\$6.6 billion of benefits attributable to productivity initiatives over the last two years" (BHP Billiton, 2014a, p. 15).

An evaluation of the disclosures made under the progressive facade highlight the corporate talk and corporate decisions made by the mining companies with an emphasis on the future. However, these are longer-term commitments made by the companies that may not be reflected in their current actions. The chosen companies continue to look for innovative ways to continue mining. BHP Billiton talks about (as shown below) their decision to invest in certain focused technology development projects that have the potential to transform their assets

"into the next generation of mining, addressing resource extraction, productivity, costs and sustainability drivers. An example of this is leaching of low-grade chalcopyrite ores, currently being validated at large scale at Escondida, which has the potential to recover copper from ores previously considered uneconomical" (BHP Billiton, 2013a, p. 27).

However, there are no disclosures in the subsequent years to indicate whether BHP Billiton has succeeded in the above decision.

BHP Billiton also talks about engaging in scenario planning to consider a range of possible outcomes that impact their portfolio because of climate change. According to BHP Billiton,

“given the ongoing role of fossil fuels, and the many uncertainties facing not only the resources sector but the world in general, accurately predicting how the world will respond to the challenge posed by climate change is difficult” (BHP Billiton, 2015a, p. 54).

Further, corporate talk under the progressive facade highlights the companies’ commitment to the sustainability of the natural and social environments for future generations through investment in technologies that can reduce emissions and create alternate energy sources while at the same time ensuring that these technologies are cost-effective from a business perspective. The following quotes from BHP Billiton and Rio Tinto highlight this commitment.

“There must be a significant focus on developing and deploying low-emissions technologies over the next few decades. The rate of technology improvement and subsequent adoption must be faster than the usual commercial timeframes if these technologies are to be available at scale and at acceptable cost to meet the global challenge. industry and government will need to work together in collaborative partnerships to facilitate this step-change” (BHP Billiton, 2014a, p. 52).

“Our long-term goal is for a substantial decarbonisation of our business by 2050. Since 2008 we have reduced our total GHG emissions by 38 per cent compared with our 2008 baseline, primarily through the divestment of more carbon intensive assets” (Rio Tinto, 2017b, p. 31).

However, corporate talk is supported by corporate actions to a lesser degree when they disclose that the investment in innovative technologies to reduce the environmental impacts is substantially less than their investment in sourcing new mines and growth opportunities. BHP Billiton’s voluntary financial commitment to environmental conservation in 2015 was US\$35 million while Rio Tinto has contributed US\$100 million over the past 15 years to

“research and development into technologies that will reduce emissions from coal-fired industries. This investment is necessary because all forecasts point to coal continuing to play a significant role in the global energy mix, but in an increasingly carbon-constrained environment” (Rio Tinto, 2014a, p. 36).

Furthermore, while they talk about their investments in these technologies, there are no disclosures that indicate the impact that this investment has had in reducing emissions. Moreover, Rio Tinto while committing \$100 million for environmental protection over the past 15 years according to their 2014 annual report, has spent close to \$5 billion in 2017 for capital expenditure to grow and expand their business. This suggests that their rational facade has fewer inconsistencies in corporate talk, decisions and actions as they are willing to spend the resources necessary and put into action their commitment (in terms of talk and decisions) to future growth and expansion. They show their commitment to sustainability through talk and decisions to reduce emissions by using low emission technologies and

complete decarbonisation of their business in the future. However, their actions in terms of investments in such technologies are not comparable to their investments for expansion and explorations. This implies that their actions within the progressive and reputational facades are not as consistent with their talk and decisions as compared talk, decisions and actions within the rational facade.

This divergence between their corporate talk, decisions and actions can be camouflaged by the creation of organisational facades (Abrahamson & Baumard, 2008; Brunsson, 2007). The chosen companies engage in aspirational talk (Lipson, 2007) through their progressive and reputational facades, which enables them to satisfy the questions raised by their stakeholders while focusing on meeting their shareholder demands for value maximisation. This is succinctly summarised by BHP Billiton in their sustainability reports where they claim that,

“Our strategy, as set by our Board, is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market. Successful implementation of our strategy requires us to sustainably develop our asset portfolio to deliver superior long-term shareholder returns. The Board has a responsibility to ensure each investment decision is made in accordance with Our BHP Billiton Charter and in consideration of a range of factors, including the health and safety of our people, our impact on our host communities and the environment, and the potential impact of climate change on our organisation” (BHP, 2017b, p. 6; BHP Billiton, 2012b, pp. 2-3; 2013b, pp. 2-3; 2014b, p. 8; 2015b, p. 8; 2016b, p. 8).

While BHP consistently repeats variations of this message to its stakeholders in their sustainability reports from 2012 to 2017, it does not identify the specific decisions and actions that they are taking to ensure that the health and safety of their employees and impact on the environment vis-à-vis the growth of their portfolio (see Tables 8 to 10).

Lipson (2007) argues that aspirational talk can be a positive aspect of organised hypocrisy as it can motivate companies and their management to aspire towards a future goal in the long-term by providing evidence of strategies to improve their sustainability performance while at the same time placating stakeholders in the short-term. BHP Billiton talks about their future commitments for environmental management, reducing their carbon footprint and working with local communities as part of their overall goal. According to their 2012 sustainability report, BHP Billiton indicates that their

“overarching goal for environmental management is to minimise, and where possible eliminate, any impact of our operations on the environment. We recognise that the efficient and responsible use of natural resources is critical to the sustainability of our environment and we will continue to focus on reducing our greenhouse gas emissions and on improving our energy usage and efficiency. We work collaboratively with communities and employees to reduce emissions and support internal emissions reduction projects. To this end, we committed to

spending US\$300 million over the 2008 to 2012 period to support the implementation of energy efficient and low GHG emission technologies” (BHP Billiton, 2012b, p. 18).

In the 2017 sustainability report, BHP Billiton once again makes commitments for the future. For example,

“FY2018 will also see the introduction of our new biodiversity conservation target. By the end of FY2022, we aim to improve marine and terrestrial environmental outcomes by developing a framework to evaluate and verify the benefits of our actions, in collaboration with others, and by contributing to the management of areas of national or international conservation significance exceeding our disturbed land footprint” (BHP, 2017b, p. 38).

Such future-oriented statements can help organisations maintain their social licence to operate in the short-term by pushing the need for action to the future and creating a manageable timeframe and breathing room for the management to try and convert talk into actions at some point in the future. This can help reduce the semblance of hypocrisy between the talk, decisions and actions as they are not necessarily deliverable in the same timeframe.

However, in certain cases, to satisfy the differing needs of a myriad of stakeholders, organisations may engage in hypocrisy that is evident through their talk, decision and actions across facades. The following excerpts by the chosen companies show how progressive talk and rational actions counter each other. The companies justify their rational actions to maximise shareholder wealth through continued growth and expansion while looking for innovative ways to reduce the by-products of their continued use of energy. According to BHP Billiton, in all their annual reports from 2012-2017, they acknowledge that their growth will increase carbon emissions and that they will continue to use fossil fuels but rather than curtail their mining and growth in mining assets to protect the environment they are looking for other sources of energy. This message is exemplified in these specific excerpts below,

“our operations and fossil fuel products are exposed to potential financial risks from regulations to control greenhouse gas (GHG) emissions. In the medium and long-term, we are likely to see changes in the cost structures of our GHG intensive assets as a result of regulatory requirements in the countries where we operate”. (BHP Billiton, 2012b, p. 17)

“Growth across our Businesses will increase emissions, and we must continually look for opportunities to improve our energy efficiency and implement GHG reduction projects to mitigate this increase. All our Businesses are required to minimise their emissions to reduce our contribution to climate change. They must identify, evaluate and implement all suitable projects that prevent or minimise GHG emissions including in project design and equipment selection”. (BHP Billiton, 2014a, p. 52)

“Fossil fuels are likely to continue to be a significant part of the energy mix for decades, but technology and innovation have the potential to significantly reduce global emissions and enable long-term climate goals to be met. Renewables are anticipated to become more competitive with traditional fuels in power generation, leading to a considerable increase in their share of newly installed electricity capacity, including in China and India”. (BHP Billiton, 2016a, p. 22)

Similarly, this study finds conflicts between the reputational talk and rational actions when it comes to choosing between sustainability targets and the financial costs and value creation objectives for the business. For example, while BHP talks about reducing their GHG emissions and implementing projects that can prevent such emissions in their 2014 and 2016 sustainability reports, in 2017 they acknowledge their need to continue the use of fossil fuels (albeit in conjunction with renewable sources of energy) to meet the growing energy needs of the world especially in developing countries, such as China and India.

BHP Billiton also justify their employment policies in light of rational decisions when they claim that “our ability to have a significant impact on unemployment is limited by the nature of our operations, as typically we require highly skilled people with relevant industry and technical experience” (BHP Billiton, 2012b, p. 28; 2013b, p. 37). However, they also enhance their reputational facade in terms of their employment policies where they talk about offering “employment on the basis of merit; not base decisions regarding employment on attributes unrelated to job performance” (BHP, 2017b, p. 18; BHP Billiton, 2016b, p. 48). There is no evidence of how they have changed these rational decisions and actions in 2012 and 2013 to align with their reputational talk in 2016 and 2017.

Furthermore, rational talk also counters reputational talk when it comes to environmental safety and costs. The chosen companies acknowledge the dangers of certain processes they use for mineral extraction, and while they actively try to mitigate the environmental effects, their primary concern when making decisions is the financial implications and costs of the mitigation rather than the environmental benefits. Disclosures made by BHP Billiton regarding the hydraulic fracturing process highlights this conflict between talk and action. Reputational talk over the 2012-2017 period is emphasised in their sustainability reports as a constructive dialogue with their stakeholders to address their concerns about hydraulic fracturing fluids and groundwater contamination (BHP, 2017b; BHP Billiton, 2012b; 2013b; 2014b; 2015b; 2016b). Conversely, BHP Billiton’s rational actions over the same period are delineated as,

“Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to oil and gas production activities using hydraulic fracturing techniques, including regulations that could impose more stringent permitting, public disclosure and well construction requirements on hydraulic fracturing operations. Additional legislation or regulation could also lead to operational delays or increased operating costs in the production

of oil and natural gas, including from the developing shale plays, or could make it more difficult to perform hydraulic fracturing” (BHP Billiton, 2012a, p. 10; 2013a, p. 16; 2014a, p. 23; 2015a, p. 23; 2016a, p. 35).

Based on the above, I argue that as both companies continue to justify their operations in technologies that could be detrimental to the environment, their intention to discontinue these operations to address public concerns is corporate talk that may not progress to action. Similarly, both companies talk about their intentions to progress to a ‘zero-harm’ to the environment for their employees (as evidenced in Rio Tinto’s 2012-2017 sustainability reports) and the target of ‘zero fatalities’ (according to BHP Billiton’s 2012-2017 sustainability reports), while reporting on the work-related casualties and fatalities in their mining operations. For example, BHP Billiton discloses three fatalities in 2012 and 2013 and four fatalities in 2015 and 2017 while Rio Tinto discloses one fatality in 2016 and 2017.

Nevertheless, there is also evidence of consistency between facades where progressive actions are consistent with rational decisions, especially when it comes to using technology to reduce carbon emissions while continuing to produce products that use fossil fuels. According to Rio Tinto in their 2015 annual report, they link their progressive actions to use technology and innovation to mitigate “increasingly complex geological, environmental and cost pressures” faced by their industry, which would enable them to “deliver more tonnes, more cheaply and with less risk” (Rio Tinto, 2015a, p. 13).

The analysis of the disclosures made by the companies shows that there are inconsistencies in the talk, decisions, and actions of our chosen companies when it comes to sustainability performance; however, there is also evidence that these inconsistencies are minimised within the different facades.

Moreover, this study finds that under the progressive and reputational facades, actions are limited to achievable and measurable targets, such as contributions made to charities and acknowledging the rights of the indigenous communities. No actions are apparent to change the underlying core businesses and the actions that drive the core business, which is mining for non-renewable resources. Over the 2012-2017 period of the analysis, both companies continued with significant capital expenditures in resource explorations and the expansions and acquisitions of new mines, though there has been a decline in the overall spending over the years due to falling commodity prices and a slowdown in the global economy. For example, BHP Billiton spent US\$21 billion on capital investments and exploration in 2012 increasing to US\$23 billion in 2013 but has since dropped to US\$5.2 billion in 2017 because of the slowdown in the commodities markets. This trend is also duplicated in the annual reports of Rio Tinto where capital expenditure has declined from US\$13 billion in 2013 to US\$4.4 billion in 2017. However, in their 2017 Annual report, BHP Billiton indicate that they expect an increase in their capital expenditure in 2018 as they perceive a growth in their operations. Rio Tinto also talks about an increase in investments and growth in their operations for the future.

Under the rational facade, this study finds that corporate talk, decisions and actions are linked and disclosed. Most of the talk, decisions and actions under the rational facade are disclosed in mandated and audited annual reports while the disclosures under the progressive and reputational facades are found in the sustainability reports, which are, currently, largely voluntary in Australia. Through their voluntary disclosures companies can choose to deliberately emphasise the relevant talk, decisions and actions that meet the differing stakeholder demands. This could be one of the reasons that there are inconsistencies between corporate talk, decisions and actions under the progressive and reputational facades as it is possible for the companies to create this divergence without the hypocrisy becoming evident to the stakeholders.

The existence and creation of the three facades help the organisations maintain their social licence to operate as the inconsistencies and organised hypocrisy are less evident within a facade. However, across facades, this divergence becomes pronounced and is more demarcated between the rational and reputational facades and less evident between the rational and progressive facades and between the progressive and reputational facades. For example, both companies talk about eliminating or significantly reducing their greenhouse gas (GHG) emissions as part of their reputational facade while continuing to produce commodities that lead to these emissions under their rational facade. One way to justify their actions, which contradicts their talk, and to mitigate the obvious organised hypocrisy, is to highlight progressive decisions about investing in technology and undertaking research and development in alternative fuel sources, which could help reduce the negative environmental effects of their operations in the future. Therefore, converting reputational talk into rational actions is pushed to the future through progressive decisions. This suggests that the progressive facade could provide a conduit between the rational and reputational facades and allow companies the time and space necessary to move towards their aspirational goals in the future.

CHAPTER FIVE

CONCLUSION, CONTRIBUTIONS, LIMITATIONS, AND FUTURE RESEARCH

5.1 Conclusion

This study aimed to examine the existence of organised hypocrisy and creation of organisational facades in the corporate talk, decisions and actions of two Australian mining companies concerning their sustainability behaviour. The importance of the role of sustainability reporting and its impact on sustainability behaviour to satisfy the differing needs of the myriad stakeholders of an organisation has emerged because of environmental and social considerations gaining impetus over the last few decades. However, the ability of sustainability disclosures to mitigate social and environmental impacts and improve sustainability performance by companies is hereto ambiguous. Concerns about greenwashing and use of sustainability disclosures for impression management strategies create scepticism about the true intentions of companies who tout their sustainability efforts (Beck et al., 2017; Boiral, 2013; Hahn & Lülfs, 2014).

Whether these sustainability disclosures can materialise into substantive actions is also exacerbated by the conflicting demands placed on the organisations to meet the needs of their varied stakeholders. While the justifications and veracity of these disclosures have been evaluated within the legitimacy, institutional and stakeholder theories, this study has examined the divergence through the lens of organised hypocrisy. Brunsson (2007) argues that organisations may have little choice but to engage in organised hypocrisy and create a divergence between corporate talk, decisions and actions to manage conflicting stakeholder demands. One possible way to camouflage this hypocrisy would be to create multiple facades, each dealing with different stakeholder concerns. These facades are essentially ‘symbolic fronts’ that justify an organisation’s legitimacy to its stakeholders (Abrahamson & Baumard, 2008). Assuming that the existence of multiple facades is not obvious to all stakeholders, the organisations, can in the short-term meet the minimal level of acceptance by each stakeholder group (Cho et al., 2015a). The main facades proposed by Abrahamson and Baumard (2008) are rational, progressive and reputational facades. These have been used in this study. This model was previously used by Cho et al. (2015a) in the context of large oil and gas companies in the US.

Using the content analysis software, Leximancer, this study examined the sustainability disclosures in the annual reports, sustainability reports, media reports and ASX announcements of BHP Billiton and Rio Tinto over the period 2012 to 2017. The main themes and concept maps generated by the software identified clusters of important concepts, which are consistent with the rational, progressive and reputational facades as they pertain to the mining industry, given their specific

institutional and social contexts. The annual reports identified the main themes consistent with the rational facades as they relate to value creation and a focus on cost-benefit analysis as a key component of the decision making of these companies. This is in harmony with the needs of the main stakeholders, such as shareholders and other providers of financial capital. In contrast, the sustainability reports focused on the progressive and reputational facades as the mining companies sought to alleviate sustainability concerns through future-oriented and social and environmental stewardship roles. The disclosures within the progressive and reputational facades intended to assuage the concerns of the broader stakeholder base, which includes governments, employees, local communities and other environmental and social responsibility stewards. The companies used the progressive and reputational facades to create a positive image of their operations so that they can justify their legitimacy and have continued access to the resources that could enable them to meet norms of business sustainability and stakeholder demands under the rational facade.

The findings of this study suggest that the organisations engaged in organised hypocrisy and created organisational facades to mitigate the pressures put on them to meet the conflicting demands of their stakeholders. As highlighted earlier in this study, the disclosures made by the chosen companies did suggest a divergence between their talk, decisions and actions within and across facades. However, it should be noted that organised hypocrisy and divergence between corporate talk, decisions and actions does not necessarily imply negative connotations. According to Christensen et al. (2013), aspirational talk, where an organisation aspires to a sought-after future, can push the management of these organisations to work towards that future and convert reputational talk into progressive decisions and rational actions. Organised hypocrisy in the short-term might provide the necessary breathing space for management to satisfy the immediate and conflicting demands placed on them by different stakeholder groups and allow them time to innovate and enhance their contributions to society (Cho et al., 2015a). This study finds that there are relatively few disclosures that show a consistency in terms of the talk, decisions and actions of the two companies and indicate a progress towards converting aspirational talk into action over the 5-year period.

While gaps between what a company does and what it says have been explained through the lens of organisational legitimacy and within the individual institutional contexts, Cho et al. (2015a) and Michelon et al. (2016) argue that new organisational theories could provide additional insights, and a more nuanced framework is needed to identify and justify these gaps. This study has attempted to argue that organisations intentionally create the divergence between what they say and what they do by engaging in organised hypocrisy. It has been suggested that there should be more “tolerance for corporations not walking the talk” (Cho et al., 2015a, p. 91), as organisations, given their social and institutional contexts, may not have a choice but to engage in organised hypocrisy and create facades. It is also important to note that this behaviour may only be tolerated in the short-term. If

this hypocrisy becomes obvious to the stakeholders, and aspirational talk does not eventuate into actions, then the organisation runs the risk of being unable to convince them of their credibility.

Future research could look at the specific organisational contexts that force organisations to engage in hypocrisy. More interpretative and detailed case studies, including discussions with organisational participants and stakeholders, could provide greater insights into how environmental and social disclosure practices evolve in an organisation. The theoretical framework used in this study can provide avenues for future studies to investigate whether boundaries between facades can be mitigated and whether corporate talk, decisions and actions can be consistent across facades.

The theoretical and empirical findings of this study are a preliminary step in the model of organised hypocrisy and creation of organisational facades. The interpretations within this study are subjective and may be limited by the interpretive ability of the researcher. The reliability of the interpretations is subject to debate and counter analysis. The sustainability disclosures of the chosen companies are largely voluntary and, therefore, would be affected by the company's agenda vis a vis their stakeholders and the information that they believe would present them in the best light. While the study suggests the existence of organised hypocrisy and the creation of organisational facades, it does not provide explanations for how these can be mitigated or if they should. Future research in this area of organisational theory can focus on whether progressive facades can create a bridge between rational and reputational facades. There is also a need to consider the implications to the organisation if their hypocrisy becomes exposed to their stakeholders and how an organisation would then respond to their stakeholders.

5.2 Contributions of the Study

5.2.1 Potential Theoretical Contributions of the Study

Previous studies on organised hypocrisy and organisational facades have either provided a conceptual examination of these theories without providing empirical evidence in the context of sustainability reporting or they are not related to sustainability disclosures (Abrahamson & Baumard, 2008; Adams, 2017; Brunsson, 2007; Christensen et al., 2013; Lipson, 2007; Michelon et al., 2016; Wagner et al., 2009). This study adds to the literature on sustainability reporting through a theoretical framework that incorporates both organised hypocrisy and organisational facades along with empirical evidence. The only other major study to incorporate a similar framework is a qualitative content analysis of the sustainability disclosures of the two largest oil and gas companies operating in the Alaskan National Wildlife Refuge (ANWR) and was published amid the contentious US Congress debates (Cho et al., 2015a). This study extends the work of Cho et al. (2015a) by evaluating disclosures made by mining companies in Australia without any mitigating factors that could affect the disclosures, such as the ANWR debates. The contribution of this research is to provide more empirical evidence on the gaps

between corporate talk, decisions and actions in their sustainability disclosures. The concepts of organised hypocrisy and organisational facades acknowledge that an organisation faces constraints between their talk, decisions and actions as it moves within and across the rational, progressive and reputational facades. These constraints could provide a credible explanation for the gaps between sustainability reporting and sustainability practice. Research in sustainability reporting could benefit from a more nuanced theoretical framework that can complement the existing stakeholder, legitimacy and institutional theories as an explanation for these gaps.

5.2.2 Potential Practical Contributions of the Study

The practical objective of this study is to investigate the existence of gaps between corporate talk, decisions and actions in the sustainability reporting of two Australian mining companies. A possible explanation for any divergence between sustainability reporting and practice could be that companies engage in organised hypocrisy and create organisational facades to meet the differing expectations of their stakeholders. This explanation may enable regulators and preparers of these sustainability reports to better evaluate an organisation's sustainability discourse. The divergence between corporate talk and actions could enable the organisation to maintain the organisational facades and provide avenues to convert talk and decisions into actions. This may provide beneficial consequences for the stakeholders by allowing organisations time and flexibility for future actions, thereby, increasing their environmental and social performance. Also, identification of such divergence between talk, decisions and actions may also force companies to take action to remedy this significant issue otherwise their credibility as a 'sustainable' organisation could be negatively affected and stakeholders would question their legitimacy to operate. Further, it could enable a constructive dialogue between an organisation and its stakeholders to improve the quality of their sustainability reporting and reduce the gaps between their talk, decisions and actions.

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Appendix

Table 1 Ranked Concept List for BHP Billiton Annual Reports		
Word-Like	Count	Relevance
assets	3479	94%
financial	3206	87%
performance	2951	80%
operations	2723	74%
year	2703	73%
value	2551	69%
million	2480	67%
gas	2478	67%
oil	2389	65%
share	2365	64%
production	2364	64%
shares	2265	61%
costs	2229	60%
period	2184	59%
management	2165	59%
including	2104	57%
tax	1940	52%
information	1767	48%
during	1697	46%
development	1671	45%
interest	1622	44%
capital	1585	43%
billion	1517	41%
risk	1508	41%
price	1477	40%
business	1458	39%
shareholders	1381	37%
following	1258	34%
basis	1217	33%
reserves	1206	33%
market	1191	32%
ore	1165	31%
time	1092	30%
potential	1065	29%

Table 1 continued Ranked Concept List for BHP Billiton Annual Reports		
Word-Like	Count	Relevance
change	1060	29%
required	1046	28%
activities	1038	28%
due	1031	28%
risks	1029	28%
mine	1024	28%
based	996	27%
held	971	26%
plant	951	26%
include	944	26%
project	933	25%
mt	921	25%
number	920	25%
subject	913	25%
coal	904	24%
used	896	24%
approximately	879	24%
material	872	24%
requirements	855	23%
process	836	23%
associated	821	22%
investment	821	22%
certain	770	21%
exploration	767	21%
copper	766	21%
located	760	21%
facilities	752	20%
use	743	20%
mining	727	20%
experience	717	19%
company	677	18%
services	540	15%
ltd	336	9%

Table 2 Ranked Concept List for Rio Tinto Annual Reports		
Word-Like	Count	Relevance
statements	4115	81%
financial	3866	76%
value	3160	62%
shares	3122	61%
report	3108	61%
assets	2948	58%
year	2893	57%
performance	2878	57%
cash	2764	54%
share	2700	53%
operations	2527	50%
million	2221	44%
tonnes	2192	43%
management	1914	38%
business	1817	36%
information	1798	35%
interest	1757	35%
costs	1756	35%
directors	1736	34%
shareholders	1717	34%
including	1711	34%
executive	1711	34%
chief	1709	34%
plc	1695	33%
tax	1649	32%
based	1623	32%
production	1527	30%
group	1521	30%
ore	1479	29%
benefits	1468	29%
product	1459	29%
rate	1437	28%
date	1412	28%
capital	1381	27%

Table 2 continued Ranked Concept List for Rio Tinto Annual Reports		
Word-Like	Count	Relevance
market	1316	26%
during	1277	25%
risk	1248	25%
mine	1241	24%
accordance	1238	24%
company	1219	24%
board	1204	24%
aluminium	1194	23%
held	1193	23%
prices	1170	23%
project	1113	22%
development	1095	22%
safety	1069	21%
due	1008	20%
basis	1005	20%
significant	979	19%
joint	961	19%
mining	946	19%
subject	895	18%
used	889	17%
employees	843	17%
economic	830	16%
current	810	16%
work	796	16%
projects	795	16%
global	722	14%
growth	707	14%
investment	703	14%
support	635	12%
chairman	619	12%
director	609	12%
process	604	12%
ltd	434	9%

Table 3 Ranked Concept List for BHP Billiton Sustainability Reports		
Word-Like	Count	Relevance
operations	772	100%
communities	530	69%
community	519	67%
business	482	62%
people	455	59%
management	454	59%
emissions	449	58%
impacts	445	58%
health	438	57%
including	422	55%
risks	405	52%
safety	405	52%
development	402	52%
local	385	50%
employees	384	50%
performance	381	49%
support	362	47%
use	361	47%
work	360	47%
water	351	45%
potential	340	44%
change	333	43%
requirements	323	42%
assets	322	42%
environmental	321	42%
climate	315	41%
required	303	39%
rights	300	39%
approach	299	39%
risk	277	36%
material	277	36%

Table 3 continued Ranked Concept List for BHP Billiton Sustainability Reports		
Word-Like	Count	Relevance
activities	263	34%
resources	262	34%
programs	258	33%
gas	257	33%
controls	256	33%
available	256	33%
significant	247	32%
investment	237	31%
projects	235	30%
number	225	29%
impact	220	28%
data	220	28%
engagement	215	28%
include	212	27%
million	212	27%
global	211	27%
areas	211	27%
program	211	27%
provide	197	26%
land	188	24%
processes	187	24%
energy	183	24%
basis	182	24%
information	179	23%
mine	176	23%
reduce	166	22%
exposure	161	21%
address	151	20%
project	150	19%
coal	125	16%
accordance	121	16%

Table 4 Ranked Concept List for Rio Tinto Sustainability Reports		
Word-Like	Count	Relevance
development	1301	100%
operations	743	57%
business	659	51%
work	523	40%
management	522	40%
performance	508	39%
local	490	38%
communities	475	37%
emissions	463	36%
report	441	34%
water	418	32%
employees	410	32%
health	409	31%
use	401	31%
environment	371	29%
people	364	28%
page	356	27%
human	355	27%
approach	347	27%
risks	340	26%
rights	336	26%
sustainable	325	25%
including	318	24%
environmental	292	22%
safety	288	22%
support	284	22%
mining	275	21%
impacts	269	21%
risk	262	20%
community	258	20%
process	257	20%
economic	256	20%
land	255	20%
ensure	243	19%

Table 4 continued Ranked Concept List for Rio Tinto Sustainability Reports		
Word-Like	Count	Relevance
programme	243	19%
waste	237	18%
mine	231	18%
used	225	17%
social	223	17%
global	221	17%
activities	218	17%
data	215	17%
sites	208	16%
standards	207	16%
year	204	16%
future	203	16%
significant	196	15%
areas	195	15%
products	190	15%
time	180	14%
life	174	13%
important	171	13%
include	170	13%
number	169	13%
project	164	13%
site	163	13%
operation	162	12%
during	162	12%
sources	160	12%
industry	159	12%
company	139	11%
production	137	11%
due	131	10%
based	119	9%
available	110	8%
area	109	8%
team	105	8%

Table 5 Ranked Concept List for Discriminate Analysis of Annual and Sustainability Reports for both companies		
Word-Like	Count	Relevance
liabilities	9342	14%
financial	7990	12%
value	7564	11%
performance	7246	11%
operations	6921	10%
year	6332	9%
report	6274	9%
share	5952	9%
management	5568	8%
million	5362	8%
shares	5196	8%
costs	4901	7%
including	4778	7%
business	4650	7%
development	4435	6%
production	4295	6%
information	4181	6%
tax	4033	6%
shareholders	3739	5%
interest	3694	5%
gas	3537	5%
risk	3522	5%
oil	3514	5%
date	3490	5%
during	3433	5%
capital	3323	5%
ore	3090	5%
risks	3046	4%
based	3037	4%
tonnes	3001	4%
market	2961	4%
mine	2877	4%
accordance	2850	4%
rights	2841	4%
health	2839	4%
work	2758	4%
billion	2706	4%
basis	2603	4%

Table 5 continued Ranked Concept List for Discriminate Analysis of Annual and Sustainability Reports for both companies		
Word-Like	Count	Relevance
include	2569	4%
employees	2525	4%
use	2515	4%
required	2499	4%
material	2493	4%
activities	2474	4%
number	2442	4%
executive	2436	4%
project	2388	3%
held	2377	3%
communities	2361	3%
joint	2337	3%
projects	2214	3%
local	2205	3%
time	2196	3%
company	2190	3%
current	2183	3%
requirements	2167	3%
support	2137	3%
mining	2134	3%
used	2130	3%
potential	2107	3%
global	2062	3%
plant	2035	3%
emissions	1959	3%
coal	1953	3%
process	1924	3%
people	1834	3%
certain	1752	3%
water	1623	2%
copper	1602	2%
aluminium	1598	2%
exploration	1591	2%
services	1579	2%
industry	1336	2%
mt	1114	2%
ltd	859	1%
pty	701	1%

Table 6 Ranked Concept List for Media Articles for both companies		
Word-Like	Count	Relevance
iron	1096	100%
ore	1079	98%
market	358	33%
production	338	31%
price	333	30%
year	311	28%
million	305	28%
prices	301	27%
rights	249	23%
tonne	215	20%
mining	211	19%
miners	204	19%
supply	167	15%
costs	165	15%
producers	143	13%
demand	142	13%
billion	141	13%
cost	140	13%
industry	138	13%
companies	124	11%
expansion	117	11%
executive	112	10%
down	110	10%
chief	109	10%
time	108	10%

Table 6 continued Ranked Concept List for Media Articles for both companies		
Word-Like	Count	Relevance
mine	106	10%
growth	104	9%
government	104	9%
words	103	9%
mines	101	9%
company	101	9%
business	97	9%
steel	96	9%
tax	87	8%
global	85	8%
inquiry	84	8%
week	80	7%
operations	76	7%
coal	76	7%
iron-ore	75	7%
cash	71	6%
low	70	6%
miner	69	6%
biggest	66	6%
project	62	6%
likely	59	5%
take	57	5%
need	56	5%
assets	53	5%
people	48	4%

Table 7 Ranked Concept List for BHP Billiton and Rio Tinto ASX Announcements		
Word-Like	Count	Relevance
production	1876	67%
year	1140	41%
million	1138	41%
tonnes	1059	38%
ore	1007	36%
earnings	961	35%
operations	945	34%
half	937	34%
share	845	30%
coal	820	29%
financial	806	29%
business	801	29%
cash	790	28%
value	772	28%
interest	748	27%
forward-looking	743	27%
cost	724	26%
costs	702	25%
assets	701	25%
mine	694	25%
copper	672	24%
billion	665	24%
performance	661	24%
capital	601	22%
project	558	20%
including	540	19%
growth	538	19%
results	528	19%
prices	522	19%
operating	517	19%
period	503	18%
mt	490	18%
market	485	17%
projects	484	17%
expected	481	17%
equity	478	17%
mining	476	17%
tax	475	17%

Table 7 continued Ranked Concept List for BHP Billiton and Rio Tinto ASX Announcements		
Word-Like	Count	Relevance
information	471	17%
quarter	470	17%
basis	461	17%
development	453	16%
demand	435	16%
products	418	15%
capacity	418	15%
further	409	15%
statements	398	14%
shareholders	382	14%
significant	379	14%
following	371	13%
based	360	13%
additional	353	13%
exploration	341	12%
investment	337	12%
completed	325	12%
term	317	11%
number	311	11%
due	289	10%
supply	272	10%
time	270	10%
continue	266	10%
report	265	10%
company	263	9%
resource	249	9%
approximately	248	9%
resources	243	9%
agreement	242	9%
joint	235	8%
support	233	8%
work	230	8%
global	228	8%
available	222	8%
quality	222	8%
drilling	199	7%
people	182	7%
used	169	6%

Table 8: Representative Quotes under the Rational Facade			
Corporate Focus	Talk	Decisions	Actions
Shareholder wealth creation	<i>At BHP Billiton, our purpose is to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources. (BHP Billiton, 2012a, p. 3; 2013a, p. 8; 2014a, p. B; 2015a, p. B; 2016a, p. B)</i>	<i>We have a pipeline of potential growth projects that could create significant shareholder value over the long term, in particular in conventional oil, copper and coal. This includes the Mad Dog Phase 2 project, which has the potential capacity to produce up to 140,000 gross barrels of crude oil per day, and the Spence Growth Option. (BHP, 2017a, p. 16)</i>	<i>In light of the restructuring occurring across the extractive sector, some of our stakeholders may question the value of our industry and the role we play. But when you consider that in the five years to the end of 2015, Rio Tinto's direct economic contribution(a) has exceeded US\$265 billion, we believe the value we bring is clear. (Rio Tinto, 2015a, p. 6)</i>
	<i>Rio Tinto's primary focus is on the delivery of value for our shareholders. We balance disciplined investment with prudent management of our balance sheet and cash returns to shareholders. (Rio Tinto, 2014a, p. 13)</i>	<i>Rio Tinto's overriding objective is to generate attractive sustainable returns to shareholders through a strategy of investing in large, long-term, low-cost mines and businesses. The directors recognise that creating shareholder return is the reward for taking and accepting risk. (Rio Tinto, 2012a, p. 82)</i>	<i>BHP Billiton's strategy to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market remains the foundation for creating shareholder value. At the end of FY2014, the Group had seven major projects and one other project under development with a combined budget of US\$14.1 billion. (BHP Billiton, 2014a, p. 151)</i>
Continuous Growth and development	<i>This is a challenging yet very rewarding time to be at the helm of the world's leading diversified resources company. We believe our proven strategy, when combined with our great orebodies and operational focus on productivity, will deliver stronger margins throughout the economic cycle, a simpler and more capital efficient structure, a substantial increase in free cash flow and growth in shareholder value. (BHP Billiton, 2013a, p. 7)</i>	<i>The aim of Rio Tinto's capital allocation process is to invest in a sustainable way through the cycle, having consideration of shareholders' expectations of returns, and the robustness of our balance sheet. This is achieved through an evaluation and prioritisation of the Group's portfolio of investment opportunities over a number of years to determine what will be the best use of capital. (Rio Tinto, 2013a, p. 12)</i>	<i>In 2015, we cut our capital expenditure to US\$4.7 billion but not at the expense of facilitating high value growth options. The four major projects we progressed last year exemplify the diverse nature of our portfolio and commitment to quality growth: the completion of the Pilbara iron ore infrastructure; the pouring of first hot metal at the modernised Kitimat smelter; the project financing package agreed for Oyu Tolgoi underground; and the approval of the Amrun bauxite project. (Rio Tinto, 2015a, p. 7)</i>
	<i>Your Board is confident that our commitment to invest in high-return growth opportunities will continue to create returns for shareholders. Our largely brownfield projects in execution will continue to drive momentum in our major businesses and create value for</i>		

	<i>our shareholders in the near term. (BHP Billiton, 2012a, p. 4)</i>		
Justification for continued access to non-renewable resources	<i>Failure to discover or acquire new resources, maintain reserves or develop new operations could negatively affect our future results and financial condition the demand for our products and production from our operations results in existing reserves being depleted over time. As our revenues and profits are derived from our oil and gas and minerals operations, our results and financial condition are directly related to the success of our exploration and acquisition efforts, and our ability to generate reserves to meet our production requirements. exploration activity occurs adjacent to established operations and in new regions, in developed and less-developed countries. these activities may increase land tenure, infrastructure and related political risks. a failure in our ability to discover or acquire new resources, maintain reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our results, financial condition and prospects. (BHP Billiton, 2014a, p. 21)</i>	<i>At the heart of Rio Tinto is a portfolio of world-class assets – from our Pilbara iron ore business, to our Queensland bauxite ore reserves, hydro-powered aluminium smelters, our global suite of copper mines and sector-leading energy, diamonds and minerals assets. We use a clear strategic framework to assess our existing assets and new opportunities – taking into account the industry attractiveness and the competitive advantage of each asset, and its capacity to deliver best-in-class returns. (Rio Tinto, 2014a, p. 10)</i>	
		<i>We maximise opportunities by exploring for and evaluating deposits in new geographies (such as the La Granja copper project in Peru). We also explore the orbits of our current operations (like the Caliwingina iron ore resource in the Pilbara), which sustains the value of our existing businesses. (Rio Tinto, 2013a, p. 9)</i>	

Regulatory pressure and government restrictions	<p><i>Our operations in around 35 countries are subject to extensive laws and regulations imposed by local, state, provincial and federal governments. These regulations govern many aspects of our operations – how we explore, mine and process ore, conditions of land tenure and use, health, safety and environmental requirements, how we operate as a company including laws regarding securities, taxation, intellectual property, competition and foreign investment, provisions to protect data privacy, conditions of trade and export and infrastructure access. (Rio Tinto, 2016, p. 51)</i></p>	<p><i>We accept the intergovernmental Panel on Climate Change’s assessment that warming of the climate is unequivocal, the human influence is clear and the physical impacts are unavoidable. We believe that the Board’s approach to strategy, investment decision-making and portfolio management, as well as the diversity of our overall portfolio, positions us to manage and respond to changes and capture opportunities to grow shareholder value over time. (BHP Billiton, 2014a, p. 8)</i></p>	<p><i>We maintain a position of impartiality with respect to party politics and do not make political contributions/donations for political purposes to any political party, politician, elected official or candidate for public office. We do, however, contribute to the public debate of policy issues that may affect BHP in the countries in which we operate. (BHP, 2017a, p. 123)</i></p>
	<p><i>Our ability to operate globally is heavily dependent on gaining access to natural resources and maintaining our licence to operate. Sustainable development is core to our business strategy; we integrate health, safety, environmental, social and economic factors into our decision-making. (BHP Billiton, 2012a, p. 46)</i></p>	<p><i>Environmental protection, land rehabilitation and occupational health and safety are principally regulated by governments and to a lesser degree, if applicable, by lease contracts with the landowners. These obligations often require us to make substantial expenditures to minimise or remediate the environmental impact of our operations and to ensure the safety of our employees and contractors. (BHP Billiton, 2016b, p. 290)</i></p>	<p><i>New activities may include establishing new trade agreements; undertaking new community investment programs; interactions with government officials; or obtaining new tenements, licences or acreage for a new region. Given the increasingly complex competitive and regulatory environments in which we operate, our ability to engage effectively with governments will be central to ensuring shareholders’ interests are protected. (BHP Billiton, 2012b, p. 34)</i></p>
	<p><i>Governments globally are considering a variety of legislative and regulatory options to mitigate GHG emissions. In our view, assessing these options requires an understanding of their likely effectiveness, scale and cost, as well as their implications for economic growth and quality of life. Our position is that any policy response should be broad-based and use a portfolio of complementary measures to deliver abatement. We believe that the diversity of our portfolio, combined with actions focused on emissions abatement, will position us well to manage future policy developments. (BHP Billiton, 2013a, p. 54)</i></p>	<p><i>To assess how carbon policy and regulation will affect our businesses and our products in the future, we closely monitor national and international climate and energy policy developments and we advocate constructively for policies that are environmentally effective, economically efficient and equitable. We also assess the potential risks to the resilience of our operations from changing climate events. (Rio Tinto, 2014b, p. 62)</i></p>	

Sustainability issues versus shareholder wealth creation	<i>BHP (sic) accepts the IPCC's assessment of climate change science, which has found that warming of the climate is unequivocal, the human influence is clear and physical impacts are unavoidable. We believe that the world must pursue the twin objectives of limiting climate change to the lower end of the IPCC emission scenarios in line with current international agreements, while providing access to reliable and affordable energy to support economic development and improved living standards. (BHP Billiton, 2015a, p. 7)</i>	<i>There is a potential gap between the current valuation of fossil fuel reserves on the balance sheets of companies and in global equities markets and the reduced value that could result if a significant proportion of reserves were rendered incapable of extraction in an economically viable fashion due to technology, regulatory or market responses to climate change. In such a scenario, stranded reserve assets held on our balance sheet may need to be impaired or written off and our inability to make productive use of such assets may also negatively impact our financial condition and results. (BHP, 2017a, p. 40)</i>	<i>The improvement is due in part to the Oyu Tolgoi operation, where its percentage increase in copper concentrate production significantly outweighed its increase in GHG emissions. (Rio Tinto, 2015a, p. 36)</i>
	<i>The goal of Exploration is to create value for Rio Tinto through the discovery or acquisition of Tier 1 resources that can increase future value. To pass modern community, sustainability and investment hurdles, the exploration process can take ten to 20 years from target generation to development decisions. (Rio Tinto, 2012a, p. 34)</i>		<i>Our Chilean copper and Peruvian base metals operations are located in a known earthquake and tsunami zone. Based on our risk management and concerns about the value of external insurance in the natural resource sector, our risk financing (insurance) approach is to minimise or not to purchase external insurance for certain risks, including property damage and business interruption, sabotage and terrorism, marine cargo, construction, primary public liability and employee benefits. (BHP Billiton, 2016b, p. 32)</i>
	<i>Rio Tinto's vision is to be a company that is admired and respected for delivering superior business value as the industry's trusted partner. Our contribution to sustainable development is an essential part of this vision (Rio Tinto, 2015a, p. 24)</i>		
	<i>Our responsible approach to mineral development ensures we gain and maintain our licence to operate. It means we provide confidence to our stakeholders, and improve our access to the mineral resources, people and capital we need. (Rio Tinto, 2012a, p. 24)</i>		

Table 9: Representative Quotes under the Progressive Facade			
Corporate Focus	Talk	Decisions	Actions
Environmental Stewardship	<i>We believe the world must pursue the twin objectives of limiting climate change to the lower end of the IPCC emission scenarios in line with current international agreements, while providing access to reliable and affordable energy to support economic development and improved living standards. We do not prioritise one of these objectives over the other – both are essential to sustainable development. (BHP, 2017a, p. 52)</i>	<i>Responding to climate change remains a priority governance and strategic issue for BHP Billiton in the context of the transformational changes now underway in the global energy market, driven by climate policy and technology advances. Active engagement with our stakeholders, including investors, policy makers, peers and non-governmental organisations, on our approach to climate change is also a priority. (BHP Billiton, 2016b, p. 3)</i>	
	<i>As well as managing the financial and technical risks that our organisation faces, we are committed to managing the sustainable development risks we face at every stage of our businesses' life cycle. By maximising the societal, environmental and economic benefits of our activities – and minimising negative impacts – we optimise business value, gain and build our stakeholders' trust, and support our licence to operate. (Rio Tinto, 2013b, p. 2)</i>	<i>Rigorous assessments and review processes aim to ensure we only approve investments that offer attractive returns above our capital costs over the long term, whilst ensuring there are minimal negative impacts associated with our activities on people, communities and the environment. (Rio Tinto, 2017b, p. 9)</i>	
Innovative Techniques	<i>We focus on maximising the opportunities and minimising the threats that come from the production, use and disposal of our products. We don't do this in isolation, but work closely with scientists, customers, suppliers, communities, regulators and NGOs to improve our collective understanding. (Rio Tinto, 2013b, p. 9)</i>	<i>In 2017, we undertook an assessment of our operations to the physical risks of climate change. This has provided us with a better understanding of exposure at each asset to potential changes in climate variables such as temperature, sea level rise, water risk and climatic extremes in the regions where our assets are located. (Rio Tinto, 2017b, p. 34)</i>	<i>Rio Tinto has one of the lowest carbon footprints in the aluminium industry, with almost 80 per cent of its power coming from non-fossil fuel-based sources. We have a significant hydropower portfolio in Canada and the UK, and our AP Technology™ solutions, which offer lower energy consumption and improved environmental performance, have become an industry benchmark. (Rio Tinto, 2014b, p. 13)</i>

		<p><i>Our operations are required to have land and Biodiversity Management Plans that incorporate baseline and impact assessments, controls designed to mitigate impacts on biodiversity, land use and water resources, and monitoring programs to verify effectiveness of controls. Commonly described as a mitigation hierarchy, we aim to avoid land disturbance and, where this is not possible, to minimise our impacts, including rehabilitating land (both during operations and closure). (BHP Billiton, 2013b, p. 27)</i></p>	<p><i>We recognise that we must ensure our business is resilient and can adapt to physical climate change impacts that will occur. Our assets are long-lived, so we take a robust, risk-based approach to managing these impacts. our assessment of the regional impacts on our Businesses shows that they are already exposed to risks as a result of climate change impacts, including increasing storm intensities, greater water supply variability and an increasing number of high-temperature days. these impacts can affect health and safety, productivity and financial performance. testing the resilience of our operations to these impacts has already changed the way we work. For example, the identification and assessment of increasing storm intensity and storm surge levels has resulted in raising the height of the trestle at our Hay Point coal port facility in Australia as part of our expansion plans. (BHP Billiton, 2014b, p. 14)</i></p>
Improvement in Environmental Performance	<p><i>Technology and innovation have the potential to significantly reduce global emissions and meet long-term climate goals. Given that fossil fuels are likely to continue to be a significant part of the energy mix for decades, it is vital that low-emissions technologies (LET) are available at scale, lower cost and much faster than the usual commercial time frames to meet the challenge of climate change. (BHP Billiton, 2015b, p. 20)</i></p>	<p><i>As part of our strategic approach to climate change, we are building our own resilience and working with others to support effective policy frameworks that support a transition to a low-carbon economy. We are actively exploring opportunities to invest in low-emission technologies such as carbon capture and storage and battery storage. (BHP Billiton, 2015b, p. 1)</i></p>	

	<p><i>We seek opportunities for socioeconomic and environmental regeneration, and have found that through careful management, applying innovative solutions where appropriate, and working in close collaboration with others, these sites can often be transformed into community assets. (Rio Tinto, 2015b, p. 52)</i></p>	<p><i>The research has changed the way Diavik manages its waste rock; all waste rock is classified based on sulphur content, with high sulphur rock segregated within the mine's waste rock pile. The team has developed a cover system for the high sulphur rock that takes advantage of the local permafrost environment and limits poor-quality drainage. (Rio Tinto, 2015b, p. 91)</i></p>	
Employee Health and Safety	<p><i>We seek opportunities for socioeconomic and environmental regeneration, and have found that through careful management, applying innovative solutions where appropriate, and working in close collaboration with others, these sites can often be transformed into community assets. (Rio Tinto, 2015b, p. 52)</i></p>	<p><i>Recognising these needs, our global Learning team developed a three-year roadmap to support the development needs of employees at all levels, in all roles across our operations. The initiatives are aligned with learning available at a local level, to ensure that all employees have access to development for their current and future roles. (Rio Tinto, 2013b, p. 31)</i></p>	<p><i>One such initiative is Weipa's Kinection programme – an innovative pre-employment training course designed to equip local Aboriginal people with the skills needed to work in the mining sector. Kinection provides training in a range of personal development and practical work readiness skills, such as social and emotional wellbeing activities, and entry-level knowledge across areas such as road and building construction, machinery repairs and maintenance, and conservation and land management. (Rio Tinto, 2015b, p. 68)</i></p>
	<p><i>Improving the quality of life in our host communities a focus on sustainability underpins all our investments in community economic development. this means we are committed to addressing the needs and priorities of the communities in which we operate and seek to invest in projects that will continue to promote benefits to the community after the funding is completed. We work with our host communities to identify the major social issues and development priorities. using data from a social baseline study and social impact and opportunity assessment, we develop a community development management plan. (BHP Billiton, 2014b, p. 43)</i></p>	<p><i>We also had a team of researchers from Harvard Medical Schools conduct a mental health review for our Iron Ore operations, looking at gaps between our current mental health strategy and global best practice, among other aspects. The key recommendation from this review will be used to develop a mental health management framework aimed at sharing good practices and to provide support to our employees. (Rio Tinto, 2013b, p. 27)</i></p>	<p><i>Our safety performance improves through our continued focus on accelerating sustainable improvements in productivity by finding more efficient and effective ways of performing day-to-day operations. We delivered more than US\$6.6 billion of sustainable productivity-led gains over the last two years. there are more achievements in productivity still to come as our teams continue to innovate and learn from each other, replicating best practice and operating on a common data platform across the organisation. (BHP Billiton, 2014a, p. 9)</i></p>

	<p><i>We strive to avoid or minimise any adverse impact of our operations on our communities. To achieve this, operations are required to have Stakeholder Engagement Management Plans, as well as processes and controls in place to identify, assess and mitigate incidents that may potentially impact our communities. (BHP Billiton, 2012b, p. 6)</i></p>	<p><i>In 2004, we introduced our Group-wide occupational health standards to improve identification and management of health risks. These were revised in 2014 and are integrated with our custom-built and recently revised Rio Tinto management system to ensure consistent Group-wide application, on an exposure risk basis. (Rio Tinto, 2014b, p. 48)</i></p>	<p><i>We work actively with the road safety industry and key vehicle manufacturers to ensure the most relevant safety technologies are adopted globally. Our decision to move to the highest NCAP safety rating will, by 2016, improve the safety rating of an estimated 50,000 vehicles a year in Australia alone, resulting in broad community benefits as safer vehicles appear on the road. (BHP Billiton, 2012b, p. 10)</i></p>
		<p><i>This year, we developed a new BHP Billiton Social Investment Framework to build a stronger linkage between our business and the communities that support and host us. The framework has identified three areas of sustainable development that will form the basis of future investments: governance, environment, and human capability and social inclusion. (BHP Billiton, 2015a, p. 5)</i></p>	
		<p><i>As part of our ongoing focus to eliminate fatal and other serious incidents, a Company-level safety intervention was initiated in FY2015. The safety intervention was launched with engagement across our business through a variety of methods, including workshops, team talks and surveys. (BHP Billiton, 2015a, p. 54)</i></p>	
		<p><i>To address any grievances or concerns that may be raised by our internal or external stakeholders, we have a number of reporting mechanisms available across the Group, including reporting to line managers or human resources representatives. EthicsPoint is BHP Billiton's 24-hour, multilingual business conduct hotline and online case management system, which is managed by an independent third party. (BHP Billiton, 2014b, p. 9; 2015b, p. 10)</i></p>	

		<p><i>Speak-OUT, the Group's confidential whistleblowing programme, offers an avenue where employees can report anonymously if they so choose, subject to local law, any significant concerns about the business, or behaviour of individuals. This could include suspicion of violations of financial reporting, health, safety or environmental procedures or business integrity issues in general. (Rio Tinto, 2012a, p. 29)</i></p>	
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Table 10: Representative Quotes under the Reputational Facade			
Corporate Focus	Talk	Decisions	Actions
Environmental and Societal Goals	<i>As the leading value in Our Charter, sustainability is at the heart of everything we do. As the mining life cycle extends from exploration through to rehabilitation and closure, many of our operations are intergenerational and need the resilience to continue operating over decades or even centuries. (BHP Billiton, 2016b, p. 8)</i>		
	<i>Rio Tinto's contribution to sustainable development underpins our ongoing commercial results. It benefits our shareholders, partners, neighbouring communities, suppliers, customers, employees and society. (Rio Tinto, 2016, p. 27)</i>		
	<i>We are progressing on our journey toward a zero harm culture where everyone knows that they make a difference and where all employees and contractors have the knowledge, competence and desire to work safely. (Rio Tinto, 2012b, p. 10)</i>		
Occupational Health and Safety and Indigenous Rights	<i>We are committed to providing a safe, healthy and inclusive workplace where our people can pursue challenging and exciting careers and be rewarded for helping us deliver value. We build enduring relationships with our local communities that demonstrate mutual respect, active partnership, and long-term commitment, and aim to secure their broad-based support. (Rio Tinto, 2013b, p. 12)</i>	<i>Our engagement with communities is a core part of our sustainable development approach and we remain the largest private sector employer of Indigenous Australians. We also signed further participation agreements with native title groups across the Pilbara region of Western Australia. (Rio Tinto, 2012b, p. 1)</i>	

	<p><i>As many of our operations are located on or near Indigenous peoples' lands, it is important we recognise the traditional rights and values of Indigenous peoples, respect their cultural heritage and the significance of their lands and provide opportunities for inclusion and advancement. (BHP Billiton, 2015a, p. 57)</i></p>	<p><i>Our objective is to reduce the potential for fatigue in our people and to mitigate its effects. our operations are required to identify causes of fatigue, assess fatigue-related risks and implement controls to manage the identified risks. We have implemented programs to assist workers in combating fatigue by providing information in relation to diet and exercise and educating workers and their families regarding the need for good sleep opportunities. a number of our operations also utilise fatigue monitoring technology that is designed to detect fatigue early, before it leads to an incident. (BHP Billiton, 2013b, p. 19)</i></p>	
		<p><i>At BHP, we believe all employees should have the opportunity to fulfil their potential and thrive in an inclusive and diverse workplace. We employ, develop and promote based on merit and we do not tolerate any form of unlawful discrimination, bullying or harassment. (BHP, 2017b, p. 18)</i></p>	
		<p><i>Speak-OUT, the Group's confidential whistleblowing programme, offers an avenue where employees can report anonymously if they so choose, subject to local law, any significant concerns about the business, or behaviour of individuals. This could include suspicion of violations of financial reporting, health, safety or environmental procedures or business integrity issues in general. (Rio Tinto, 2012a, p. 82)</i></p>	

Biodiversity and Environment	<i>We are committed to being responsible stewards of the natural resources we develop and use in our operations and seek to minimise our environmental impact. We strive to be part of the communities in which we operate, and seek to foster meaningful, long-term relationships that respect local cultures and create lasting benefits. (BHP Billiton, 2015b, p. 3)</i>	<i>FY2018 will also see the introduction of our new biodiversity conservation target. By the end of FY2022, we aim to improve marine and terrestrial environmental outcomes by developing a framework to evaluate and verify the benefits of our actions, in collaboration with others, and by contributing to the management of areas of national or international conservation significance exceeding our disturbed land footprint. (BHP, 2017b, p. 38)</i>	
	<i>Our overarching goal for environmental management is to minimise, and where possible eliminate, any impact of our operations on the environment. We recognise that the efficient and responsible use of natural resources is critical to the sustainability of our environment and we will continue to focus on reducing our greenhouse gas emissions and on improving our energy usage and efficiency. (BHP Billiton, 2012b, p. 1)</i>	<i>Our priority is to avoid or minimise any adverse environmental impacts from our operations. To achieve this, operations are required to have management plans and controls in place to identify, assess and mitigate environmental impacts, thereby minimising the potential for significant environmental incidents. (BHP Billiton, 2012b, p. 5)</i>	
	<i>Through improved governance, project support, and market stimulation, BHP Billiton is playing a role in reducing deforestation, enhancing community livelihoods and improving biodiversity and watershed conservation. (BHP Billiton, 2016b, p. 46)</i>		
Contributions to Environmental Conservation and Charitable Trusts		<i>We also help our stakeholders to develop their own plans and we set up investment funds, trusts and foundations to help them achieve their goals and to deliver long-term benefits. Through our investments in, for example, health and education services, our business makes significant, positive contributions to the growth of local economies and the improvement of living conditions. (Rio Tinto, 2017b, p. 26)</i>	<i>We spent an estimated US\$261 million on community assistance programmes and payments into trusts set up in directly-negotiated community impact benefit agreements, but it is the direct and multiplier economic effects that demonstrate our real contribution and commitment. (Rio Tinto, 2014b, p. 107)</i>

		<p><i>We believe we have a responsibility to make a broad positive impact in the countries and communities in which we operate. Our voluntary social investment through our operations and our contributions to the BHP Billiton Foundation (a US-based charity) is strongly aligned with a number of SDGs, including life on land, climate action, quality education, reducing inequality and enhanced institutional governance of natural resources. (BHP Billiton, 2016b, p. 11)</i></p>	<p><i>During FY2014, our voluntary community investment totalled US\$241.7 million, comprising US\$141.7 million of cash, in-kind support and administrative costs, and a US\$100 million contribution to the BHP Billiton Foundation. the BHP Billiton Foundation was established in FY2013 to identify and support large sustainable development projects in countries and regions of interest to BHP Billiton to complement the local programs managed by our assets. this builds on contributions that have previously been paid to the BHP Billiton Sustainable Communities charitable organisation.(BHP Billiton, 2014a, p. 56)</i></p>
			<p><i>We voluntarily invest one per cent of our pre-tax profit, calculated on the average of the previous three years' pre-tax profit, in community programs that aim to have a long-lasting positive impact on people's quality of life, including implementing new and supporting existing community projects. (BHP Billiton, 2014b, p. 43; 2015b, p. 54)</i></p>