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Climate change as a corporate strategy issue A discourse analysis of three climate reports from the energy sector

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Abstract

Purpose – This paper is to explore how energy companies discursively construct climate change when integrating it into their overall business strategy.

Design/methodology/approach – This linguistic study uses a quantitative/qualitative approach to investigate three instances of recent climate disclosure, climate strategy reports, by the energy majors Statoil (now Equinor), Suncor Energy and Total. The qualitative analysis focuses on how keywords and expressions function in their immediate linguistic context. The discussion takes the sociopolitical and business context of the companies into account.

Findings – The paper finds that the reports discursively construct climate change in different ways. Total presents climate change primarily as a responsibility the company is ready to take on; Suncor Energy presents it primarily as a business risk; and Statoil as a business opportunity. In the material as a whole, however, the risk representation is the most prevalent.

Research limitations/implications – The material is relatively modest; however, the three reports represent the first comprehensive accounts of how energy players fit climate considerations into their overall strategy. The analysis is based on three search terms (responsibility, risk and opportunity). Further studies should include a broader range of words that may be semantically related to each approach.

Practical implications – The study can inform corporate strategy discussions and indicate the rhetorical implications of discourse-related choices in climate disclosure.

Originality/value – The study deals with very recent corporate disclosure involving an emerging discourse, climate strategy reporting. As the reports represent responses to investor engagement, the findings should also be relevant for studies involving stakeholder perceptions.

Keywords Business strategy, Linguistics, Corporate strategy, Discourse analysis, Responsibility, Environmental issues, Written communications, Risk, Climate change, Oil industry, Rhetorical behaviour

Paper type Research paper

Introduction

During the last couple of decades, climate change has slowly emerged as an issue in companies' annual and sustainability reports (e.g., Jenkins and Yakovleva, 2006; Harrison, 2009; Frandsen and Johansen, 2011; Pellegrino and Lodhia, 2012; Ferguson *et al.*, 2016; Jaworska, 2018; Tang and Demeritt, 2018). This is a period in which the scientific basis for our understanding of climate change has been strengthened (the IPCC 4th and 5th Assessment Reports), major international climate agreements have been signed (the Kyoto Protocol and the Paris Agreement) and stakeholder activism has increased (e.g., Reid and Toffel, 2009; Clark and Crawford, 2012; van Halderen *et al.*, 2016). According to Ahmad (2017), the uncertainty associated with climate change makes it “important for investors and other

stakeholders to understand how a company thinks about the relationship between its business strategy and climate change” (p. 9).

The present paper addresses this issue through a study of how the phenomenon of climate change is conceptualized in recent corporate disclosure by three major energy companies, Norwegian Statoil[1], Canadian Suncor Energy and French Total. The reports analyzed represent the first comprehensive accounts by such companies where climate change is treated as an integral part of overall corporate strategy, and thus reflecting top management commitment to the issue (Eleftheriadis and Anagnostopoulou, 2017). In this explorative study, the focus is primarily on what the companies say, and not what they do; in other words, on “rhetorical rather than actual behaviour”[2] (Skjærseth and Skodvin, 2003, p. 7; see Ihlen, 2009a, 2009b for a similar approach). However, our choice of companies is informed by performance related to climate matters (Investor Climate Compass, 2017; see further below). We also briefly consider public responses to the reports, with a view to seeing whether they are perceived as providing substantive or just symbolic attention (greenwashing) to the matter (e.g., Dahlmann et al. 2017).

With a point of departure in how climate change is conceptualized in the three companies’ business strategy, our research question is formulated as follows:

RQ: Is climate change primarily perceived as

- (i) a responsibility the company must take on to uphold its ‘contract’ with society (e.g., Kolk and Levy, 2001; Ihlen, 2008),
- (ii) a risk that threatens profitability (e.g., Kolk and Levy, 2002; Jaworska, 2018), or
- (iii) an opportunity for further growth (e.g., Ihlen, 2009a; Engel *et al.*, 2015; Ferguson *et al.*, 2016).

There may of course be other potential representations (see, e.g., Ihlen, 2009a), but we argue that these three alternative perspectives are fundamental in a corporate context (e.g., Pellegrino and Lodhia, 2012; Rahman *et al.*, 2014; Allen and Craig, 2016).

We investigate this three-pronged question through a discourse analysis of three early instances of a growing trend within the corporate sector, climate strategy reporting. The methodological approach is mainly qualitative, but the software program *AntConc* (Anthony, 2005) is used to identify, and document quantitatively, relevant individual content words and their linguistic surroundings (see Jaworska, 2018 for a similar approach).

The paper continues with a brief overview of the three energy majors and the context in which they operate. Next, the study is described in terms of material and methods, before the

findings are presented. Finally, the findings are discussed and some conclusions are drawn, along with a few suggestions for further research.

Statoil, Suncor Energy and Total in a sociopolitical and business context

Norway, Canada and France share a commitment to the Paris Agreement of 2015, with the reduction of greenhouse gas (GHG) emissions and total energy consumption as important issues on the political agenda. However, the three countries display notable differences in their energy mix, particularly related to electricity production. Hydropower is the most important source for Norway (98%) and Canada (55%), while in France, nearly 75% of the electricity comes from nuclear power. Currently, various measures for moving away from nuclear power and towards renewable sources are being implemented (Steentjes *et al.*, 2017). In 2016, the country passed the Energy Transition for Green Growth Act[3], which intends to reduce the share of nuclear by 50% from 2017 to 2025. In the same year, the Norwegian parliament approved a proposal of accelerated emissions cuts and carbon offsetting to achieve the goal of being climate neutral in 2030[4], while the federal government of Canada released the Pan-Canadian Framework on Clean Growth and Climate Change[5], requiring all Canadian jurisdictions to have carbon pricing in effect by 2018. These different energy contexts of three countries with shared climate goals provide an interesting test bed for exploring how major players within fossil fuels, and key polluters, adapt to new circumstances.

In a recent review and comparison of the climate performance of the 10 largest oil and gas companies, Statoil and Total were ranked 1 and 3, respectively, while Suncor[6] was ranked 10th. (Investor Climate Compass, 2017). The Compass reveals that Statoil, Suncor and Total at the time were the only ones among the ten energy majors that had produced climate strategy reports; since then, other energy companies have followed suit, but typically integrating their climate strategy disclosure into broader reports.

Considering the three companies in a corporate and sociopolitical context, it is clear that their profiles are rather different. Statoil ASA, headquartered in Stavanger, has the Norwegian government as a majority owner (currently 67%). It has about 20 subsidiaries, and operations in some 30 countries. In March 2018, the company announced that it would change its name to Equinor[7], a proposal that was passed at the Annual General Meeting on 15 May that year. The reason provided for this change was primarily that the company is changing from an oil and gas company to a broad energy company. It is thus a move towards carbon independence, a long-term strategy of emission management (Weinhofer and Hoffmann, 2010). Suncor

Energy Inc. is headquartered in Calgary (Alberta province), with operations primarily in North America, but also in countries such as Norway, the UK and Libya. Total S.A. is headquartered in Paris, with several hundred subsidiaries in more than 100 countries. Table 1 provides some basic data for the three companies.

[TABLE 1 ABOUT HERE]

As can be seen from Table 1, Statoil and Total's production comprises both oil and gas, while Suncor's production is almost entirely oil-based. A significant difference between the companies is also that more than half of Statoil's production takes place on Norwegian – offshore – fields, most of Suncor's production comes from onshore fields in North America, while Total's production comes from foreign fields, mainly in Africa and the Middle East. Roughly 80% of Suncor's Canadian production is oil sands-based (Investor Climate Compass, 2017, p. 25). Statoil and Total have also been involved in controversial Canadian oil sands projects. However, Statoil divested completely from this production in 2016, while Total still holds a stake in some such projects.

Along with other fossil fuel companies, Statoil, Suncor and Total have in recent years experienced pressure from investors (e.g., the Global Investor Coalition on Climate Change) to pay more attention to climate issues and the transition to a low-carbon future. To change the company's energy mix away from just oil and gas, Statoil has for some time worked on renewable energy projects within wind. The world's first floating wind farm, Hywind Scotland, was opened in October 2017. In 2016, the company also established a new business area called New Energy Solutions. In 2018, the company signed a joint venture agreement with Norwegian Scatec Solar with the intention to build large-scale solar plants in Brazil. As for Total, three recent acquisitions are the American solar panel producer Sunpower (2011), the Belgian gas and renewable energy supplier Lampiris and French battery maker Saft (both 2016). Like Statoil, Total in 2016 made organizational changes, establishing a combined Strategy & Climate division and a new business segment, Gas, Renewables and Power. Suncor has so far invested more modestly in renewable projects, mainly wind.

Recent sustainability reporting initiatives like the Global Reporting Initiative (GRI) and non-profit organizations like the Climate Disclosure Standards Board (CDSB) have also had an impact on corporate disclosure related to climate change for publicly owned companies (e.g., Matisoff *et al.*, 2013). Adherence to these, in combination with other measures, has led to Statoil and Total's position among the top three energy majors in the 2017 Investor Climate

Compass report: “This report highlights clear leaders such as Statoil, Eni and Total [...]. Given that the global low carbon transition is well underway and oil demand could peak within a decade, *there can no longer be any difference for these companies between overall strategy and climate strategy*” (Investor Climate Compass, 2017, p. 5; emphasis added).

Material and methods

Material

The three climate strategy reports investigated here – all published in 2017 – are *Statoil’s Climate Roadmap: Creating a low carbon advantage*[8], *Suncor’s Climate Report: Resilience Through Strategy*[9], and Total’s second report of a new series started in 2016, *Integrating Climate Into Our Strategy*[10]. As the titles indicate, the reports are different in terms of temporal focus. Unlike annual and CSR reports, which have a primarily backward-looking focus as they report mainly on the past (e.g., Bondi, 2016), strategy reports are rooted in the present and look forward to the future. The Statoil roadmap is clearly future-oriented. With reference to a principle of their “sharpened” strategy (“leverage our low carbon advantage”), CEO Eldar Sætre describes the report as “a platform – and an invitation – to work with us to help shape the future of energy” (p. 3). A similar focus is seen in Suncor’s report, described as providing a perspective on the energy future. According to CEO Steven W. Williams, the aim is more specifically to “provide investors and other stakeholders with insight into how we see the energy transition unfolding, our strategy through that transition and the options that we are building for the future” (p. 1). Total’s report, on the other hand, is more clearly based in the present. CEO Patrick Pouyanné describes it as a report “on what we are doing to tackle climate challenges as an integral part of our corporate strategy”. He lists three objectives: “to share Total’s ambition for 2035, [...] to describe how we are addressing the impact of that scenario on our decision-making” and “an opportunity to take stock of our actions, our investments to secure the future and the indicators we use to track our performance” (p. 5). Despite this difference in temporal orientation, the overall function of the reports may be said to be the same: to assure investors and other stakeholders that the climate issue is being incorporated in the overall business strategy of the company. This, we argue, makes it meaningful to compare them.

Further details on the reports are provided below. Each document was converted from pdf to txt format, required for *AntConc* analyses. Only running text representing the ‘voice’ of the

company was kept, while text boxes and interviews with external parties, such as Bill Gates in the Total report, were excluded, along with all visual material.

The Statoil report

The ‘cleaned’ Statoil text, at 3,284 words, is the shortest one by far. In addition to the CEO’s introduction and two motivation sections (‘Why we are embedding climate in our strategy’ and ‘Energy in transition’), the report comprises three main sections: ‘Build a high value and lower carbon oil and gas portfolio’, ‘Create a material industrial position in new energy solutions’ and ‘Accountability and collaboration’.

The Suncor report

The ‘cleaned’ Suncor text consists of 7,532 words. It starts with a letter from the CEO and an Executive summary. Then follow 9 main sections: ‘Our perspective on climate change’, ‘Leadership in climate policy’, ‘Mitigating emissions’, ‘Low carbon innovation’, ‘Integration of carbon risk into our decision making processes’, ‘The energy system of tomorrow’, ‘Business strategy for a changing energy future’, ‘Carbon policy and impacts on Suncor’ and ‘Facility resilience to extreme weather events’.

The Total report

The ‘cleaned’ Total text consists of 10,707 words. The report opens with a Foreword by the CEO and an interview with the company’s Lead independent director Patricia Barbizet. Then follow three main sections: ‘Shaping tomorrow’s energy’, ‘Taking action today’ and ‘Focus on transportation’.

Methods

Our three-pronged research question is investigated through a discourse analysis, with a focus on lexical-semantic perspectives. A key feature of the analytical approach is attention to both co-text (the immediate linguistic surroundings) and context, involving the situational parameters as well as the broader socio-political environment in which texts are embedded (Author *et al.*, 2014). In this particular study, insight into economic and political factors in Norway, Canada and France (see above), as well as the national debates related to climate change, is crucial to understand the parameters within which the three corporations are doing business. Due to the relatively modest size of the material, our methodological approach is mainly qualitative. However, various traditional quantitative methods have been applied in

order to identify frequent words and patterns of co-occurring words (n-grams) as well as concordances, making it possible to identify the co-text in which key words and expressions occur. For this, we have used the software program *AntConc* (Anthony, 2005). This combination of quantitative and qualitative methods enables us to study the interplay between the micro-level of linguistic choice of words/expressions and the contextual frame in which the reports are produced (for a similar approach, see Koteyko *et al.*, 2010; see also Ferguson *et al.*, 2016).

In order to get an overall impression of the content of the reports, simple word lists were generated. This made it possible to identify the most frequent words in each text. Since our research question is related to how climate change is portrayed, in particular with regard to the notions of ‘responsibility’, ‘risk’ and ‘opportunity’ [11], concordances were generated of *climate* [12] as well as the three specific words *responsibility*, *risk* and *opportunity* and their derived forms (see below).

Results

The titles of the various parts of the three reports (see Material and methods) provide a first indication that the companies emphasize different perspectives of climate change, such as Statoil’s focus on new energy solutions, Suncor’s focus on policy and extreme weather events, and Total’s emphasis on transportation. In this section, the findings from the quantitative and qualitative analyses will provide more detailed linguistic evidence of these perspectives and the strategy drawn up to deal with them.

Quantitative findings

The word lists generated by *AntConc* showed that, when disregarding grammatical words such as articles, prepositions and pronouns, the three most frequent content words in the reports were nearly identical. In the Statoil report, *carbon*, *gas* and *energy* represented the top three, while *energy*, *carbon* and *oil* came top three in the Suncor report; as for Total, the top three were the same as those of Statoil, but in the order of *energy*, *gas* and *carbon*. The rankings reflect the focus on gas in the future energy mix for Statoil and Total. Common 2-grams involving *carbon* in all three texts were *low carbon*, *carbon intensity* and *carbon price/pricing*. The Suncor report also displayed a high frequency of *carbon risk*, while *carbon emissions* was common in the Total report. As for n-grams that were particularly frequent in the individual reports, the 3-gram *oil and gas* was a clear ‘winner’ in the Statoil text, while the

2-gram *natural gas* stood out in the Total text and *oil sands* in the Suncor text. Several of the text examples given below illustrate these findings.

As already indicated, the basic notion of ‘climate change’ was investigated through instances of the word *climate*, while the three strategy-related notions of ‘responsibility’, ‘risk’ and ‘opportunity’ were investigated through instances of the word stems *responsib.**, *risk.** and *opportunit.**. Table 2 provides the numerical findings from the material. Both actual occurrences and, more meaningfully and correctly when comparing texts of different lengths, relative frequency per 1,000 words are given.

[TABLE 2 ABOUT HERE]

Table 2 reveals that the notion of ‘climate change’ was most frequently mentioned in the Statoil report (rel. freq.: 8.22), while the Total report ranked second (5.70) and Suncor third (3.71). When it comes to the three notions related to strategy, ‘risk’ is by far the most frequent when considering the whole material (44 instances, against 27 for ‘opportunity’ and 18 for ‘responsibility’). As for the individual texts, the Total report refers to ‘responsibility’ the most (rel. freq.: 1.21), with the Suncor report in second place (0.66); the Statoil report does not use *responsib.** at all. As for ‘risk’, the ranking is different, with Suncor in first place (rel. freq.: 3.98), Statoil in second (1.83) and Total third (0.75). Finally, the Statoil report refers to ‘opportunity’ the most (rel. freq.:3.05), with Suncor in second place (1.46) and Total again in third (0.56).

Qualitative findings

In the following, findings from the qualitative part of the investigation are presented. We start with a brief discussion of the notion of ‘climate change’ as it appears in the three reports. Then follows an account of findings pertaining to the three notions at the core of our research question, ‘responsibility’, ‘risk’ and ‘opportunity’.

The notion of ‘climate change’

The use of the word *climate* in our material reveals that the three companies consider climate change from two overarching perspectives. First, climate change represents an ‘entity’ that impacts business in various ways, reflected in the following Statoil statement:

“Both our own and IEA’s price assumptions may differ from actual future oil, gas and carbon prices, so there can be no assurance that the assessment is a reliable indicator of the actual impact of climate change *on Statoil*” (p. 6)[13], italics added).

This perspective is the dominant one in all three reports.

Second, climate change sometimes represents an ‘entity’ being impacted by business, a perspective that is explicitly present to varying degrees in the three reports. This statement from Total may serve as an illustration:

“Mindful of the part we play, we take action across our value chain to reduce our impact *on the climate*” (p. 19, italics added).

In other words, *climate* appears in two different semantic roles (e.g., Fillmore, 1968), which may be termed Causer and Experiencer, respectively. In a narrative analysis approach (see e.g., Author *et al.*, 2017; see also Jaworska, 2015), the roles of Villain and Victim might have been used for the same relationships.

The *climate* occurrences are found in a variety of contexts. Given the nature of the reports, company strategy is, unsurprisingly, one of these, as seen in the following three examples:

(1) Statoil is already a leader in the industry on carbon intensity. CDP recently ranked us as the oil and gas company best prepared for a low carbon future. Now we are further embedding *climate* into our strategy. (Statoil, p. 4)

(2) This is the first time that we have produced a stand-alone report on *climate* and strategy. (Suncor, p. 1)

(3) This is Total’s second report on what we are doing to tackle *climate* challenges as an integral part of our corporate strategy. (Total, p. 5)

In the Statoil and Total reports, several *climate* instances appear in contexts emphasizing the advantages of gas as an energy source, while at the same time alluding to the problem of the accompanying methane emissions:

(4) While gas releases significantly less CO₂ than coal when combusted, methane emissions during production and distribution reduce its advantage. A key part of our *climate* focus going forward is therefore to track methane emissions through all stages of the natural gas value chain. (Statoil, p. 10)

(5) Natural gas - an abundant energy source - is the best option currently available for combating *climate* change while ensuring the world has access to the energy needs. (Total, p. 24)

In the Statoil and Suncor reports, a number of *climate* occurrences are found in contexts related to policy, as in the next two examples:

(6) We will continue our strong support for carbon pricing and other cost-efficient energy and *climate policies*. (Statoil, p. 17)

(7) We believe the *policy* provides the certainty to help producers responsibly develop the oil sands while also addressing global concerns about *climate* change. (Suncor, p. 3)

In this last example, Suncor presents an optimistic view on the challenging balancing act of continuing to exploit the controversial oil sands resources and at the same time paying attention to climate concerns.

The Total report is the one that most explicitly presents climate change as a challenge that must be tackled. This is most forcefully expressed in statements containing ‘war’ metaphors (*combat, battle, fight*; e.g., Atanasova and Koteyko, 2017; Flusberg *et al.*, 2017), as in example (5) above and in the next:

(8) The *battle* against *climate* change must not only be *fought* collectively, but also simultaneously on multiple fronts. (Total, p. 33)

Next, we turn to findings directly linked to our research question.

Climate change: a business responsibility, risk or opportunity?

‘Responsibility’

The first part of our research question is associated with a company’s contract with society, posited here to be reflected in the notion of ‘responsibility’. To what extent do the reports consider climate change as a responsibility the company is obliged to deal with?

As can be seen from Table 2, the Total report clearly brings up this notion most, with a relative frequency of 1.21 of *responsib.** per 1,000 words. The company’s expressed ambition is in fact to become ‘the responsible energy major’, a collocation used several times. According to the CEO, this expression implies that Total will provide “affordable, reliable and clean energy to as many people as possible” (p. 6). The Suncor report has a relative frequency of 0.66 for *responsib.**, while the Statoil text does not use it at all.

When considering the occurrences of the search term more closely in context, it turns out that different kinds of responsibility are involved. In a few cases, the word is used in a rather general sense:

(9) As a major supplier of energy to Canadians and globally, we have a *responsibility* to navigate strategically between the aspirational and the realistic. (Suncor, p. 1)

In the Total report, there is one instance of *responsibility* directly linked to climate change:

(10) Our approach is rooted in a highly disciplined investment policy, with a focus on low cost energies to meet our customers' primary requirement: affordable, even cheap, energy. There too, corporate strategy and climate responsibility go hand in hand. (Total, p. 8)

In the majority of the instances in the material, however, *responsib.** seems to allude more specifically to social responsibility or sustainability (see also example 7 above):

(11) This report is intended to provide investors, and in particular, socially responsible investors, with Suncor's perspective on our energy future. (Suncor, p. 0)

(12) As a result of the ratification of the Paris Accord, we expect that governments around the world will be focused on new technology, energy pathways and policy frameworks required to achieve a stable and *responsible* transition to a lower carbon energy system while meeting rising global demand for energy. (Suncor, p. 2)

(13) Mindful of the part we play, we take action across our value chain to reduce our impact on the climate and promote the *responsible* use of energy. (Total, p. 19)

(14) As a *responsible* corporate citizen, we focus on ensuring that our operations consistently deliver economic, social and environmental benefits. (Total, p. 52)

(15) Our ambition is to become the *responsible* energy major. (Total, p. 52)

'Risk'

The second part of our research question focuses on the negative (in the sense of uncertainty) notion of 'risk'. To what extent is climate change (both in the Causer and Experiencer role; see above) associated with a risk that the company is incorporating into its strategy? As seen in Table 1, the Suncor report in relative terms uses *risk.** more often than the Statoil text, while the Total report uses it the least (per 1,000 words: Suncor 3.98, Statoil 1.83, Total 0.75).

As was the case with *responsib.**, investigation of the context revealed that different kinds of risk are involved. Ahmad (2017) posits two main categories of climate-related risk, transition risk (legislation/policy, market, technology, reputation) and physical risk (acute, chronic). In the current material, both risk categories were present, with transition risk as the most prevalent.

In a few instances, *risk.** was used in a general, 'non-technical', sense, e.g.,:

(16) However, the intense polarization that characterizes current dialogue is not productive and the *risk* is that it may hold up progress for decades. (Suncor, p. 1)

In the Statoil and Suncor reports, *risk* was frequently used about business risk, typically transition risk-related:

(17) We intend to reduce the carbon intensity of our oil and gas portfolio, by prioritising high value exploration and development projects with a lower carbon footprint. This shift helps us to reduce the business risk associated with climate change, while also reducing our costs. (Statoil, p. 8)

(18) Carbon *risk* is just one of many strategic and operational *risks* of our business. (Suncor, p. 1).

In the Suncor report, the collocation *carbon risk* (referring to both carbon emissions price [policy-related risk] and the crude oil price [market risk]; p. 7) was particularly common, with eight occurrences. As for physical risk, a few examples were found in each report:

(19) Our business needs to be resilient to the multiple *risks* – both upsides and downsides – posed by the response to climate change. These include potential stricter climate regulations, changing demand for oil and gas, technologies that could disrupt our market, as well as physical effects on our operations caused by the direct impact of climate change. (Statoil, p. 16)

(20) There is also a *risk* of seasonal flooding in certain areas in which Suncor operates, which is managed through contingency plans to protect facilities that include backup generators and pumps to drain critical operating units and equipment. (Suncor, p. 15)

(21) Our analyses include a review by type of *risk* - sea level, storms, temperature change and melting permafrost, among others. (Total, p. 31)

A final ‘risk’ category involved climate (or more accurately, the environment) in the Experiencer role:

(22) Various *risks* include price, technical, supply of materials, labour, economic, geo-political as well as the health and safety of employees and the protection of the environment. (Suncor, p. 1)

(23) In 2008, climate issues were treated as a completely separate environmental risk requiring measures to reduce the footprint of Total's activities. (Total, p. 9)

(24) But while natural gas is the backbone of the 2°C scenario, it cannot be used to its full potential unless certain environmental risks – such as the methane emissions connected with its production and transportation – are mitigated. (Total, p. 24)

‘Opportunity’

The third part of our research question focuses on the positive notion of ‘opportunity’. To what extent is climate change seen as a business opportunity? As shown in Table 2, Statoil in relative terms uses *opportunit.** more often than both Suncor and Total (per 1,000 words: Statoil 3.05, Suncor 1.46, Total 0.56). Like the other two strategy-related search terms, *opportunit.** takes on different meanings depending on the context. In a few instances, the word is used in a general sense, e.g.,

(25) ..., this report is an *opportunity* to take stock of the actions we have already implemented, the initiatives we are currently undertaking, our investments to secure the future and the indicators we use to track our performance. (Total, p. 5)

The majority of the instances, however, are more directly business-related, but with more or less specific meanings. A few of these examples, notably in the Suncor and Total reports, are not very specific, as in the following example:

(26) Recent market conditions have provided *opportunities* to assemble a larger base of top tier reserves. (Suncor, p. 11)

Similar examples are part of common negative/positive collocations, where *opportunity* is directly linked to climate change through pre- or postmodification:

(27) Our internal management model for project and asset development incorporates a review of climate change implications at the first two gate reviews, prior to a commitment of significant resources, and ensures that all climate change risks and *opportunities* are well understood. (Suncor p. 7)

(28) Our policy has evolved out of a desire for transparency and dialogue with our stakeholders, to ensure they fully understand the challenges and *opportunities* that climate change presents for Total. (Total, p. 6)

More specific business-related instances were, however, fairly common, notably in the Statoil and Suncor reports:

(29) New renewables are set to represent up to 5-15% of the energy mix by 2040, compared with less than 2% today. This is a business opportunity for Statoil. (Statoil, p. 5)

(30) The goal is expected to drive operational, energy and fuel efficiency improvements, accelerate the development and implementation of new technology, as well as encourage the evaluation of potential low carbon business opportunities. (Suncor, p. 4)

(31) We are moving toward a model in which natural gas - which emits half as much carbon as coal for power generation - increasingly replaces coal in the energy mix. Here too, climate concerns generate *opportunities* for growth. (Total, p. 7)

However, the most frequent contexts for *opportunit.** are those related to innovation and new technologies, as in the following examples:

(32) We are also exploring new *opportunities* in solar and geothermal power where we can use our innovation capabilities to create long-term value. We believe this will open up new *opportunities* and possibly even industries. (Statoil, p. 12)

(33) First generation processes for extracting and processing bitumen are energy intensive. In the challenge lies the *opportunity*; the carbon intensity of the extraction and production processes is a result of the energy needed to extract and process the product. (Suncor, p. 6)

(34) We have been actively involved in this field for many years and routinely examine any *opportunity* for storing or reusing our Co2 emissions. (Total, p. 29)

A final Statoil example worth mentioning links *opportunit.** explicitly to corporate strategy:

(35) Fundamental changes are happening in our industry. We see those changes as *opportunities* to realise our vision: shaping the future of energy. (Statoil, p. 4)

Discussion and conclusions

Statoil, Suncor Energy and Total were the first energy majors to publish comprehensive accounts of how they see the climate issue in a corporate strategy context. Since then, climate shareholder resolutions – which more than doubled from 2014 to 2018[14] – have ensured that other energy majors such as Eni, Shell and ExxonMobil have reported on climate strategy, typically as part of reports with a somewhat broader focus (see further below).

Interestingly, the discourse analysis of how the three frontrunner companies, whose disclosure we analyse here, rhetorically present the phenomenon of climate change and the implications of it for their business, revealed that they had chosen different approaches:

- (i) climate change as a business responsibility (Total)
- (ii) climate change as a business risk (Suncor) and
- (iii) climate change as a business opportunity (Statoil)

The aim of the Total report is to show stakeholders what the company is doing to tackle climate change. It clearly presents climate change as a (social) challenge, a challenge the company is willing to take on. Total's expressed ambition is to be(come) 'the responsible energy major'. The definite article emphasizes its assumed role as an industry leader in this respect. The company's own definition of this label as implying "affordable, reliable and clean energy to as many people as possible" clearly points to a responsibility that is

shouldered to legitimize the business as a social – and, importantly, global – actor. The collocation *carbon emissions* (referring to an external, social perspective) is more common in this report than *carbon risk* (internal, business perspective), a collocation which is frequently seen in the Suncor report. The high frequency of the word *gas* and the 2-gram *natural gas* observed in the Total report bears witness to the importance attached to this energy source in the company's climate strategy.

The Suncor report's expressed aim is to show stakeholders how the company will handle the energy transition that is underway. It portrays climate change primarily as a business risk, mainly transition-related, and notably linked to carbon price. The fact that the company's main source is oil sands may be a contributing factor to this focus, as this fossil source is not well aligned with Canada's climate ambitions and commitments through recent legislation. The company's home province, Alberta, has recently been accused of trying to impose slacker emission regulations than those launched at the federal level in April 2018[15].

The Statoil report, too, is primarily preoccupied with addressing the energy transition. Stakeholders are invited to cooperate with the company on the road to a lower carbon future. The main rhetorical approach observed in this report, however, is to explicitly promote climate change as a business opportunity. Representing the threat of climate change as an opportunity was a phenomenon observed by Ferguson *et al.* (2016) for companies such as Shell and Ford in the early 2000s. However, Statoil's construction of its climate strategy on this perception reveals a deeper commitment to this view, supporting the company's process of turning the business in a new, low-carbon direction. This strategy is further reflected in the recent change of company name to Equinor, a choice anchored in the desire to emphasize that the company is no longer just an oil and gas company, but a broad energy major[16]. This change of direction has been ongoing for some years, but has gained momentum since Eldar Sætre became CEO in 2015. The company acknowledges that it must be resilient to climate risk, but at the same time emphasizes that risk may imply an upside as well as a downside (see example 19 above). Risk is primarily discussed as transition risk rather than physical risk, perhaps because its main production sites are in Norwegian waters, which are not among the areas predicted to be most strongly affected by climate change. As a company with the Norwegian state as the majority owner, Statoil has always enjoyed close connections to the government (see e.g., Ihlen, 2009b; Sæther, 2017). The oil industry's contribution to the development of Norway into one of the world's wealthiest nations has, many argue, led to an ambiguous climate policy (Sæther, 2017). The country has embraced all global climate agreements, while at the same time promoting the view that Norwegian oil production is

cleaner than oil production elsewhere (the international approach; Ihlen, 2009b) and that gas is more climate-friendly than coal (Sæther, 2017). The 3-gram *oil and gas* stood out in the Statoil report, indicating that the perception of a comparatively ‘cleaner’ carbon-based production – likely to be part of the company’s foreseeable future – is still very much alive.

Having described the main strategic approach of the three reports, it must also be pointed out that, with the exception of ‘responsibility’ in the Statoil text, traces of all three approaches to climate change are found in each report. The discursive framing of climate change as a risk issue has been ongoing for some time (e.g., Frandsen and Johansen, 2011) and was explicitly promoted by the IPCC in connection with media coverage of the 5th Assessment Report on Climate Change in 2013-14 (Painter, 2015). The current study corroborates the finding in Jaworska (2018) that the risk approach has become prevalent in corporate disclosure, turning climate change from a manageable object that could be tackled to “an unpredictable and out of control agent” (Jaworska, 2018, p. 215).

The risk focus emphasized in the three reports investigated here is also seen in recent climate strategy disclosure by the other energy majors, along with traces of ‘responsibility’ as well as ‘opportunity’. For instance, ExxonMobil, after years of shareholder pressure, in their 2018 *Energy and Carbon Summary* report [17], specifies that “[p]roviding affordable energy to support prosperity while reducing environmental impacts – including the risks of climate change – is our industry’s dual challenge”. Another example is Eni, which in the 2018 version of their sustainability report states that “[i]ssues relating to climate change risks and opportunities are considered and integrated in all stages of the business cycle, from negotiation to decommissioning” [18].

The discursive analysis carried out in the present study rests on occurrences of word forms directly linked to the notions of ‘responsibility’, ‘risk’ and ‘opportunity’. In order to get a more detailed and nuanced impression of how companies rhetorically construct the relationship between business strategy and climate change, future studies of climate strategy disclosure might expand the analysis to include semantically related items, e.g., *solution* and *world / global* (frequent in the Total report and potentially indicating a ‘responsibility’ approach), *cost* and *price* (‘risk’; frequent in the Suncor report), or *initiative* and *advantage* (‘opportunity’; frequent in the Statoil report). Such an analysis might also include evaluative expressions, pointing to underlying attitudes and values (e.g., Martin and White, 2005; see also Author, 2015). Such expressions were seen in several of the cited text examples given in the current paper, e.g., example (5), from the Total report: “Natural gas – an abundant energy source – is the best option...” and (6), from the Suncor report: “We will continue our strong

support for carbon pricing...”. Finally, attention to verb forms (e.g., *are doing* versus *will do*) and temporal expressions in climate disclosure may yield insight into what a company has already achieved and what may rather be a more or less strong commitment to future action. Example (1) “Statoil is already a leader in the industry on carbon intensity” and example (3) “This is Total’s second report on what we are doing to tackle climate change” are presented as realized claims, while example (9) from the Suncor report, “As a major supplier of energy to Canadians and globally, we have a responsibility to navigate strategically between the aspirational and the realistic”, does not reveal whether they are actually doing this.

Statoil (now Equinor), Suncor Energy and Total were the first among the energy majors to take on climate strategy reporting in a comprehensive manner. The three reports were promoted as recent engagement milestones in the Investor Climate Compass in 2017, a clear indication of the importance of such information. Today, climate-related information appears to be considered as material by an increasing number of stakeholders (e.g., Eccles, 2012; see also Deegan and Rankin, 1997), i.e., that it is an issue likely to influence their investment decisions. This claim is corroborated by the attention paid to climate strategy reporting by the world’s largest investors, such as the Norwegian sovereign wealth fund[19] and BlackRock[20].

Whether such reporting is accompanied by concrete action by the companies in terms of adjusting their business strategy towards more sustainable production remains to be seen. While investor organisations seem pleased with the transparency and attention dedicated to climate change by the three companies investigated in this study (see, e.g., [21]), environmental organisations have been less impressed. Total’s slogan of becoming ‘the responsible energy major’ was ridiculed by the French organisations 350.org France and Observatoire des multinationals: “Total-ly irresponsible: An illusion of climate strategy”[22], while DeSmog UK used the following headline when commenting on Statoil’s climate roadmap: “Statoil Claims to Care About Climate Change, Commits Future to Oil and Gas”[23]. As for Suncor Energy, Greenpeace Canada mentions their report specifically when referring to companies “telling investors that someone else’s assets will probably be stranded, but not their own[24]. So, what may be considered a substantive commitment (Dahlmann et al. 2017) by investors, is perceived as mainly symbolic by environmentalists.

As more climate strategy disclosure is becoming available, future investigations may reveal which of the three strategic approaches discussed here will come to dominate corporate perceptions of climate change. The prevalence of risk-related discourse observed in this and other studies points to this approach as an obvious candidate. However, as the energy

transition gains momentum, the perception of climate change as a business opportunity clearly has the potential to become a powerful one as well. It also remains to be seen whether a company's portrayal of climate change in its disclosure will influence investor behavior.

NOTES

1. The company recently changed its name to Equinor; however, as the report analyzed here refers to the old name, this will be used throughout the paper.
2. See Damert *et al.* (2017) on the link between corporate carbon strategies and carbon performance, and Tang and Demeritt (2018) on the relationship between carbon reporting and organizational performance.
3. http://www2.developpement-durable.gouv.fr/IMG/pdf/16172-GB_loi-TE-les-actions_DEF_light.pdf (accessed 17 August 2018)
4. <https://www.regjeringen.no/no/dokumenter/meld.-st.-41-20162017/id2557401/> (accessed 17 August 2018)
5. http://publications.gc.ca/collections/collection_2017/eccc/En4-294-2016-eng.pdf (accessed 17 August 2018)
6. The short form Suncor is used throughout for simplicity's sake.
7. https://www.youtube.com/watch?v=hwLKEI9G_W0 (accessed 17 August 2018)
8. <https://www.equinor.com/content/dam/statoil/image/how-and-why/climate/A5-climate-roadmap.pdf> (accessed 17 August 2018)
9. <https://sustainability.suncor.com/2017/pdf/Climate-Report-EN.pdf> (accessed 17 August 2018)
10. https://www.total.com/sites/default/files/atoms/files/integrating_climate_into_our_strategy_eng.pdf (accessed 17 August 2018)
11. We use italics for linguistic items (e.g., *climate*, *carbon emissions*) and simple quote marks for notions (e.g., 'responsibility', which may be realized by the word forms *responsibility/-ies*, *responsible*, *responsibly*).
12. *Climate* was used as a search term, since both *climate change* and *climate* alone are used as linguistic realizations of the notion of 'climate change' in texts.
13. The page numbers in the examples refer to the original version of the three reports.
14. <https://www.cdp.net/en/articles/investor/european-oil-majors-spending-up-to-7-on-low-carbon-but-wider-industry-needs-to-step-up> (accessed 9 January 2019)
15. <https://insid climat enews.org/news/27042018/canada-methane-emission-cuts-paris-agreement-alberta-tar-sands-global-warming> (accessed 17 August 2018)
16. <https://www.equinor.com/en/news/15mar2018-statoil.html> (accessed 17 August 2018)
17. <https://cdn.exxonmobil.com/~media/global/files/energy-and-environment/2018-energy-and-carbon-summary.pdf> (accessed 17 August 2018)
18. https://www.eni.com/docs/en_IT/enicom/sustainability/EniFor-2017-Decarbonization.pdf (accessed 17 August 2018)
19. <https://www.nbim.no/contentassets/27ce1a7cbf0b4bba9d4d94bd23165e46/climate-change-strategy-document.pdf> (accessed 9 January 2019)
20. <https://www.blackrock.com/corporate/literature/whitepaper/bii-climate-change-2016-us.pdf> (accessed 9 January 2019)
21. Statoil/Equinor, e.g., has been praised by the international investors network Principles for Responsible Investment; <https://www.unpri.org/download?ac=4707> (accessed 10 January 2019)
22. https://multinationales.org/IMG/pdf/en_total_report.pdf (accessed 10 January 2019)
23. <https://www.desmog.co.uk/2017/03/10/Statoil-Claims-to-Care-About-Climate-Change-Commits-Future-to-Oil-and-Gas> (accessed 10 January 2019)
24. <https://www.fin.gc.ca/consultresp/pdf-pssge-psefc/pssge-psefc-69.pdf> (accessed 11 January 2019)

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