

## CHAPTER 8

# The Paradoxes in Corporate Sustainability Communication – a Critical Discourse Analysis of an Energy Company’s Annual Reports

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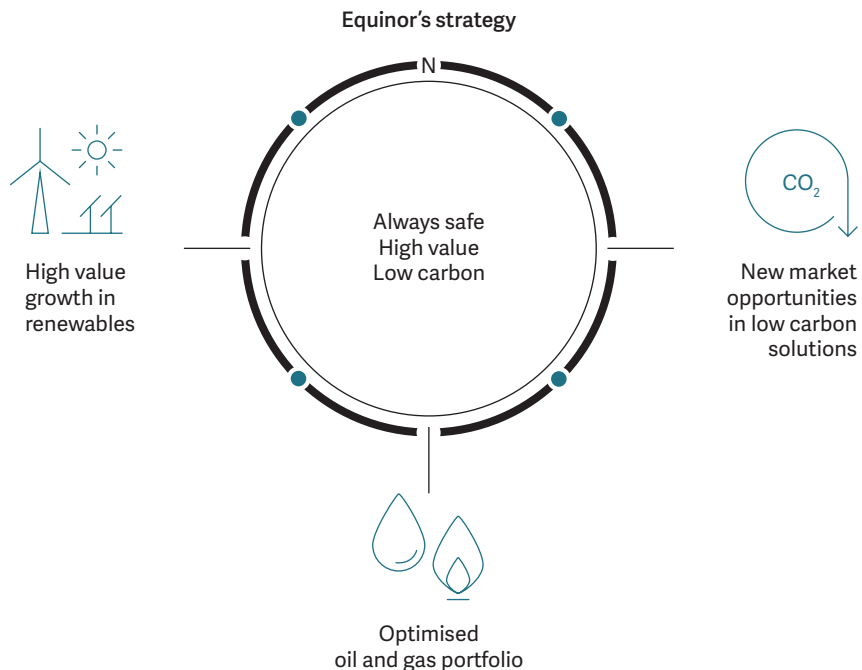
**Abstract:** This paper is a case study of an energy company’s strategic communication regarding its efforts to transform into a green(er) energy provider. The aim of the study is to describe and reflect on the demands placed on contemporary corporations to adapt to sustainability goals and how strategic communication is used for this mission. The annual reports from 2015 to 2021 are analyzed through critical discourse analysis to identify which legitimacy strategies the case company, Equinor, applies. The shifts in sustainable discourses from one annual report to the next are highlighted. The analysis shows how Equinor disclaims liability for the current state of climate change, frequently uses normalization and modality (forward-looking statements), and uses a discourse that intertwines a market-orientation and sustainable development. The analysis shows that Equinor strategically employs specific discursive practices to counterbalance and normalize the paradoxical tensions between competing business logics to defend its legitimacy.

**Keywords:** strategic communication, sustainable discourse, legitimacy, paradoxes, annual reports, critical discourse analysis, fossil fuel

## Introduction

Since the United Nations adopted the Sustainable Development Goals (SDGs) in 2015 and the Paris Agreement entered into force in 2016, measures to stop climate change have received increasing focus. The oil and gas and energy industries are a focal point of SDG 7, which has the ambition “to ensure access to affordable, reliable, sustainable and modern energy to all and the ambition of zero-carbon solutions” (United Nations, 2020) by 2030. This poses challenges for the energy industry, which is experiencing “a fundamental tension between two competing mandates: the pressure to contribute to the social goal of climate change mitigation, and the need to perform financially and meet obligations to shareholders in activities that directly contribute to climate change” (Halttunen et al., 2022, p. 1).

This chapter presents a case study of a Norwegian-based energy company’s use of strategic communication to legitimize its transition into a green(er) energy provider. Equinor (formerly known as Statoil) is an international energy company developing and producing oil, gas, wind, and solar energy. The Norwegian government is the majority shareholder, with 67% of the shares. Equinor’s sustainability transition strategy consists of



**Figure 1** Equinor’s three-pillar strategy (Equinor ASA, 2023a).

three pillars. It combines focused, carbon-efficient oil and gas production with accelerated, value-driven expansion in renewables and leadership in building new low-carbon technologies and value chains.

Each of these three pillars will, according to Equinor, contribute individually and collectively as Equinor transitions into a broad energy company and towards its ambition of net zero carbon emissions in 2050, including emissions from the use of sold products (Equinor ASA, 2022).

However, an energy company that is primarily involved in oil and gas exploration and production, and simultaneously pursues the development of a renewable and low-carbon portfolio of products and services, might appear to be in conflict with their commitment to sustainability. In organizational studies, this phenomenon is called “paradoxes” (Lewis, 2000). Lewis describes paradoxes as “indicating interrelated elements that seem logical in isolation but absurd and irrational when appearing simultaneously” (Lewis, 2000, p. 760). Van Bommel (2018) refers to recent research on sustainable business models (SBM) by Smith and Lewis (2011), Gao and Bansal (2013), and Prendevil et al. (2017), suggesting that sustainable business models often involve paradoxical tensions, such as “the balance between short-term and long-term goals, profits and ethics, stakeholders and shareholders” (van Bommel, 2018, p. 830). An energy company engaged in oil and gas exploration and production that is simultaneously pursuing the development of renewable and low-carbon products and services indicates “an inherent tension between the nature of the organization’s core business and (some) principles of sustainability” (van Bommel, 2018, p. 832).

Equinor acknowledges these paradoxical tensions and sets forth that the company “must strike the right balance between generating cashflow to enable the transition, supporting their core, growing business in new energy areas and continuing as an attractive investment for their shareholders” (Equinor ASA, 2023a). In other words, the company uses its profits from core operations to become more environmentally friendly. This can be viewed as a mere legitimacy strategy rather than genuine progress, potentially hindering the transition to truly sustainable energy.

Communicating these paradoxical tensions poses challenges for Equinor’s legitimacy. Various conflicting discourses emerge as organizations determine their actions (or lack thereof) regarding resource degradation, pollution, carbon emissions, and climate change (Allen, 2016, p. 63). Thus, analysing and reflecting upon how Equinor handles this complex situation is highly relevant from a strategic communications perspective.

Considering this, this chapter seeks to contribute by examining how oil and gas enterprises strive to maintain their legitimacy during the process of transitioning toward sustainability. The following research question will be examined: *How does an energy company communicate its sustainability transition in its annual reports?*

To answer this question, the following sub-questions have been formulated:

- Which discourse(s) does Equinor employ in its annual reports to legitimize and communicate its sustainability transition?
- How does this discourse influence Equinor's overall legitimacy strategy within sustainability?

This chapter focuses on the financial strategic communication that represents the most controlled channel for the company – the annual report. Aiming to identify which legitimacy (communication) strategies the company applies, the annual reports from 2015 to 2021 are analyzed through a critical discourse analysis (Fairclough, 1995).

The chapter is structured as follows. The next section contains a literature review, and then the analytical framework, empirical material, method, and limitations are presented. This is followed by an empirical analysis demonstrating the legitimacy strategies that Equinor employs. Finally, the conclusion discusses the findings and gives suggestions for further research.

## Literature review

In the literature review, I will examine previous research that addresses how the fossil fuel industry has communicated while navigating sustainability challenges. These studies include communication, business management, corporate social responsibility (CSR), business ethics, and organizational studies.

In his rhetorical study of the Norwegian oil industry, Ihlen (2009) demonstrated that the industry applies four rhetorical operations to justify its sustainability claims (i.e., being environmentally friendly). These operations include 1) a commitment to reducing emissions, 2) adopting a long-term resource management approach, 3) critiquing alternative energy sources as unrealistic, and 4) highlighting Norway's comparatively low-pollution oil production.

Moving beyond specific industries, Ihlen and Roper (2011) examine the corporate discourse on sustainability and sustainable development in non-financial reports of the world's largest corporations. Their most notable finding reveals a shift, with many corporations no longer positioning themselves as works-in-progress towards sustainability but asserting that they have already been integrating sustainability principles into their operations for an extended period.

Du and Vieira (2012) investigated how oil companies, part of a controversial industry, worked on making their CSR messages more believable to maintain their legitimacy. They looked at how these companies presented their efforts from an environmental perspective. They discovered that there were weaknesses in the strategies and practices related to CSR. These companies didn't seem to have a solid, long-term plan to tackle environmental issues like pollution and climate change. Du and Vieira's study highlights that the oil companies under examination had not "recognized and integrated the environmental concerns into the firm's decision-making process" (Banerjee, 2002, p. 177).

O'Connor and Gronewold (2013) dived into the CSR environmental sustainability discourse within the oil industry, investigating 21 environmental sustainability reports. Their conclusion emphasizes that this discourse comprises both competitive advantage and institutional elements. Competitive advantage language, albeit less frequent, primarily pertains to environmental innovations rather than day-to-day operations. The predominant characteristics are regulatory and normative elements, often emphasizing leadership within the industry. "The most common use of competitive advantage language was to communicate a first mover or leader status within the industry" (O'Connor & Gronewold, 2013, p. 223).

Schlichting's (2013) meta-analysis of industry actors' framing of climate change from 1990 to 2010 identifies three distinct phases. Initially, there is an emphasis on scientific uncertainty regarding climate change, particularly in the US fossil fuel and coal industry. Subsequently, in the lead-up to the Kyoto negotiations, the focus shifted to socioeconomic consequences, particularly in the USA and Australia. Concurrently, European industry actors begin to promote industrial leadership in climate protection, a framing that has gained global prominence.

Jaworska's (2018) study delves into the discourses surrounding the term "climate change" in CSR and environmental reports by international oil companies. It reveals a transformation in the portrayal of climate

change – from a challenge that could be addressed to an unpredictable risk. Initially, a proactive stance with forceful metaphors is evident. However, this shifts to a distancing strategy characterized by hedging language and the deferral of climate change concerns to the future and other stakeholders.

Dahl and Fløttum's (2019) linguistic study offers a nuanced perspective, highlighting how major energy companies employ distinct discursive strategies to frame climate change. The energy company Total emphasizes responsibility, Suncor Energy portrays it as a business risk, and Statoil views it primarily as a business opportunity. However, the representation of risk emerges as the most dominant theme.

Li et al. (2022) compare the progress of decarbonization and the transition to clean energy using three perspectives: keywords used in annual reports, business strategies, and financial data related to fossil fuels and clean energy investments. They found a significant increase in the use of climate-related terms in reports. However, strategies mainly consisted of pledges rather than concrete actions, and financial analysis showed a continued reliance on fossil fuels with minimal spending on clean energy. In summary, they conclude that the transition to clean energy business models is not happening, as the level of investment and action does not match the discourse.

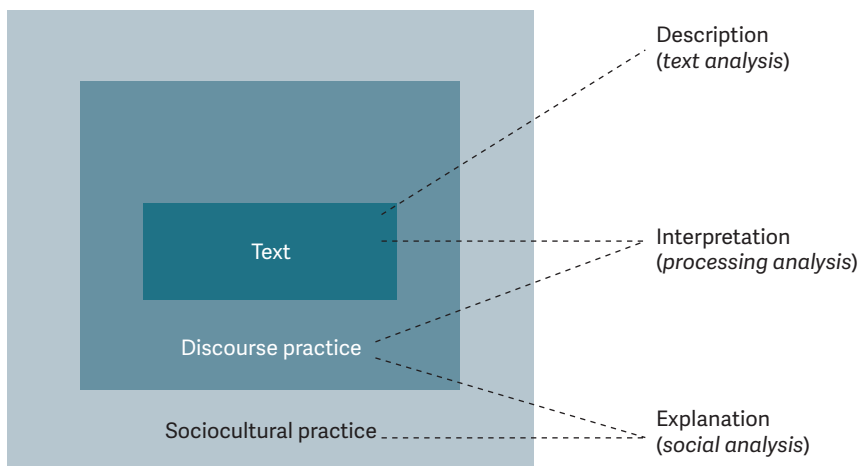
These studies present different approaches to how oil and gas corporations contend with sustainability and climate change issues, manage public perceptions, and navigate the complex terrain of corporate responsibility and sustainability. It is essential to mention that only Halttunen et al. (2022) have explored the challenges related to the conflicting mandates that impact the sustainability transition of energy companies. Their findings highlight defensive responses based on interviews with current and former professionals in the industry. I aim to conduct a more in-depth examination of Equinor's strategies for legitimization, drawing insights from their annual reports.

## **Analytical framework**

### **Critical Discourse analysis**

Critical discourse analysis (CDA) developed by Fairclough (1995) is considered suitable as both a theory and a method since it can provide in-depth insight into how an energy company applies communication strategies

to legitimate its sustainability transition journey. CDA aims to create connections between texts, characteristics of discourse practice, and the broader socio-cultural practice. Text refers to the actual language used in the document(s), i.e., the annual reports, while discourse practice refers to how language is used, especially in pinpointing how different perspectives are represented in discussions about social topics. Socio-cultural practice refers to the broader social contexts in which language is used. Fairclough (1995) suggests analyzing the relationship between these three defined dimensions.



**Figure 2** Fairclough's three-dimensional model of critical discourse analysis (1995).

## Legitimacy

Vaara and Tienari (2008) propose a critical discourse analysis (CDA) perspective to investigate legitimization strategies in multinational corporations. CDA inherently adopts a critical perspective, evident in its deliberate application of analytical tools to address “controversial social or societal issues” (Vaara & Tienari, 2008, p. 986). Van Veen et al. further elaborate that CDA's focal point is the study of change and, referring to Jørgensen and Phillips (2002), also acknowledge that some aspects of the social world function according to a logic different from discursive logic. Van Leeuwen (2013) asserts that CDA is a method used to examine and criticize how language is used selectively and ambiguously, especially when it is used to hide “contradictions or to legitimate discrimination and abuses of power” (Van Leeuwen, 2013, p. 99).

In strategic communication, Suchman's (1995) definition of legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (1995, p. 574), aligns with the concept of legitimacy as articulated by Falkheimer and Heide (2022). They view legitimacy as "an individual or collective perception about which actors and institutions have the right to rule, regulate, and decide" (Falkheimer & Heide, 2022, p. 132). In their exploration of the relationship between legitimacy and strategic communication, Holmström et al. (2009) assert that for an organization, "legitimizing notions" (2009, p. 2) establish limits for decisions considered socially acceptable within a particular time, context, and perspective. Building upon the insights from Luhmann (1989) and Suchman (1995), Holmström et al. (2009) define organizational legitimacy as the shared belief that an organization operates within meaningful, reasonable, and appropriate frameworks within socially constructed systems. Here, "perception" means that legitimacy is not based on the actual substance of actions, but on how they are interpreted. In essence, legitimacy is not about what an organization does, but how they are interpreted. As a result, strategic communication and legitimacy are closely intertwined, and effective communication skills are critically important for organizations today (Holmström et al., 2009).

Further, Falkheimer and Heide (2022) position legitimacy at the heart of strategic communication, emphasizing its importance: "Legitimacy is at the core of strategic communication. When legitimacy is at stake, organizations and other actors use strategic communication to respond to, confront, and impact the outcome using different legitimacy communication strategies and tactics" (Falkheimer & Heide, 2022, p. 132). The organization's legitimacy influences the close relationship between an organization and its external environment.

A fundamental aspect of CDA interpreted by Vaara and Tienari (2008) involves the examination of how legitimacy is utilized, and more specifically, "the concrete means through which controversial actions are legitimated in the multinational corporation context" (Vaara & Tienari, 2008 p. 991). Within CDA, this concept is often framed as 'legitimation strategies,' referring to the methods employed to utilize specific resources to establish a perception of legitimacy or illegitimacy (Vaara & Tienari, 2008). Building upon Van Leeuwen's (2007) research, Vaara and Tienari (2008) have pinpointed five legitimization strategies: authorization, rationalization,



moralization, narrativization, and normalization. Authorization is making something legitimate by referring to tradition, customs, laws, or authorities. Moralization is legitimizing something by (indirectly) referring to moral values. Rationalization is justifying legitimacy based on alignment with social goals and knowledge. Mythopoesis (narrativization) establishes legitimacy through narratives that reward legitimacy and punish non-legitimacy. Normalization is separated from “authorization” to highlight the importance of strategies that make specific actions or phenomena seem “normal” or “natural” (Vaara & Tienar, 2008). This shift in focus enables us to redirect our attention from existing notions of legitimacy toward the ongoing discursive battles for legitimization.

## **Empirical material, methods, and study limitations**

### **Empirical material**

The annual reports from 2015 to 2021 have been collected and analyzed to identify which legitimization strategies the company applies. Annual reports focus on past and present financial performance and predict prospects. Whereas annual reports used to be rather factual documents oriented towards shareholders, today these reports are of interest to multiple stakeholders, such as journalists, interest groups, suppliers, clients, and employees. An annual report has thus become more of a strategic communicative document than initially intended. The presentation of strategies, e.g., in annual reports and corporate websites, is the sphere of strategic communication. This is one of the few fields where management research explicitly mentions the necessity of communication; however, it has rarely attracted the attention of strategic communication researchers until now (Köhler & Zerfass, 2019; Moss & Warnaby, 1998).

The selection of the seven of Equinor’s annual reports has been influenced by important (societal and organizational) milestones concerning the energy company’s path towards becoming a more sustainable energy provider (see Table 1). The Paris Agreement in 2015 is an essential milestone for the energy sector, as it highlights the commitment of numerous countries to achieve net-zero emissions by 2050 and to limit global temperature rise to 1.5°C. Achieving these goals necessitates a comprehensive overhaul of the economy and society’s energy systems. This has influenced Equinor’s

journey towards sustainability: establishing the “New Energy Solutions” business area in 2015, followed by a strong emphasis on offshore wind and carbon capture and storage in 2016. 2017 Statoil (now Equinor) introduced a refined strategy, “always safe, high value, low carbon”, complemented by a rebranding and a new CEO in 2018. In 2019, Equinor made a joint statement with Climate Action 100+ to support the goals of the Paris Agreement, setting the stage for investor engagement. The company continued its commitment to sustainability by launching a global climate roadmap in 2020 and establishing the Norway Energy hub in 2021.

**Table 1** Milestones annual report

<p>2015 The Paris Agreement, a legally binding international treaty on climate change, was adopted by 196 Parties at COP 21 in Paris and entered into force on 4 November 2016. (United Nations, 2015)</p>	<p>This is reflected in the annual report for 2015 where ‘Statoil recognises the ambition to limit the average global temperature rise to below two degrees centigrade compared to pre-industrial levels. The Paris agreement on climate change negotiated at the UN Conference of Parties (COP21) in December 2015 provides the prospect of improved policy support around the world’. (Statoil ASA, 2015, p. 63) The annual report further announces that it created a new business area, New Energy Solutions, to further access, develop, and produce low carbon energy when and where it is deemed valuable.</p>
<p>2018</p>	<p>The annual general meeting (AGM) in Statoil ASA (will vote on the proposal to change the company’s name, from Statoil ASA to Equinor ASA. The name Equinor reflects the company’s strategy and development towards becoming a broad energy company’. (Equinor ASA, 2018, p. 7)</p>
<p>2020</p>	<p>Equinor launches a new global climate roadmap with ambition to reduce net carbon intensity, grow renewable energy capacity tenfold by 2026 and reach carbon neutral global operations by 2030; and in August 2020 it was announced that Anders Opedal became the new president and CEO from the 2d of November. In the chief executive letter in the annual report for 2020 the new CEO states that: ‘Equinor is preparing for a future that will be different from the past. We aim to be a leading company in the energy transition and to build the energy industry of tomorrow.’ (Equinor ASA, 2020, p. 15)</p>
<p>2021 Nations adopted the Glasgow Climate Pact, aiming to turn the 2020s into a decade of climate action and support. As part of the package of decisions, nations also completed the Paris Agreement’s rulebook as it relates to market mechanisms and non-market approaches and the transparent reporting of climate actions and support provided or received, including for loss and damage.</p>	<p>Equinor launches the Norway energy hub. This is an industrial plan for Norway as an energy nation. Equinor invites partners and governments to collaborate on creating the energy systems of the future. (Equinor ASA, 2021, p. 9)</p>

By selecting Equinor's annual reports from 2015 to 2021, it was possible to conduct a comparative study focusing on the shifts in sustainability discourses that occur from one annual report to the next. Evidence supporting the idea that publicizing social and environmental information through channels like annual reports is done for legitimizing purposes is consistent with Deegan's (2002) study on social and environmental reporting (SAR) and its role in maintaining or creating organizational legitimacy. Emphasizing annual reports as the primary focus of this study is justified because they represent the most official and comprehensive documents addressed to shareholders and stakeholders. Their standardized year-to-year structure makes them highly suitable for meaningful comparisons (Li et al., 2022).

The focus of the analysis contains the following chapters of the annual reports:

- i. Introduction Chapter
- ii. Strategic report
- iii. Governance
- iv. Forward-looking statements

## Method

The analysis of the annual reports has been conducted by applying the three dimensions of Critical Discourse Analysis (CDA) as defined by Fairclough (1995). First, an analysis was performed at the textual level to identify the most frequently employed linguistic devices in the annual reports. Following this, a more comprehensive examination was carried out on the three most used linguistic devices- nominalization, modality, and interdiscursivity – following the discourse practice within the context of annual reports. Finally, a critical evaluation was undertaken to assess the socio-cultural context's impact on the annual reports and their discourses.

For the textual analysis (first dimension), Skrede (2017), in his book *Kritisk diskursanalyse*, proposes using a set of linguistic features to analyze text and illustrate how grammar creates a particular worldview at the expense of others (Skrede, 2017, p. 47). These linguistic features are nominalization, passive voice, modality, intertextuality, interdiscursivity, recontextualization, and assumptions. I started by closely reading the annual reports and identified three frequently used discursive features: nominalization and

modality. In addition, I paid attention to how specific topics or issues are presented and framed from one report to the other.

In the second dimension, “discourse practice”, Skrede (2017) highlights Fairclough’s emphasis on recognizing which discourses are activated and the potential interests they may serve. In annual reports, these discourses encompass accounting discourse, financial discourse, PR discourse, and legal discourse (Bhatia, 2012); these discourses are not isolated but interact and influence one another, constructing a corporate narrative based on the financial activities and position of the organization. I scrutinized interdiscursive connections within the annual reports and attempted to pinpoint novel elements that contribute to destabilization (Skrede, 2017, p. 54). My approach combines Bhatia’s framework (2012) with Fairclough’s interdiscursivity concept to explore these interactions and to examine whether a new discourse emerges.

In the third dimension, “social practice”, I examined the power dynamics within the discourse, investigating who holds the authority to influence and shape it. Additionally, I identified and evaluated the discourse’s prevalent ideologies and belief systems, examining how these ideologies serve the company’s interests.

## Limitations of the study

A financial analysis has not been conducted as this is another field of expertise; however, some references are made here to financial statements to clarify or explain conclusions.

The analysis is limited to texts generated by the organization and does not assess the actual implementation of their sustainability initiatives. The focus is on Equinor’s annual reports, excluding various other forms of strategic communication by the company. However, these reports are essential to study because they are the primary way corporations express their views on sustainability. Whether these views are genuine and lead to actual action should be explored in separate research.

## Empirical analysis

In this section, the text analysis results will first be presented; then, the discourse order dimension will be examined, with connections drawn to the socio-cultural practices.

## Text analysis

The text analysis of Equinor's annual reports from 2015 to 2021 has provided valuable insights into how Equinor communicates its sustainability initiatives and navigates its legitimacy in the complex social and economic contexts in which it operates. It became clear that the most common linguistic features applied are nominalization and modality.

### *Nominalization*

Fairclough (2010) defines nominalization as changing a process into a nominal (i.e., noun-like) entity and that this process is ideologically motivated. An example of recurrent nominalization is the concept of "climate change". The original verb for climate change is "change", which has been turned into a noun by adding the word "climate" to describe the specific type of change. In the environmental chemistry field, climate change is defined as "the shift in climate patterns mainly caused by greenhouse gas emissions" (Fawzy et al., 2020, p. 2070). In other words, climate change is a process, not a thing. In this manner, climate change is presented as a fact without considering the process, i.e., energy accounts for two-thirds of total greenhouse gas emissions (International Energy Agency, 2023), which has hugely influenced and still is influencing the climate and the planet. This process and its consequences are confirmed by several other organizations and scholars, such as van de Graaf and Sovacool (2020, p. 1), who state that "(...) energy is the single largest source of greenhouse gas (GHG) emissions, resulting in climate change that, if left unchecked, could devastate our planet".

Nonetheless, climate change is a nominalization that traces back to the 19<sup>th</sup> century. Hence, examining the context in which it appears in the annual reports is more interesting. It is evident that climate change is mainly used in connection with potential risks for Equinor due to regulations, changes in the industry, changes in supply chains, changes in consumption, and geopolitical instability.

Fundamental changes are happening in the oil and gas industry. The industry faces new challenges, such as increased pressure on margins, changing patterns of energy supply and consumption, geopolitical instability, and rising climate change concerns. (Statoil ASA, 2015, p. 10)

Statoil monitors and assesses risks related to climate change, whether political, regulatory, market, or physical, including reputation impact. (Statoil ASA, 2016, p. 66)

The excerpts above illustrate that Equinor deflects responsibility for climate change by framing it as an external problem and even depicting it as a threat to the company. This paves the way for another context, where the concept of climate change is employed when discussing the company's role in tackling climate issues.

We have also teamed up with global peers through OGCI (Oil and Gas Climate Initiative) to help shape the industry's climate response. In Statoil, we believe the winners in the energy transition will be the producers who can deliver at low cost and with low carbon emissions. (Statoil ASA, 2016, p. 75)

The world's energy systems are in rapid transition to meet the challenge. The journey towards net zero creates new industry opportunities, and Equinor is ready to seize these opportunities. (Equinor ASA, 2021, p. 17)

These excerpts exemplify how Equinor diverts the focus from the industry and positions itself and the energy industry not as responsible actors for climate change but as "(...) central players in efforts to reduce emissions and mitigate climate change" (International Energy Agency, 2023).

### ***Modality***

Equinor frequently employs modality as a critical discourse device. Modality is about conveying a message, expressing facts, attitudes, asking questions, claiming something, or indicating obligations and (un)certainly levels (Skrede, 2017). It relies on linguistic devices like modal verbs (e.g., can, shall, will, must), adverbs, or adjectives to shape meaning and interpretation in texts. Equinor's use of modal verbs becomes especially clear in forward-looking statements, representing management expectations of future events or results, revealing their beliefs and opinions, and enabling potential investors to assess associated risks and possible outcomes. Forward-looking statements can be identified using words like anticipate, intend, believe, estimate, plan, seek, project, and expect.

In the Chief Executive Letter of 2016, Eldar Sætre (former CEO) announces Equinor's commitment to long-term sustainable value creation in line with the principles of the UN Global Compact:

We believe a low carbon footprint will make us more competitive in the future. We also believe there are attractive business opportunities in the transition to a low-carbon economy. Statoil intends to be part of this transformation to fulfil our purpose of turning natural resources into energy for people and progress for society. Our Climate roadmap explains how we plan to achieve this and how we will develop our business, supporting the ambitions of the Paris Climate Agreement. (Statoil ASA, 2016, p. 7)

At first sight, this paragraph indicates a commitment to the Paris Climate Agreement. However, the repeated use of verbs such as “believe” and “intends” demonstrates a careful choice of words that reduces their potential engagement with the Paris Climate Agreement.

The annual report from 2021 continues on this path. Even though it expresses a more substantial commitment to deliver on their engagement, modality is still utilized:

We strive to adhere to high industry standards and improve our performance in every area where we have a positive or negative impact. ... When assessing materiality, we considered the global sustainability context and evaluated impacts across our own activities and business relationships, including actual and potential, positive and negative impacts on people, planet and society. (Equinor ASA, 2021, p. 107)

Expressions like “we strive” are consciously chosen to indicate the action’s probability (or not). The same can be said about the use of “considered” and “evaluate” where there is an indication of commitment but without pledging a vow.

Furthermore, Equinor’s disclaimer in its forward-looking statements suggests that external factors and associated risks play a significant role in the implementation and outcomes of its corporate strategy. This contrasts with their initial ambition, as evident in the 2021 annual report, to lead in the energy transition, which is later disavowed in the disclaimer:

All statements other than statements of historical fact, including the commitment to develop as a broad energy company; the ambition to reduce net group-wide greenhouse gas emissions by 50% by 2030 and to be a net-zero energy company by 2050; our aim to decarbonize oil and gas, industrialize offshore wind and hydrogen, and provide commercial carbon capture and storage; our ambition to develop low carbon solutions and value chains ...are forward-looking statements. You should not place undue reliance on these forward-looking statements. (Equinor ASA, 2021, p. 347)

Forward-looking statements disclaimers appear in almost all annual reports and are a legal provision protecting the management of legal or regulatory liability in certain situations. From a critical discourse analysis point of view, one could interpret this as a retraction of the ambition to become a green(er) energy provider.

## Discourse practice

Skrede clarifies that when “various genres or discourses are incorporated in a text without necessarily having an identifiable textual origin, it refers to it as interdiscursivity” (2017, p. 53). Furthermore, he explains that a minimal level of interdiscursivity suggests stability, whereas a substantial amount of interdiscursivity signifies a changing field.

Equinor’s annual reports show a considerable use of interdiscursivity, indicating a “shift”, a transformation as societal, industrial, and organizational changes progress. Equinor’s response is a paradoxical corporate strategy, combining an oil and gas business model driven by market logic and a parallel business model rooted in sustainable development principles. This approach results in two intertwined discourses in the reports: a market-oriented discourse and a sustainable development discourse.

In the 2018 annual report, Statoil rebranded as Equinor, emphasizing its intention to become a broad energy company. The company underscores its sustainability efforts, specifically highlighting renewable energy (wind energy), carbon capture and storage (CCS) to mitigate oil and gas production emissions, and the electrification of offshore oil and gas fields:

To achieve the emission reduction target of 3 million tonnes of CO<sub>2</sub> from 2017 to 2030, we pursue energy efficiency measures, electrification, and other low-carbon energy sources at our installations. (Equinor ASA, 2018, p. 89)

This example demonstrates the intertwining of two discourses. Equinor emphasizes emissions reduction through efficiency measures and electrification of their oil and gas platforms, reflecting a market-oriented approach focused on operational, profit maximization and cost efficiency.

In the 2020 annual report, Equinor’s new CEO, Anders Opedal, states in his first chief executive letter:

The world needs to combat climate change – even during a pandemic. My message when I became CEO of Equinor was that we shall create value as a leading company in



the energy transition. Our strategic direction is still based on always safe, high-value, low-carbon. We are continuing our journey to reduce the carbon intensity from operations, and we are accelerating the transformation towards a broader energy company. Our ambition is to become a net zero company by 2050. (Equinor ASA, 2020, p. 13)

The excerpt above represents another instance of a deliberate strategy to integrate sustainable development discourse into the market-driven narrative. Equinor focuses on its ambition to become a net zero company by 2050, which can be perceived as a sustainable development discourse; on the other hand, a market-oriented discourse is implied by “to reduce the carbon intensity from operations” (Equinor ASA, 2020, p. 13). One can interpret this statement as a sustainable development discourse since it indicates carbon reduction – however, “from their operations” (Equinor ASA, 2020, p. 13) alludes to the exploration and production of oil and gas. This implies that their discourse is based on how they handle their operations and not what they do. Further in the report, Equinor makes clear that the Norwegian Continental Shelf oil and gas fields make up 60% of the company’s equity production and mentions in this context “large remaining resource potential” (Equinor ASA, 2020, p. 21) that may reach “potential historically high production levels in 2025” (Equinor ASA, 2020, p. 21). This indicates a market-oriented logic for the near future.

## Socio-cultural practice

To understand the socio-cultural practice, first, attention is directed toward the overarching drivers of sustainability transformation in the energy industry. Secondly, consideration is given to how this impacts Equinor. It is essential to comprehend on a broader societal scale that “energy profoundly shapes our wide societies, economics, and politics (...) and is a key driver for the pursuit of wealth and power in world politics” (van de Graaf & Sovacool, 2020, p. 1). Consequently, (European) oil and gas firms have received favourable treatment from governments and markets. Despite the contemporary push for sustainable energy solutions, oil maintains a substantial presence in European transportation markets, while gas remains an essential energy source for heating and electricity (Midttun et al., 2022). Furthermore, post-Covid vaccination efforts and the energy crisis in Europe have led to a rebound in gas and oil prices, resulting in oil and gas companies achieving unprecedented profits (Midttun et al., 2022).

Given this scenario, oil and gas companies are grappling with a dual challenge: the increasingly environmentally focused policies of the European Union, on one side, and the profit-generating potential of the oil and gas market on the other (Halttunen et al., 2022).

The oil and gas industry plays a significant role in climate change, necessitating a shift towards sustainability. Regulatory changes are forcing companies to focus on sustainable value creation. In 2019, the European Commission, under Ursula von der Leyen's leadership, introduced the European Green Deal (EGD), intending to achieve a carbon-neutral European economy by 2050. This initiative includes targets like climate neutrality by 2050 and a 55% reduction in greenhouse gases by 2030 compared to 1990 levels. The Commission's recent legislative package, "Fit for 55", contains revised and new measures aligned with the EGD's climate objectives (Knodt & Kemmerzell, 2022, p. 7). These developments underscore the industry's imperative to adopt more sustainable practices.

The annual reports indicate that Equinor acknowledges that climate challenges exist and that the Equinor must act. Within this context, the organization has identified an essential role for the company:

Statoil recognizes the ambition to limit the average global temperature rise to below two degrees centigrade compared to pre-industrial levels. The Paris Agreement on climate change negotiated at the UN Conference of Parties (COP21) in December 2015 provides the prospect of improved policy support around the world for accelerating the shift to low-carbon solutions. Statoil welcomes the agreement and believes the company is well-positioned to play its part. (Statoil ASA, 2015, p. 63)

In its 2019 annual report, Equinor not only describes its role as a solution provider but indicates that this is a responsibility involving several systems. One could understand this as a systems approach, a system of systems with three layers: supply infrastructure, demand infrastructure, and social infrastructure (van de Graaf & Sovacool, 2020).

Equinor is committed to sustainability and recognizes that the energy systems must go through profound changes to meet the goals of the Paris Agreement. (Equinor ASA, 2019, p. 11)

In its 2021 annual report, Equinor goes a step further and positions itself as a leader in the energy transition:

We continue to pursue our strategy of always safe, high value and low carbon. To position ourselves as a leading company in the energy transition, we are accelerating profitable growth in renewable energy, positioning for low-carbon solutions and focusing on and optimizing our oil and gas business. (Equinor ASA, 2021, p. 3)

These excerpts reflect Equinor's evolving focus from identifying business opportunities and participating in the energy transition to taking on a leadership role. This purpose aligns with societal expectations and their commitment to address global climate challenges. However, despite positioning itself as an energy transition leader, Equinor strongly emphasizes its core business, oil and gas.

## Concluding discussion

The critical discourse analysis reveals a deliberate and thoughtful communication strategy at play. This strategy involves using linguistic discourse tools like nominalization, modality, and interdiscursivity, incorporating a sustainable development discourse, all to reconcile the paradoxes within Equinor's business logics and, consequently, uphold the company's legitimacy.

When examining the components of analytical discourse analysis and linking them with Vaara and Tienar's (2008) legitimacy framework, including authorization, moralization, rationalization, narrativization, and normalization, it becomes clear that a combination of legitimation strategies is employed.

Equinor utilizes authorization as a strategy by portraying themselves as solution providers and leaders driving the energy transition and combating climate change. Van Leeuwen (2007, p. 94) refers to this type of authority legitimation as "expert authority", where legitimacy is derived from expertise rather than mere status. This expertise is sometimes explicitly mentioned, often through references to credentials, but not limited to this alone. Halttunen et al. (2022) discovered a debate in the literature on whether incumbent players (i.e., fossil fuel companies) should engage in the energy transition. Some studies point to the potential for their positive contribution, assuming the continuation of current economic structures. In contrast, others argue that fossil fuel companies should not participate in the energy transition, in order to avoid increasing existing inequalities (Halttunen et al., 2022).

One primary legitimating strategy Equinor applies is shareholder rationalization, where the focus is on pleasing shareholders. When Equinor talks about creating “high value”, it can mean a few things. It might involve investments driven by market demands to generate profit. However, looking at Equinor’s annual reports, it becomes clear that “high value” primarily revolves around generating shareholder returns, making this the central driving force for the company’s activities. The focus on delivering value to shareholders also extends to investments in renewable energy. Despite the environmental and sustainability aspects associated with renewable projects, companies also approach these projects from a high-value perspective. In simple terms, Equinor is not just investing in renewables for the greater good; the company’s investments fit with its goal of delivering value to shareholders. Shareholder-oriented thinking, in this context, can be perceived as being at odds with long-term sustainable development.

Narrativization, as a legitimating strategy, is about narratives that reward legitimacy and punish non-legitimacy. Equinor has been criticized for greenwashing by interest groups and other activists, newspapers, and scholars (ClientEarth, 2019; Dahl & Flottum, 2019; Greenpeace International, 2018; Ihlen, 2009; Kent, 2018; Langum Becker, 2022). An alternative definition of greenwashing by the research group CorpWatch is “a phenomenon of socially and environmentally destructive corporations attempting to preserve and expand their markets by posing as friends of the environment and leaders in the struggle to eradicate poverty” (CorpWatch, 2002). In essence, this definition characterizes greenwashing as a strategy companies employ to enhance their public image and maintain or expand their market presence. They achieve this by portraying themselves as advocates for environmental causes and poverty alleviation, even if their commitment to these objectives may be insincere.

The annual reports clarify that Equinor acknowledges that climate change is the central challenge in an ever-shifting energy world. Global energy systems are swiftly transforming to tackle this challenge, opening fresh opportunities for the industry, and Equinor itself claims to be prepared to embrace these opportunities. In other words, Equinor has positioned itself as one of the “(...) central players in efforts to reduce emissions and mitigate climate change” (International Energy Agency, 2023). International oil and gas production represented approximately 40% of Equinor’s equity production in 2018, a record-high year for production. At the same time, Equinor is building a new energy portfolio and expects 15–20% of its investments to

be directed towards new energy solutions by 2030 (Equinor ASA, 2018). In other words, the company's core business (exploration and production of oil and gas) will, in the foreseeable future, be the primary value driver for the company. Equinor's three-pillar strategy, aimed at positioning itself as a prominent player in the energy transition, can, in line with CorpWatch's definition, be viewed as a manifestation of greenwashing.

Equinor is building up a narrative that highlights its goal of becoming a leading force in the shift towards cleaner energy. However, there are various signals that Equinor is preparing an alternative narrative to explain why specific goals will not be achieved. PricewaterhouseCooper's annual report, the Climate Index, which evaluates climate efforts and reporting by major companies in Norway, has highlighted a significant disparity between these companies' emissions and climate targets. In PwC's assessment, Equinor maintains the status quo in the second category, signifying that the company has managed to reduce emissions, but not in alignment with the goals of the Paris Agreement (PricewaterhouseCoopers AS, 2023). Even though Equinor "advocates for and aligns with policies and actions that accelerate the energy transition in accordance with the goals of the Paris Agreement" (Equinor ASA, 2023b); Eirik Wærness, Chief Economist at Equinor, has recently drawn attention to the increasing challenge of achieving the 1.5-degree climate ambition, despite policy and technological advancements (Energy Voice, 2023). He attributes this increasing difficulty to heightened levels of geopolitical conflict, which have led to a more fragmented landscape in the global energy transition. This situation is exemplified by the ongoing conflict triggered by Russia's invasion of Ukraine, which has had ripple effects on energy transition efforts.

Moreover, economic factors, including inflation and rising living costs, further complicate the pursuit of essential energy transition measures (Energy Voice, 2023). Wærness's assertion underscores the complex interplay between geopolitical tensions and economic considerations, highlighting the hurdles Equinor must overcome to meet ambitious climate targets. This narrative does not (yet) appear as a discussion point in the annual reports (2015–2021) analyzed here. Still, it serves as further validation for why Equinor is falling short of the goals of the Paris Agreement and is a clear example of how Equinor makes specific strategic actions and decisions seem normal.

Equinor utilizes the legitimization strategies discussed earlier, which are commonly entangled, with a combination of multiple legitimization

approaches which often prove to be highly effective (Vaara & Tienar, 2008, p. 988). These legitimating strategies respond to the societal demands placed on the company, enabling it to blend sustainable values into its market-oriented system of meaning. This system of meaning is entwined in the narrative of the annual reports and can be interpreted as an effort to create a “corporate dream”, a concept introduced by Rahm et al. (2020). Corporate dreams should not be conceived of as irrational, confused fantasies but as potentially legitimate responses to the institutional, ideological, and discursive contexts in which the company operates. A public declaration of morally justifiable and legitimate dreams is, in itself, a performative act with direct and indirect consequences on corporate image, status, and legitimacy. Dreaming “appropriate” dreams – in public – can be a way of presenting oneself as a trustworthy actor in the marketplace (Rahm et al., 2020). The question arises whether Equinor’s corporate dream of becoming “a leading company in the energy transition” (Equinor ASA, 2021, p. 2), is adequately adapted to the paradoxical situation the company finds itself in regarding its transition towards a broad energy company. Another pertinent question is whether Equinor’s corporate strategy, primarily driven by market considerations, can genuinely integrate and prioritize sustainability in its strategic communication efforts in order to legitimize its sustainability transition.

Further research could examine stakeholder perceptions, including investors, customers, and environmental advocates, to assess how Equinor’s sustainability communication aligns with their expectations. Additionally, conducting comparative studies with other energy sector companies could help evaluate Equinor’s sustainability communication and legitimacy strategies. Exploring the internal impact of these communication strategies on Equinor’s corporate culture, decision-making, and identity is also a valuable avenue for investigation.

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