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GEOPOLITICAL USE OF SUSTAINABILITY REPORTS

Gazprom as an environmental sustainability actor

ABSTRACT

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This research focuses on Russian Natural Gas Company Gazprom and analysis of its sustainability reporting. Energy sector is one of the main greenhouse gases emitting sectors in the world therefore it has a major role in mitigating the effects of climate change. In 2015 the Paris Agreement was conducted and most of the countries signed to decrease their emissions and participate in the global climate agenda. As one of the biggest emitters among companies its activities influence decrease of the global emissions.

Research agenda aims to answer question how Gazprom positions itself as a global environmental actor and how Gazprom defines global environmental challenges and sustainability. Gazprom is a company with strategic importance for Russian state and this research explores what geopolitical agendas Gazprom aims to pursue with sustainability reporting. The main market of Gazprom is in Europe. For Gazprom it is important to hold on to this market because the export to foreign markets have bigger revenue compared to domestic gas sales and Gazprom's natural gas deliveries are still rather inflexible and reliant on pipeline infrastructure. I aim to explore what motivates Gazprom to conduct sustainability reporting and how it portrays itself as a global environmental actor. Analysis method I use is thematic analysis to detect pattern and similarities in reports from year 2008 to 2018. In total seven reports were included in this research.

Theoretical background to this research is critical geopolitical study on resources and environment. Moreover, how discourses are used as a geopolitical tool. Critical approach to geopolitics allows this research to analyse how issues are portrayed and whose interest activities serve. Resource representation constructs an idea how resource can be understood, represented and defined. Through resource representation, it is possible to create a positive and eco-friendly image around resource that in reality is harmful for the environment. Environmental geopolitics study how environment and environmental risks are used to achieve and support geopolitical arguments and agendas.

Sustainability and sustainable development have become an important part of global agenda due to the urgency to answer the threat of climate change. As I analyse sustainability reporting important part of my research is the definition of sustainability and sustainability discourse. Sustainability is widely used but often definitions for it are vague and create a possibility for interpretations. Thus, it creates a possibility for every actor using term sustainability is able to define it through the discourse, which fits best to one's purposes.

Russia is not pioneer nor environmental leader taking steps towards the global goals aiming to decrease emissions. Gazprom defines itself as a global environmental actor. The idea of sustainability is based on the idea that natural gas is the fuel for the future. Sustainability is used as geopolitical tool to construct an idea of natural gas as eco-friendly solution for oil and coal and reliable solution for renewable energy, which is portrayed as unreliable.

Russia uses energy resources to influence Europe and gain power through energy exports. Gazprom's geopolitical agenda is to define natural gas as a sustainable energy and continue to sell gas to European market. Current discussion on climate change and global climate agreements like the Paris agreement require energy companies to think about their activities and future investments. Russia is a signatory state of Paris agreement, but its economy is still highly reliant on hydrocarbon production. Energy exports are a geopolitical 'weapon' over Europe. Gazprom aims to define sustainability for its own benefit and define hydrocarbon production as sustainable. For Gazprom economic goals, energy security and energy superpower interests overtake the environmental sustainability aspirations.

Keywords: Geopolitics, Sustainability, EU-Russia relations, energy

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1. Introduction

Climate change is one of the biggest global challenges of the 21st century, and now is the most urgent time to address this challenge and mitigate its effects. In 2015, the UNFCCC member countries signed the Paris Agreement. Signatory states to this agreement agreed to globally respond to climate change to keep the global temperature rise below 2 degrees during the current century. The objective of the agreement is also to strengthen the capability of countries to manage the impacts of climate change. All parties included in the agreement put forward their Nationally determined contributions (NDCs) to reach the contributions required by the agreement. Each country is required to measure and report their emissions regularly and give an update on their implementation efforts. (UNFCCC, 2020).

As a major emitter, Russia has a significant role in the decarbonisation agenda and climate change mitigation activities. Before the Paris agreement another international agreement, the Kyoto protocol, was adopted in 1997 aiming to limit and reduce greenhouse gasses. (UNFCCC.int) The Kyoto protocol would not have been implemented without Russia's ratification in November 2004, due to the US withdrawal of the protocol in 2001. This situation provided Russia some political leverage over the other parties in the protocol (Tynkkynen, 2010, 180 Bradshaw, 2012, 226).

Russia is part of the Paris agreement and has ratified the agreement in September 2019. Russian Presidential Adviser Alexander Bedritsky (TASS 2017) was confident already in 2017 that Russia will ratify the agreement because it is not a threat to Russia, rather Russia might be able to benefit from the agreement. As the Kyoto Protocol did not negatively affect the Russian economy, Bedritsky (TASS 2017) answered that it is likely that Paris agreement will not have negative effects on Russia. Russia is willing to work together with other countries to achieve the goals of the Paris agreement, and Russian authorities are showing interest in working together with foreign partners as equals when it comes to environmental activities. Further, the contributions of Russia required by the Paris Agreement are set so low that Russia can successfully achieve them.

Russia's contribution to decrease emission levels are low compared contribution promised by European Union (EU). After Donald Trump's decision for the US to leave the Paris agreement, Russia gained again a larger role in the fight against climate change alongside with other big emitters like China, India, and the EU. Therefore, it is crucial to research the activities of the major Russian actors like Gazprom and their actions to answer the urgency of climate change. In this research, I start by analysing the sustainability reporting of Gazprom. Through the analysis, I aim to create an understanding of how Gazprom positions itself as a sustainability actor and how it uses sustainability as a tool for its own benefit. Later, I analyse how this focus on sustainability is used as a geopolitical tool to influence the European energy market.

Russia has vast natural resources, especially the energy resources oil and gas, and thus it is often described as an energy superpower. Russia is also the biggest exporter of natural gas to Europe. The energy industry in total has a big share on Russia GDP and Russia's economy is still highly dependent on it, and only Russian parastatal gas and oil Company. 2019 Gazprom's total revenue was five percent of the Russian GDP (1,6 trillion USD) (Reuters, 2019). Russia is showing interest towards addressing the challenges that climate change creates but remains committed to and economically dependent on the use, production and selling of the fossil fuels especially oil and natural gas.

Energy has always been a geopolitical tool between Russia and the EU. For a long time, Russia has had an advantage to influence EU politically with its gas and oil sources. Energy resources are a foreign policy tool in the official Russian Energy Strategies in 2003 and 2009 (Vihma & Wigell, 2016, 614). Energy sources have enabled Russia its critical role as a partner in energy markets in the international community. Russia has had disputes with Ukraine and Belarus, and it has used access to natural gas as a tool to pressure the partners. The current conflict between Russia and Ukraine, which started in 2014, has also affected the energy security of Ukraine and Europe (Reuters 2019). Despite the recent and past conflicts, cooperation with Europe continues and there is a vast pipeline infrastructure coming from Russia to Europe, and new pipelines are under construction (e.g., Nord stream II, TurkStream).

However, despite the new pipelines Russia still needs a significant increase in demand for natural gas to gain economic benefit (Solanko, 2020). Even though there are new solutions to move gas to Europe, for example liquefied natural gas (LNG), a large amount of natural gas to Europe is still delivered by pipelines. Gazprom owns largest gas transmission pipelines (Gazprom.com/about). Pipelines are a massive investment, and such investments ties the connecting ends together for years to come (Pascual & Zambetakis, 2010, 15).

Thus, there is a dependency between Europe and Russia when it comes to gas deliveries. Gazprom and Russia have invested a lot of money on the infrastructure, so they are expecting the revenues from the exports for years to come, and EU is dependent on the gas deliveries from Russia. However, it is not just Russia who is dependent on EU gas imports. There is an interdependency between Russia and EU on natural gas. EU's energy sector requires the import of Russian gas, and the Russian economy would not sustain itself without the energy exports to EU. Siddi (2018, 9) points in his research, that this interdependency is hard to change due to the current need for natural gas in Europe. If European consumers change natural gas to other sources of energy or buy it from companies in US or Middle East, it is possible to decrease the dependency on Russia. The use of renewable energy could solve this problem as then EU could decrease the amount of natural gas in total. However due to the economic and technical difficulties to replace natural gas, it is still transferred through pipelines from Russia.

As Makarov (2016, 536-537) states in his research Russia has been formally a full-scale member of the international environmental initiatives and cooperation, but its interest in these activities, is primarily shaped by the political and economic concerns. During the time of the Soviet Union, environmental collaboration was one of the key channels to communicate with the West. Environmental activities were seen already as a common goal that does not stop to the borders of the countries and is not influenced by the great-power politics. This approach to environmental problems and activities continue as the world leaders are capable of work together on climate and environmental questions the despite the political tensions.

1.1. Gazprom

Gazprom is important for Russian economy, politics, and social development. Gazprom funds major projects and infrastructure all around Russia from sport events to road construction. Gazprom is often described as a state within a state but as Kreyndel (2015, 49) notes there is an unchangeable dependency between Russian government and Gazprom. It seems like one cannot survive without another or at least it would require big changes that neither one is ready to make. In this research, I focus on Gazprom because it is a major actor in the Russian and European energy market. Because of the connection between Gazprom and Russian government, this research aims to understand how Gazprom is using economic and political power on energy market. For Russia Gazprom is one of the companies with strategic purpose.

Public Joint Stock Company Gazprom (later just Gazprom or the company) is a gas company with Russia's government as the majority shareholder. The state ownership is 50 percent and one share. It is also one of the most valuable companies in Russia. Gazprom was founded on the ruins of the Soviet Ministry of Gas Industry after the Soviet Union collapsed in 1991 (Vavilov, 2015, 16). According to Kivinen (2012, 50) Gazprom still carries the legacy of former soviet ministry and due to this legacy, it is still involved in activities that are not related to oil and gas sector, such as involvement in social programs and support to sports and culture in Russia. Aalto et al (2012, 22) note that Gazprom's activities can be seen as monopolistic because it has a dominant position to Russia's natural gas production. During recent years, there has been new actors joining the gas operations in Russia, but Gazprom still holds the vast gas pipeline infrastructure and thus is able to control the exports even if other companies would sell the gas. This makes Gazprom's role in the foreign market even larger and provides leverage to influence other countries when natural gas is delivered via pipelines.

On Gazprom's website (www.Gazprom.com/about) the key operations are listed as geological exploration, production, transportation, storage, processing and sales of gas, gas condensate and oil, as well as sales of gas as a vehicle fuel and the generation and marketing of heat and electric power. The company defines its mission

as ensuring a reliable, efficient, and balanced supply of natural gas to consumers. The strategic goal of the company is to become a leader among global energy companies. Gazprom controls 16 percent of the world's reserves of natural gas. It is responsible for the three quarters of the natural gas produced in Russia. Gazprom supplies gas beyond Russian Federation through its massive gas transmission pipeline system (total length 172 600 kilometres) (Gazprom.com/about). In addition to the pipeline gas, Gazprom is expanding LNG production in Russia, but Gazprom is not yet as technically advanced in LNG exports, most of its gas is still flowing through pipelines. However, the pipeline gas is for Gazprom's advantage, because they can still bring gas to the location with smaller costs compared to the LNG producers (Fortune, 2019). While LNG imports increase in Europe, European dependency on Gazprom's pipeline gas decreases (Romanova, 2015, 32).

Gazprom has had an export monopoly on pipeline gas in Russia, and gas exports are the main revenue for Gazprom. Since domestic sales provide only 15 percent of its revenue but to ensure the domestic users with natural gas, Gazprom must use about a half of Gazprom's gas supply in domestic market. Thus, it is crucial for Gazprom to export gas to foreign markets. Almost 70 percent of Gazprom's revenue comes from the gas sales to Europe (Reuters, 2019). Gazprom supplies one third of Europe's gas imports and has a strong influence on European energy security, and thus Gazprom plays an important role for the energy cooperation between Europe and Russia (Vavilov, 2015, 1). Gazprom has been a monopoly gas supplier in Eastern Europe and former Soviet countries, but now Gazprom is challenged by toughening competition and weakening demand for Russian natural gas (Nazarov, 2015, 39).

Gazprom has made its strategic goal *"to be a leader among global energy companies by diversifying sales markets, ensuring reliable supplies, improving operating efficiency and fulfilling its scientific and technical potential"* (Gazprom.com/about). In recent years, Gazprom has started several PR campaigns to create a positive image of itself in Russia and abroad. Gazprom is actively sponsoring sport and cultural activities and building new infrastructure like sport arenas. Through these PR activities, Gazprom wants to portray as a commercial organisation who is focused on the profitability of the company rather than being used as a political tool and gaining power over its partners. Gazprom has had a lot of negative coverage due to the gas crisis between Russia and

Ukraine and Belarus. Due to the political conflict between the countries, Gazprom stopped transporting gas through these countries and caused a gas shortage in Ukraine, Belarus and in some parts of Europe. Gazprom tried to convince its partners that it was working completely on a commercial aim, but the company was considered in the West as a tool for Kremlin to use in its disputes to gain political goals. (Fekyunina, 2012, 450)

1.1. Research agenda

The goal of this research is to contribute to the knowledge of Gazprom as a geopolitical actor in the field of environmental sustainability. Gazprom has been judged earlier for its role as a tool for Kremlin. Russian economy is highly dependent on energy sector, Gazprom is one of the biggest taxpayers for the Russian state budget, and changes in the business of the company are crucial for Russian federation. This study is relevant because as a parastatal company Gazprom reflects also strongly on ideas and policies of Russia, and it is important to understand how Russia is defining itself as an environmental actor in energy politics and how it uses sustainability as a geopolitical instrument through Gazprom. Due to the severity of climate change and the major role Russia has in it, studies like this are important. I analyse Gazprom's sustainability reports focusing on environmental sustainability and how Gazprom is presenting itself as an international sustainability actor. I explore the environmental activity of Gazprom as part of Russian geopolitical agenda over energy resources.

Gas and oil sector are not traditionally an environmentally sustainable field hence it is interesting to research on how Gazprom defines itself through environmentally sustainable actions and what kind of characterisations and values it gives to environmental actions in its own field. Background for my research comes from critical geopolitics and critique to sustainability reporting. Traditional geopolitics studies power and access over other countries with resources. Critical geopolitics focuses more on the discourses and ideas that actor create. O'lear (2018, 9) points that critical approach in analysis allows the researcher to focus on frames and presentation of the issue in the materials – what is said and what is hidden? Whose interest the materials serve and how the issue is portrayed?

Sustainability reporting has become an important tool for corporations to disclose their investment to sustainable development. Through sustainability reporting, it is possible to show whether company has decided to include environmental thinking and activities to its business activities. As sustainability reporting has increased so has the research on the reasons and results of sustainability reporting. Part of the current discussion on sustainability reporting aims to understand the motives for a company to do sustainability reporting. Often sustainability reports are costly for the company to provide. It is generally valid to discuss whether companies are just aiming to greenwash their activities or are they sincerely aiming to do better and be more sustainable.

There has been a public discussion about the transition of the oil and gas sector and the role that the energy sector has in mitigating the effect of climate change. In these publications the role of the oil and gas sector among the future energy providers has been debated and questions have been raised about whether the oil and gas sector is capable of providing solutions for the climate crisis or if their business model will become economically unsustainable in the future (CNN, 2020, Economist 2020, IEA, 2020).

This discussion informs my first research question, focusing on how Gazprom is creating an image of itself as a sustainable actor in the oil and gas sector. With this question, I aim to understand Gazprom's response to climate change and environmentalism and how it defines its role in the global energy market. In this research, I try to understand the arguments that Gazprom uses to appear as an environmentally friendly company. Second question aims to answer to the question how Gazprom defines sustainability and uses it for the company's benefit. The third question is aiming to create an understanding how Gazprom is using the sustainability reports and sustainability to influence foreign energy market. It is necessary to study what geopolitical ways are used to achieve the Gazprom's agenda and promote their position as energy provider and a sustainability actor

1. **How does Gazprom position itself as an environmentally sustainable actor in its international sustainability reporting?**

2. **How environmental challenges and the idea of sustainability is defined in the materials?**
3. **What geopolitical agendas are being pursued through this sustainability reporting?**

Aim for this research is to answer these questions and create an understanding what the goal of Gazprom's sustainability reporting is. Crucial part of this research is to understand who benefits from the sustainability activities of Gazprom. Answering these questions, I can create an understanding how Gazprom defines sustainability for its own benefit. As energy sector is one of the biggest emitters of greenhouse gasses globally, it is crucial to understand the definition of sustainability of this one energy company and are they using sustainability for their own benefit or to fight climate change. Globally oil and gas sector are investing in new operations, despite the several reports by UN and other organisations that oil and gas operations should end and there should not be new investments.

2. Russian energy politics and natural gas

In this chapter, I will present the previous studies that are relevant for my research and show how my research relates to these studies. In the first section 2.1, I discuss previous studies on Russian energy politics related and needed to my research. This section gives clarity what is Russia's role and interests in the global energy politics and relationship with its neighbour and main energy partner EU.

In the section 2.2., I clarify the role of natural gas in climate change and how it can affect global energy transition. Natural gas is the resource this research focusses on and to identify the definitions Gazprom gives to natural gas it is significant to acknowledge what is natural gas and its role in current global energy mix. In addition, in this chapter I create an understanding how the decarbonisation and transition policies are affecting Russia's role as an energy provider now and possibly in the future. To understand the current position of Russia and Gazprom in a global energy market it is important to open the background for the long-lasting energy relation between Russia and EU.

2.1. Russian energy politics

Russia is often presented as the energy superpower with the vast natural resources that it can use for the advantage of the country. However, Russia is not a closed country and the domestic market for the energy is not enough to keep the Russian economy working. Aalto et al (2012, 21) argue that interdependency defines the energy market, and Russian actors have had to learn to work around this interdependency to be able to benefit from their energy resources. The interdependency between Europe and Russia on gas sales has been set by history and geography – with long history of relationship, geographical location near one another and the construction of massive pipeline infrastructure. The pipelines transferring Russian gas to Europe were constructed in the 1970s and even though new pipelines (e.g., Nord Stream 2, Turkstram) have been built, the old connections are still in use.

According to Bradshaw (2009, 1928) despite the changes Europe, Russia and the whole world have gone through since the 70's, the interdependency on energy sales continues. Nowadays Gazprom plays a crucial part when it comes to exports as it still holds the control over the pipelines even though private actors are also able to sell their gas through these pipes. This historical connection between Europe and Russia still provides geopolitical dimension to Russia's gas export.

To better understand how Russian energy policies are formulated and what kind of interests are driving their formation I present the research of Aalto et al (2012, 26-29) who have studied Russian energy policies and developed a social structuralist model of energy policy formation, including several frames and dimensions through which Russian energy policies can be defined and studied. This model presents four different interests that drive the policy formation of energy actors. I have chosen to use this model due to its benefits that Aalto et al (2012, 40) note in their research – through the model it is possible to create an understanding of the energy actors interests in the wider context and analyse the choices made.

Aalto et al's (2012, 26-28) framework consists of four key interests through which Russian energy policy formation can be understood. The first is the *business* interest, which guides the actions of the energy actors for them to profit financially. When energy actor is working to gain the biggest profit, it is crucial to understand the conditions of the energy market. Business interest creates an understanding how the market is formulated and what resources, activities and actors are working on it and to what extent competing actors must understand the activities of the others. To achieve profits energy actors must actively evaluate its own activities, resources and risk management but also the structures and other actors actively participating in the energy market from competing companies to policy makers. The main goal for energy actor when pursuing business interest is to benefit financially from the policies and activities.

The second is *an energy superpower interest* that is often associated with the state actors seeking to gain power and influence with energy resources. Tynkkynen (2019, 52) defines energy superpower as a country that influences political choices of other countries with energy resources and creates energy dependencies between the actors.

Energy superpower can produce economic benefits from the energy trade. Aalto et al (2012, 27) argue that as Russia is mainly energy independent it seeks to find power through foreign energy exports. When energy actor is working to create power and influence with energy resources it politicizes energy projects but works only for the benefit of limited group Aalto et al (2012, 27) notes. Russian climate change denial is defined by the defiance against the western climate agenda and is strategically used to strengthen the national identity of strong Russia and energy superpower mentality (Tynkkynen, 2019, 53, 56). To the Russian public the national identity and the identity of a strong country is important, but Tynkkynen (2019, 59) and Rutland (2015, 67) note that neither the public nor the elite are satisfied with the fact that the superpower identity of Russia is built on hydrocarbons and energy market because they wish Russia to diversify its economy. Tynkkynen (2019, 52) argues that as Russia's economy is so dependent on the raw material and energy exports it can be seen as a developing nation rather than a superpower. Tynkkynen (2019, 55) argues that hydrocarbon production and one-sided economy are the reason for Russia to deny the anthropogenic climate change and aims to strengthen the superpower interest with their own idea of sustainability and continue the use of hydrocarbons.

Sustainability interest is the third interest through which Russian energy policies can be viewed. This is still a relatively new way of showing interest in energy policies, but Russia has showed a rising interest towards the environmental questions and security. Sustainability interest guides the energy actor to decrease or minimize the effects on environment. But often sustainability interest is related to the business interest as the sustainability actions are often done to protect the sustainability of Russian economy and possible business interests (Aalto et al 2012, 28). Recently interest towards climate change mitigation has grown in Russia and climate change is discussed more in political and business tables. It is likely that Russian energy activities are affected by the changing environment in several ways in the future – in negative and positive. Climate change and melting permafrost are creating risks and possibilities especially to Russian energy production and transport. Changes in Siberia can affect current pipelines destructively but as ice caps melt Northern Sea route can open new transport routes for energy products. Environmental sustainability and climate activities outside Russia will change the energy market and the demand for hydrocarbons. Sustainability

interest guides the actions to minimize the environmental effects on the energy projects and the harmful effects of climate change.

The fourth frame of interest is *the energy security interest*. Energy security relates not only to the energy security of Russia but also to its energy exports. In the Energy strategy of Russia for the period up to 2030, published 2010, energy security is determined by “*resource sufficiency, economic availability, ecological and technological acceptability*”. Aalto et al (2012, 28) note that energy security can be understood differently in Russia depending on the market. In the Russian domestic energy security is the defined by the increasing demand of energy. Russian energy actors must be able to provide steady and affordable energy for domestic customers. Beyond domestic level, Russian energy security can be defined by the need for constant demand of energy from foreign markets to have constant revenue. Thus, energy security interest priorities differ depending on the approach of the research. In this research, I focus on the latter, as the interest is on the Russian influence over European markets.

Aalto et al (2012, 28) note that these interests coexist when analysing the Russian energy policy formation and how Russian energy actors work. These interests support each other, and it is hard to take one and analyse the Russian energy policies and energy sector through one lens. I decided to use these frames because of it allows me to use a multi-dimensional approach in my analysis. Aalto et al (2012, 38) note that the analytical benefits of the model are that it provides more context how the policy environment can be assessed. Energy policy formation mostly works in interdependent world and no actor is independent from the structural dimensions and environment in what policies are formulated in. I am using these interests in my research to examine the interests of Gazprom when creating a discourse on sustainability activities. With the help from this model, I can analyse the sustainability reports and create an understanding what interests frame Gazprom’s discourse.

2.2. Role of natural gas industry for climate change and energy transition

My research describes the definition and discussion Gazprom is creating over natural gas. In this section I aim to give a background how earlier studies analyse and define natural gas. Natural gas is a fossil fuel, which is trapped in porous underground rock formations (Goldemberg, 2012, 43). Natural gas emission levels are lower compared to coal and oil, but it is still a fossil fuel. There has been a conversation about the role of natural gas as a “bridge fuel” while transition from fossil fuels like coal and oil to renewable energy sources (Levi, 2013, 609). Main combustibles of natural gas is methane, which is stronger greenhouse gas than carbon dioxide. Therefore, in case of methane leakage natural gas will lose its advantage it has over coal and oil (Levi, 2013, 610). Zhang et al (2016, 316) note that if natural gas is used as a bridge fuel it might delay the change to zero-emission energy system and if the decarbonisation is slowed down the benefits for the use of a bridge fuel is lost. Decarbonisation means the process when fossil fuels are removed from our energy and economic systems (Bernstein and Hoffman, 248)

International Energy Agency (IEA) in their report from the year 2020 highlight the role that energy sector, and especially oil and gas sector, play in the changing the world after the Paris agreement and how they need to be involved in the reduce of carbon emissions and the decarbonisation of economy. Due to the high environmental impact and carbon emissions from the use of fossil fuels, it is needed to ask how the sector is changing and what kind of future it might have. To understand the discourse Gazprom is creating in its sustainability activities we must acknowledge the need for energy transition – what energy sources we use and how we use them. Oil and gas sector is a vital player in the energy market and their approach to energy transition is important.

The Economist published an article (2020) about the future of oil and gas sector. Article calls the coming decade do-or-die decade for the oil industry. Many European energy companies have taken renewable energy as part of their business strategy additional to the fossil fuel business. Example of this is a Norwegian state-owned energy company Equinor that is investing in renewable energy such as wind addition to their

current oil and gas activities. According to The Economist big oil companies like Chevron and ExxonMobil do still believe that oil will be a fuel in the future but European companies like Royal Dutch Shell (Netherlands), BP (UK) and Total (France) are becoming more interested in natural gas and are increasingly more favourable towards low-carbon power generation. Natural gas is favouring this shift due to its qualities as a lower emission fuel compared to oil and coal.

The Economist (2020) article is predicting the possible attitude change coming from the investors. They are becoming more interested in sustainable investments, but oil and gas businesses are offering higher returns faster for investors compared to the investments on renewable energy. The price for renewable energy is though constantly decreasing probably faster than the investors were expecting about ten years ago. Oil and gas sector have a role to play in the future of the world when it comes to climate change. Are these companies willing to make real investments and changes towards the renewable energy? There are examples of diversification of revenues from energy companies, but there are investments on the new technologies like carbon capture. Oil and gas companies invest on new oil and gas fields and infrastructure, like pipelines. These factors signal that there are will and plan to continue to use the fossil fuels in the future.

Koch and Tynkkynen (2019, 523) examine the role of renewables in the countries like Russia and Kazakhstan where the oil and gas industry have always played a major part and economies are reliant on the hydrocarbon energy sector. According to their research, there has always been a geopolitical aspect to environmental issues and new energy transition policies have an increasing role in political relations among and within states. There are no signs of Russia changing its energy strategy from the current and it will most likely continue to rely on hydrocarbons (Mitrova and Melnikov, 2019, 74)

The policy brief "*Global energy transitions and Russia's energy influence in Finland*" (Tynkkynen et al 2017, 1), prepared for the use of Finnish policy makers, notes that for Russia's benefit slow transition to renewable energy system is a lot better solution than giving up of the hydrocarbons immediately or in the nearest future. The policy brief (Tynkkynen et al 2017, 1) analyses Russia's use of energy sources to control and

create a political leverage in conflict situations. According to the policy brief (Tynkkynen et al 2017, 1) energy market transitions and new technologies can influence the geopolitical balance and possibly affect the national security. National security can be influenced for example through energy trade, economy, and reliable supplies. Climate change has an impact on the demand of energy and increasing production of renewable energy. For countries dependent on fossil fuels, like Russia, decreasing demand creates economic risks and political instabilities. When some governments are creating incentives for renewable energy sources, mainly wind now, they are decreasing their dependency on the fossil fuel importing countries.

Investments and incentives on renewable energy in Europe is decreasing the dependency on Russian energy imports and faster the pace on the transition harder it is for Russia – who is dependent on the energy, exports to Europe. Natural gas has a potential for transition fuel if it used in places where electrification is not possible and is used to replace coal and oil (Stephenson et al 2012, 456). However, if there are more investments to natural gas as a transition fuel, it might decrease the investment on renewable energy and technology development (Zhang et al, 2016, 322, Gürsan and de Gooyert, 2021, 16). The emission reduction natural gas can reach is limited and it is not possible globally reach needed carbon emission reduction (80 percent by 2050) by using natural gas. Natural gas can be used in places where coal has to be replaced immediately and cannot be replaced with any other energy form. If natural gas hinders the transmission to near zero emission system, it can cause even greater emissions than without using it as a transition fuel. For natural gas as a transition fuel is successful, it requires strict leakage and energy efficiency control from the producing companies. (Zhang et al, 2016, 322)

To analyse the sustainability reports, one must know how natural gas is researched and analysed in the previous studies. In my research, I focus on the natural gas production of Gazprom and the discourse Gazprom creates on natural gas. If I would not open what is the earlier knowledge on natural gas is there could be a chance that the analysis of sustainability reports lack of a certain understanding. Natural gas could play an important role on climate change mitigation but if it is only analysed through the lens of Gazprom, it might create an overly positive picture of natural gas as an

energy source. Therefore, it is crucial to understand what is the role of natural gas in energy transition.

3. Theoretical background

In this chapter, I present the theoretical background supporting my research. Section 3.1 is about geopolitics of energy and geopolitical theories used to study Russian geopolitics. Russian energy politics are often geopolitical and energy resources are used as a geopolitical tool. In section 3.2 I present the research by Le Billon (2016, 283-287) focusing on resource geopolitics within critical geopolitics. Because my research surrounds the conversation of environmentalism and sustainability section 3.3. focuses on environmental geopolitics used to shape and inform my research. Environmental geopolitics studies how environmental factors influence security and risks.

In section 3.4. I define sustainability as a concept and focus on the sustainability reporting, corporate responsibility, and the academic critique. Addition to geopolitics, sustainability is in the focus of my research. In my research agenda, I aim to create an understanding how Gazprom defines sustainability and uses the definition to benefit its business activities. To understand how Gazprom defines sustainability it is vital to clarify how sustainability is defined in academic research.

3.1. Geopolitics

Traditional geopolitics is about study of a great power competition over access to strategic locations and natural resources as a source of political power (Overland, 2015, 1, Müller, 2016, 50). Natural resources can have a major role in the outcome of the international affairs. Overland (2015, 1) notes that geopolitics of energy can be understood through changing power relations between exporters and importers, energy security and supply-demand balance. Natural resources are an asset for the companies and countries and access to energy resources is an important factor in the competition for power. Throughout the years, Russia has been gaining power with the access to multiple natural resources, like natural gas, oil, and coal. Russia has the largest known reserves of natural gas, and it is the biggest exporter of natural gas for the EU (Pascual and Zambetakis, 2010, 20). Domestic production of natural gas

decreases in Europe and Russian gas might become constantly more important if changes are not done.

Energy politics between Russia and EU are not just economic relationship but can be defined geopolitical. Often Russia can seem intimidating and holding power over other countries with energy resources especially in post-Soviet states, but Russia is as dependent on its partners in the energy market as the buyers of energy are dependent on Russia. Russia is not a unitary energy policy actor therefore it is important to not use 'energy superpower' as a defining label for Russia as the main defining feature of energy market for Russian energy actors is interdependency (Aalto et al, 2012, 21). EU and Russia are interdependent of the other on the energy market. The share of net imports (imports - exports) in gross inland energy consumption measures EU dependency rate (Eurostat, 2020). Dependency rate varies in EU from under 25 to over 90 per cent. EU-27 dependency rate is 58 per cent. According to the Eurostat (2020) report using the year 2018 numbers, Russia is the main importer of energy for the EU. Russia imports mainly crude oil and natural gas. EU and Russia both try to decrease the dependency on one another by exploring new energy providers and customers. Russia and the EU are both trying to diversify their energy markets. Russia is aiming towards the Asian market, to China and the wider Asian-Pacific region and EU is buying energy and especially gas from the producers in Norway, US and Middle East. Le Coq and Paltseva (2014, 46) note that though EU is dependent on Russian gas deliveries is Russia as dependent on EU gas sales because half of Russian budget revenues are coming from these sales and 55 per cent of the gas exports are going to Europe.

Kropatcheva (2011, 555) describes energy geopolitics as *“the access, supply and transit of energy resources, technology of production, state of logistical supply lines, processing facilities and transit infrastructures”* and plays a role in power distributions among energy companies domestically and internationally. Typical energy geopolitics according to Kropatcheva (2011, 555) include the factor that the supplier has a “weapon” over the importers. According to Kropatcheva (2011, 555), the natural gas relations have been highly reliant on the pipeline infrastructure and rather inflexible. They think that the development of liquefied natural gas (LNG) can change this flexibility issue, but Russia and Gazprom are still mainly focusing on transporting the

gas they produce by pipelines. This has created long-term commitments to the actors at both ends of the pipelines. Goal for Gazprom is to continue signing the long-term deals, despite the fact that European companies are currently building new LNG infrastructure to make it possible to buy gas from e.g., US and Middle East. Kropatcheva (2011, 555) recognises the four main objectives set by EU relating to Russian gas deliveries. First EU needs to secure the supply of natural gas. Second EU must make sure that the gas is priced reasonably. Third objective is the reliability of the supply provided for the buyer without interruptions and fourth is related to these interruptions initiated by the supplier. IEA defines energy security that there is an access to reliable and affordable energy sources.

Russia can use the interruptions as a political leverage or a weapon against other countries. Russia has used natural gas to have power over Ukraine and Belarus by cutting the gas supplies, which then influenced European customers. Gazprom presented the dispute with Ukraine to be only over economic differences but Kropatcheva (2011, 557) notes that often economic and political needs in Russia are intertwined. Gazprom is a company that has been described as “*a powerful political and economic lever of influence over the rest of the world.*” by President Vladimir Putin in the early 2000’s. For example, building the Nord stream 2 pipeline does not increase the gas exports from Russia to EU, because it makes it possible to end the transit via Ukraine. However, disputes over gas deliveries led EU to consider the need to diversify its suppliers of energy to other energy suppliers. Energy, and especially gas, is used to increase the power of Russia abroad but it also creates dependence on the importing countries for Russia.

Casier (2011, 495) argues that the EU-Russia energy relations are mainly economic and commercial but Le Coq and Paltseva (2014, 41) note that despite gas trade being beneficial for both sides geopolitical and -economic tensions have caused stir in the trade during crises between Russia and transit countries. Thus, it is not possible to describe energy trade just as an economic and commercial trade. Security plays a major part for the energy trade. According to Krickovic (2015, 21) energy is the only trade good that have created interdependency between EU and Russia. Because of this interdependency energy project has continued despite the political tensions between Russia and EU. Krickovic (2015, 22) argues that this interdependence has

prevented the political tension worsening. Previous studies do not agree if Russia-EU energy relations are just economic or also political and thus it is important to research the geopolitical tensions of energy relations.

3.2. Critical geopolitics and resources

Operating from a different perspective, critical geopolitics scholars define geopolitics as a social construction which can be understood through discourses (Power and Campbell 2010, 243; Overland 2015, 3) Hodgetts et al (2018, 253) describe critical geopolitics to be a diverse set of theories that aim to understand the world. They argue that critical geopolitics differ from traditional geopolitics because the states are not only actors. Critical geopolitics are aiming to explain the complex behaviour of political, social, and economic networks. Dalby and O'lear (2015, 9) define geopolitics to be now more about "*shaping the conditions for future human life than just a competition and struggle over limited number of resources and the power in global scale over other actors.*" O'lear (2018, 14) notes that classical geopolitics creates simplifications of space as a two-dimensional space with limitations and objective definitions. Critical geopolitics analyses narratives and questions the simplifications of space. It is important to analyse to whose interest the created narratives and images serves.

Even though critical geopolitics analyse the world more than just a competition and fighting over resources, to continue life on this earth we require many resources. Therefore, it is important to understand how resources can be understood, represented, and defined. Critical geopolitics approach resources differently from a traditional geopolitical approach to resources and use of them - it focuses on spatialities and politics of resource representation (Le Billon 2016, 296).

Le Billon (2016, 283-287) analyses resource representation through three dimensions – resource fetishization, resource production and resource spatialization. First dimension resource fetishization aims to explain '*how resources are understood and granted agency to explain power relations*' (Le Billon 2016, 283). Resources are often described with different adjectives – sometimes adjectives, like vital, critical, strategic, are used to create verbally importance around the resource. Like this there is a

possibility socially construct how resource is seen. As Le Billon (2016, 283) notes that demand for resources is not always an actual human need but often social structures and practices define how resources are seen and how people require them. Descriptions create a reality how resource is defined, and the need for it is constructed.

Second dimension by Le Billon (2016, 284-285) is resource production. Some resources can be defined as natural resources that one can find in the nature and other are defined as created by someone. It is possible socially construct the idea where the resources come from and who owns them. Words socially construct the idea and the image how resources are produced even though words cannot affect the technological process. There is a big difference in approach to ownership and production of the resource depending on the words chosen to describe the process - is it resource creation, extraction, or exploitation.

Third dimension resource spatialization (Le Billon, 285) focuses on the spaces where resources are located or associated. Spaces can be socially constructed to represent the resources they hold. As countries with a lot of one resource could be described only through that one resource, despite the likelihood that country has several resources. Often countries that are providing a lot of one resource are described through that resource. With resource spatialization it is possible to make one place represent only a place where this one resource is found. Despite that, this location could hold multiple resources or be an important place to local population. Resource spatialization aims to create an understanding how social construction can give a resource identity for a place.

In my research agenda, I aim to understand the definitions of sustainability Gazprom creates about its activities. As resources are used as a geopolitical tool, it is crucial to analyse the discourse on resources used by Le Billon (2016, 283-287). Their research feeds my research with understanding of resources and the definitions that are used to define resources as something. It is possible to use this theory to analyse the sustainability reports of Gazprom and understand the definitions and images Gazprom creates of natural gas as a resource.

3.3. Environmental geopolitics

“Environmental features have many different, simultaneous meanings and uses” (O’lear 2016, 319) Environmental geopolitics approach is used to study how environmental themes are used to achieve and support geopolitical arguments and realities. In traditional geopolitical studies study the security is often a military threat but in environmental geopolitics environment is analysed as a security risk. Environmental issues are one of the causes leading to conflicts and security problems. Conflicts around natural sources such as energy sources or water are increasing due to the growing population and increasing demand on natural resources. Environmental geopolitics aims to understand narratives how environmental aspects create risks to society and narratives about dangerous or desired environmental representation and thus empower the human-environment relationship and to analyse environmental management practices. It is important to analyse through geopolitical practices how environment is understood, represented and portrayed. Environmental geopolitics asks the question how to understand power and place that are in the middle of narratives, practices and physical realities. Study of environmental geopolitics can help to understand how the discourse around resources is created. (O’lear 2016, 305, O’lear 2018, 2)

In their research, O’lear (2018, 6) gives three observations that characterise environmental geopolitics. The first observation is that it is not specified what is environment or what is meant when said environment. It is a wide variety of issues that go under the environmental issues from climate change to conflict of scarce water resources. Environment cuts through the economic, political, and social systems on several levels from local to global and when the role and meaning of environment is not defined to the cause in hand it might cause trouble in all these levels and solving the problems become more difficult. In dominant discourses, the definition of environment is used to serve to one’s own interests and ideals. (O’lear, 2018, 6, 22).

The second observation focuses on the role of human’s and agencies. In the situation of environmental problem power dynamics are not established or left without a definition. Lack of power leads to the situation where existing systems are not

questioned and activities harmful for environment are considered as inevitable and other solutions might be ignored or suspended. When talking about environmental problems without defining the power dynamic it might be unclear, why the situation is how it is and the problem is portrayed as inevitable (O'lear, 2018, 7).

The third observation by O'lear (2018, 7) is that there is not enough attention "*paid to the spatial dimensions of human-environment relationships that are intertwined with local, political, and cultural geographies*". Spatial dimensions of interactions between people and environmental aspects are often neglected. O'lear (2018, 7) brings an example of consumption: often people will judge China for the high greenhouse gasses, but it does not stop people from using the products produced there, which are a cause for the greenhouse gasses. To understand and evaluate the environmental issues it is necessary to think the connections and disconnections of environmental aspects spatially and gain a larger understanding of the human-environment interactions.

The climate actions aiming to mitigate the effects of climate change are changing our societies. As it is changing many other aspects of our lives, climate change is even affecting how geopolitics are used. Wang et al (2012, 1128) argue that climate change is going to drive the change of geopolitical patterns, diversify geopolitical targets and create new geopolitical tools. According to their research climate change will create a need to geopolitically influence e.g., markets of energy and low-carbon technology. Dalby and O'lear (2015, 215) note that as climate change is becoming a larger part of our societies it changes how we frame the reality of environment and systems to manage the environment.

O'lear (2018, 9) note that critical approach for analysis asks how the issues are portrayed and whose interests is served? They note in their research that environmental critical analysis allows researcher to find how environment is described and promoted and thus linked to human understanding and values. Critical approach allows me to analyse the sustainability reports with aim to understand how Gazprom defines sustainability and the reality of environmental risks to its activities.

3.4. Sustainability reporting and critique

Climate change is affecting our societies and it will give a possibility for each actor to define sustainability, climate change and environment through the discourse they find suiting for their activities. Therefore, it is important to discuss the scholar and UN definitions to understand how sustainability is defined and then to understand how the discourse Gazprom created is different. Giovannoni and Fabietti (2013, 22) note that despite that majority of countries has agreed that sustainable development is important, meaning and nature of sustainability is not analysed in a clear way. Lack of definition makes implementing sustainable development vague and open for interpretations.

The United Nations defines sustainable development as development that meets the need of the present generation without taking away or compromising the development of the future generations. Sustainability has three pillars: social, environmental, and economic. UNIDO (United Nations Industrial development organisation) describes *corporate social responsibility* (CSR) as a way for businesses to include the three pillars of sustainability into their operations and interactions with their stakeholders. Rosen (2018, 3) notes that “*Numerous definitions of sustainability exist, but none apply for all circumstances*”, and they note that as there are many definitions it is not clear which part of the sustainability is the most important. In their research is argued that three pillars of sustainability can be understood as pillar supporting one another but often in reality, these pillars of sustainability are in conflict. When there is no definition of sustainability that can apply for all circumstances, sustainability can be understood very differently and actors themselves define the hierarchy between different sustainability pillars. According to Rosen (2018, 8) environment can be understood as a base for economy and society. Environment is the source of materials and resources, and sustainability of environment is the most important to ensure the economic and social activities on earth.

Rosen (2018, 12) notes that sustainability and sustainable development are similar terms and often used interchangeably, but in reality, terms have differences. “*Sustainability is a state that can be maintained into the future*” (Rosen, 2018, 15) but

sustainable development aims to develop and improve our societies in a way that can sustain into the future. Sustainability as a term has been used for a long time, but Giovannoni and Fabietti (2013, 24) note that sustainability has been used over 30 years but it has been mainly used to understand environmental issues. Year 1992 Rio Earth Summit marked a turning point for sustainable development, because there was created a global action plan for sustainable development (Giovannoni and Fabietti, 2013, 25). Jahn (2015, 30) argues that Rio Earth Summit marked the start for the current sustainability discourse and since then the term sustainability is widely used. Hence, it is important to understand what is the discourse behind the word sustainability and what is the actor using it aiming to achieve.

Jahn (2015, 34) defines three levels of sustainability discourse: the normative, the operative and the descriptive level. The normative level aims to explain sustainability through fairness and desirable outcomes. In this level, scientific knowledge and creating new solutions are important. Compared to the operative level that focuses on operative and strategic activity with concrete and controllable solutions. Sustainability discourse on operative level concentrates on what is possible and what we can do now with the resources we have, not what is the most desirable solution for the future. The descriptive level aims to analyse sustainability and understand the possibilities for the development. On this level is also the scientific discourse defining and analysing the non-sustainable development. Sustainability actors use the discourse that fits for their purpose. Analysis of corporate sustainability reports and company's definition for sustainability depends on the company and its motivations for sustainability reporting.

CSR has become popular among businesses, policy makers and academics due to the pressure created by national and international regulations (Giovannoni and Fabietti, 2013, 22) Stakeholders are requiring responding from corporations when it comes to global social and environmental problems e.g., labour conditions, climate change, disturbed lands, human rights (Pedersen, 2015, 10). According to Coffrey and Higgins (2016, 1) sustainability has become a strategic tool for businesses towards social and environmental activities, and it includes four key benefits for businesses. First benefit is the market benefit, through which a company can improve its competitive position. Second is the social benefit and way to avoid the challenges and problems with stakeholders. Third benefit is the possibility to reduce the political

pressure and regulation and fourth one is the accountability: corporations can show that they are playing their part in sustainability actions. Giovannoni and Fabietti (2013, 25) note that some corporations have since 1990's started adopting Environmental management systems to anticipate the environmental issues to their operations and to include environment in their management processes.

Through CSR activities, companies can communicate the long-term strategy and values to the stakeholders and improve company's reputation and risk management. Investors among other stakeholders are not interested only on the short-term profits and financial performance of the company and investments decisions can be affected the non-financial disclosures like the sustainability reports and overall organisational performance, including the fields of social and environmental sustainability (Hughen et al, 2014, 60-61).

Pedersen (2015, 11) notes that companies have three motives to adopt CSR: instrumental, institutional, and emotional. Company has *instrumental* motivation to adopt CSR when it benefits business of the company e.g., reduced costs and operational efficiency. CSR is adopted because there is a possibility that there will be benefits and it will pay off eventually. *Institutional* motivation comes from outside from other companies who have adopted CSR already and benefitted from the adoption of CSR. In this case, CSR is seen as a normal business practice or there is need to imitate the successful companies who have adopted it. The third motivation, *emotional motivation*, requires the company is adopting CSR because it is seen as a moral obligation.

In the KPMG Survey of Corporate Responsibility Reporting from year 2017, GRI standards have been listed as the most popular framework for corporate responsibility reporting. In this KPMG report is noted three reasons how corporate responsibility reporting is changing now and in the future. Firstly, it is becoming more regulated and rules and standards that have been voluntary might become mandatory in the future due to the critical global issues such as climate change, which requires joint actions from all sectors. Second, financial, and non-financial reporting are integrating together and interest in the non-financial reporting will increase among investors and other stakeholders. Environmental and social issues, which are usually included in the non-

financial reporting, are seen in the future as aspects that will affect to financial activities. Finally, the KPMG report found that the reporting will change in a way that it is not just about the quantity of the actions and statistics, but more focus is put on what kind of impact these actions will create.

According to the KPMG report (2017) the Paris Agreement has worked as a push for the companies to set carbon targets and acknowledge global climate goals in their reporting. However, according to the KPMG report sixty nine percent of the G250 companies do not link their targets to any other target. Twenty three percent of the G250 and N100 companies link their targets to global target set by the Paris Agreement.

The oil and gas sector have a high environmental and social impact and 81 percent of the sector included corporate responsibility in their reporting (KPMG 2017). As it was stated in the KPMG report that in future the interest is not just on the statistics how much water was saved and how the emissions decreased but more on what kind of an impact do these actions have. The whole oil and gas sector are in transition due to the high environmental impact. In the sustainability, reporting companies can addition to the sustainability activities and operations disclose the risks, possibilities and changes required by them due to the global changes due to e.g., climate change.

Even though Pedersen (2015, 11) argue that institutional motive has become a leading motive to adopt CSR in their activities it is still important to research are the motives behind reporting valid. Mahoney et al (2013, 350) analyse in their research corporate sustainability reporting (CSR) and the reasons why companies engage in sustainability reporting. In their research, they give two reasons for conduct a sustainability report – signalling or greenwashing. Mahoney et al (2013, 350) describe CSR of Companies with 'superior commitment' to sustainability activities as signalling. These companies are committed to sustainability and are actively making efforts to strengthen their sustainability activities. Other companies are described to use CSR just as a method to greenwash their activities and try to pose their current activities as a sustainable. As there are growing number of companies providing sustainability reports from various fields it is important to try understanding what is the aim of sustainability activities of a company. Through greenwashing, company can disclose just a selected information

of sustainability activities to show the positive social and environmental side of a company. Hence, greenwashing can create a misleading and biased reporting. According to Mahoney et al (2013, 352) social and political pressure create a need for the sustainability reporting. Therefore, sustainability activities and reporting does not ensure that the company is sustainable and that their sustainable activities have an effect. To create a value for CSR reporting company should be able to include sustainability activities across the whole business model, or the sustainability reports could be considered as greenwashing. Using sustainability reports and marketing tools, company can construct a corporate brand for its choosing.

Van der Ploeg and Vanclay (2013, 1) note that even there is Global Reporting Initiative (GRI) that provides the guidelines for the reports there are no effective mechanisms to evaluate the reports. They present that with sustainability reporting companies can measure and disclose their sustainability activities for their stakeholders. In their research, van der Ploeg and Vanclay (2013, 2) analyse what is not said in sustainability reports and how reports could be better. As a critique to sustainability report they raise is that negative sides of activities are often not disclosed in the reports. Giovannoni and Fabietti (2013, 28) note that GRI aims to create standards for corporations to disclose positive and negative sides of their activities. However, as GRI is voluntary standard, companies are not obliged disclose the negative in their sustainability reports. Therefore, they often focus on the positive and successful sustainability activities. Despite the use of GRI indicators, sustainability reports can lack of the truth behind the success stories.

As O'lear (2018, 6) notes it is possible to define environment to fit one's own purpose and agenda. Sustainability reporting has global standards (like GRI) but they are not effective to evaluate the sustainability activities. Often corporates in their sustainability reports use standard framework to have in their reporting sections that must be disclosed but it does not provide a way to understand how sustainability is defined. When company uses these standards, it can define its own activities to fit to the discourse wanted and claim to be a global sustainability actor. When it comes to three levels of sustainability discourses defined by Jahn (2015, 34) corporations are not obliged to work on the normative level and create the most desirable solutions. They can focus on the operational level and concentrate on the question 'what can we do with the current resources'. Oil and gas corporations cannot define their current

activities as environmentally sustainable because of the emissions of operations. Corporations can use for their benefit what Rosen (2018, 3) argues that as definition of sustainability is vague and theoretical, practical and operational definition is hard to create.

4. Materials and methods

4.1. Sustainability reports of Gazprom

For this research, I analysed the sustainability reports of Gazprom from years 2008 to 2018. The documents were published 2008-2015 biannually and since 2016 annually, thus there are seven reports in total analysed in this research. In the sustainability reports, Gazprom discloses the information about the rational use of natural resources, environmental protection, actions to mitigate the effects of climate change and stakeholder relations following the standards set by Global Reporting Initiative (GRI). The reports are conducted in Russian and then translated to English. Gazprom is an international company, and it is common to publish reports now in several languages, often English being one of the languages chosen.

Gazprom is consisted of several subsidiaries and in the sustainability reports Gazprom is mainly focusing on reporting the biggest parts of the operators PJSC Gazprom, Gazprom Neft and Gazprom Energoholding. Gazprom Neft is working in the oil sector and Gazprom Energoholding is providing heat and electricity for the consumers in Russia and abroad. However, the reports include the major sustainability work of all the subsidiaries. In my analysis, I analyse Gazprom as a whole and not dividing to the environmental activities to the work of subsidiaries.

Gazprom's sustainability reports include medium-term sustainability strategy and planning. These sustainability reports have been published since 2008 and to my research, I have included the reports from years 2008-2018. The reports include three different aspects of sustainability: economic, social, and environmental sustainability. To limit the amount of material fitting to the size of this research, I am focusing mostly on the environmental sustainability. Economic and social sustainability are included in the analysis when it is related to the environmental sustainability. Economic sustainability is connected to most of the activities Gazprom does. Even though Gazprom is a parastatal company, it is still a company, which aims to create a financial value for its shareholders. Hence, the reports focused on economic activities and how Gazprom could be a profitable investment for investors and how sustainability actions

could add to the interest of the stakeholders on the company. The sustainability reports are written for the stakeholder groups which effect the work of Gazprom and who are affected by the work of Gazprom. In the reports, the activities of the company are evaluated according to how important they are for the company and their stakeholders.

In the reports, it was assumed that different activities interest different stakeholders. Information about the economic viability of the company and expanding range of operations were considered to interest shareholders and investors. EU regulators and business partners would be interested in the energy security. Disclosure to environmental aspects were mainly thought to interest the local communities, but assumption was that they would be interested in contamination of land and not so much on climate change and international environment problems. Reports are voluntary reports and are part of non-financial reporting, but the focus is primarily on the economic benefits, possibilities, and risks of the sustainability actions. Thus, it is possible to say that the main audience is the shareholders and investors. Most of the activities analysed hold an economic and business factor.

The reports covered all the indicators required by GRI, but indicators covered in reports were not identical each year. Biggest factor what created the difference between the reports was where the focus of the activities was on each year. On some years, focus was on environmental aspects of the activities, like on the years 2013 and 2017, when Gazprom declared it as a year of Environment. Some years the focus was more on social aspects of the work. These changes on the focus created differences between the reports, and I tried to find similarities and themes that were covered in every report despite the focus company had set for that reporting year. For my analysis, I wanted to find themes that Gazprom was interested in for a longer time than just one reporting year.

4.2. Thematic analysis

I chose to use thematic analysis because through thematic analysis, it is possible to analyse the document systematically and find meaning in the texts, which are under research. According to Braun and Clarke (2017, 297), thematic analysis gives a way to generate codes and themes through which the researcher can create a framework to analyse the decided documents. With thematic analysis, the researcher can find patterns and meanings from the documents. Braun and Clarke (2006, 78) argue that thematic analysis is flexible yet complex and 'a foundational method for qualitative analysis' and after understanding the thematic analysis researchers are able to use many other forms of qualitative analysis.

As Staller (2015, 147) and Mackieson et al. (2019, 969) describe thematic analysis as a way to analyse the patterns in the chosen data. Staller (2015, 146) writes that thematic analysis can help to describe the data collected rather than just explain it. With thematic analysis method, I am not explaining what is said and how much, but rather describing how things were said and aiming to answer to my research questions with the help of these themes. The use of thematic analysis helps me to understand critical geopolitics, which can focus on text, and the construction of meaning and representation created in text. The social construction and discourses of world politics can be understood with the analysis of texts (Müller 2016, 63). According to Braun and Clarke (2006, 10) with themes it is possible to capture parts of data and then create interpretations of that data with the help of existing research. As I am looking for similarities, patterns, and these themes, from the documents published in ten-year period it is valid to choose thematic analysis.

Braun and Clarke (2006, 6) note that thematic analysis should not be considered as a method passive from the researchers influence. Themes do not emerge from the data passively, but they require the interpretation of the researcher. Hence, to find the patterns from the materials I used my research questions as one of the guiding tools for the interpretation to find the themes related to my research. Additionally, some of the themes rose from the existing research of sustainability and Russian energy politics. This way I was able to find the relevant themes from the sustainability reports

related to the current research on Russian energy politics and create a discussion between my research and existing research on the topic.

While reading the reports I highlighted the sections with themes related to my research agenda. Additionally, I recognised additional themes rising from the text like patterns and repeating themes relating to Gazprom's definition of environmental sustainability. I marked the sections where similar themes about environmental sustainability were repeated. I assumed that when these themes were repeated through the 10-year reporting period they were important to Gazprom. In my analysis, I am focusing on the gas operations because the natural gas was in the centre of the narrative of Gazprom as a sustainable actor. Natural gas defined the sustainability discussion in the sustainability reports even though the sustainability reports covered the activities of Gazprom groups oil company Gazprom Neft.

Based on my research questions and the scientific literatures I am drawing on, while reading the reports I focused on the mentions relating to environmental sustainability. In the first round of reading, I coded from the documents the mentions to environmental topics (like climate change, eco-friendliness, energy saving and efficiency), economic benefits, benefits of natural gas, international business, EU, expanding operations. Model by Aalto et al (2012, 26-28) influenced the reading and coding the materials since I read the materials aiming to find discourse around this model. Because the focus of this research is resources and geopolitical influencing through fetishizing natural gas it was important to code all the mentions to superiority and eco-friendliness of Gazprom. In the second round of reading, I collected the coded sections and divided them under the simple themes. I collected the relevant information into a separate document. From this separate document, I formed main themes and created a spine for the analysis.

These themes presented in the table below were chosen because they all were connected to the environmental activities, climate change or environmental sustainability of the Gazprom operations. Three main themes were decided because all these themes were related to environmental activities but were separate from each other. Each theme chosen constructed a discourse about sustainability of Gazprom's activities.

Theme	Subclass
Conscious	Climate change Eco-friendly Natural gas Energy saving and efficiency
Reliable	Energy security Risk management
Leader	Global actor Expansion of operations

Table 1. Division into themes and subclasses

The objective of the research was not to analyse the quantity of the environmental sustainability actions of Gazprom, but more to analyse how they justify their operations and how they define sustainability in the frame of their operations. Sustainability reports are written for different stakeholders interested in the Gazprom activities. With themes listed in the table 1, I can analyse the reports and create a conversation on how Gazprom is positioning itself as a sustainability actor and aims to influence geopolitically the European energy markets.

5. Gazprom's definition of environmental sustainability

In this chapter, I present the findings from the materials by using the themes from chapter 4.2. I analyse Gazprom's sustainability reports and aim to create an understanding how Gazprom positions itself as a sustainable energy actor. In the sustainability reports, Gazprom creates an image of itself as conscious of global environmental problems and aware its own impact to environment and offers solutions to others to fulfil their climate goals. In the reports, Gazprom most likely does not have incentive to lie about its sustainability activities and it wants to disclose activities truthfully. However, Gazprom fails to put their activities in the context of global understanding of sustainability. Gazprom defines sustainability and natural gas for its own benefit and make it profitable opportunity to expand the natural gas operations.

Gazprom is creating an image of its natural gas as the best solution for its customers to achieve climate goals and ensure the economic and environmentally sustainable development. Gazprom uses the environmental sustainability as a tool to brand themselves and provide a justification to continue their operations. It is not a surprise that a company is marketing its product as the most viable solutions for its customers. It is important to understand how Gazprom is marketing its product and trying to sell its natural gas as a better solution compared to renewable options and other fossil fuels. Gazprom gives several examples of how they are superior compared to other companies – as the sustainability of production compared to shale gas and the reliability of deliveries through pipelines compared to LNG or renewable energy. Additionally, to the predictable marketing of natural gas, in the analysis I want to draw attention on how Gazprom is talking about sustainability of natural gas, as it is a fossil fuel and not considered as a sustainable fuel. The emissions from natural gas are lower than from coal and oil, but still natural gas creates emissions when used, compared to green energy like hydrogen and electricity produced from renewable energy sources. Hydrogen and electricity can be produced from fossil fuels and then the green benefits are lost. In addition, during while pumping and transferring natural gas emissions occur e.g., methane leakages and poor energy efficiency during production. Yet, Gazprom is constructing an idea of natural gas as a solution that can balance environmental and

economic sustainability concerns, without focusing on the negative sides of natural gas production.

Gazprom is positioning itself as a global environmental actor. As Russia is a signatory state of the Paris agreement, it aims to follow the standards and goals set by the international agreements. However, due to the low standards set in their NDCs for the emission control, Russia can easily achieve these goals. Gazprom is aiming to be a global environmental actor, but the economy of Russia is highly dependent on the hydrocarbon production and exports. Thus, it is not likely that Gazprom is to follow the example set by for example Norwegian Equinor investing in renewable resources. By the year 2019 Gazprom had not yet published any investment plans on renewable energy, despite its Western competitors (e.g., Exxon, Equinor, and BP) had (The Guardian 2019). Russia has potential to use the renewable energy sources it has, but still Russia is relying on hydrocarbons as the main source of energy and as a source of the main revenue on the global energy market. Lack of money to invest on new energy sources and high economic dependency on the oil and gas sector are slowing down Gazprom and Russia to aim for decarbonisation. Due to this reliance, Gazprom is promoting their natural gas as an environmentally friendly solution to the European market.

5.1. Gazprom's discourse of its eco-friendly operations

As my research focuses on the environmental activities of Gazprom, I am focusing on the environmental sustainability. However, as Aalto et al (2012, 28) note, that environmental sustainability of energy actor is sometimes defined by ensuring the economic sustainability of and thus sustainability and business interest often intertwine. If the company chooses to make environmentally sustainable decision it can in turn into an economic gain through increase in investments or new business profits and thus benefit the economic sustainability of the company. Most of the environmental sustainability actions of Gazprom are related to the economic sustainability of the company. Gazprom is writing about the importance to fight the climate change and set ambitious targets to participate in the fight, but it might be that if those targets were not in line with the economic benefit of the company Gazprom

would not be interested. If ambitious goals would be reached only by ending the hydrocarbon production, Gazprom most likely would not be so ambitious. Gazprom is creating an image of an eco-friendly gas and defining its natural gas as eco-friendly. Gazprom is trying to influence European markets. Judged by the sustainability reports, Gazprom defines its activities as sustainable, despite that common understanding of hydrocarbon production is not environmentally sustainable. Even though they admit there are still steps to take with better energy efficiency and broader use of natural gas globally – the direction is the right one according to Gazprom's own judgement.

Bradshaw (2012, 229) presents in their research the paradoxical situation Russia is in – to fund the sustainability activities needed in Russia it is necessary to continue the oil and gas production to fund the activities. As long as their economy is so highly reliant on the revenue coming from the energy sector Russia is not able to make the needed investments on sustainable choices, without losing the energy superpower status. Therefore, for now the solution for Gazprom is to market natural gas as an environmentally friendly and reliable solution for European and Asian-Pacific market. To achieve economic sustainability and control of the 'energy weapon' over Europe Gazprom must ensure the ongoing business with its current partners and expand the market. Sustainability, responsibility, reliability and environmentally friendliness are used in the reports to convince investors and customers that varying climate goals can be achieved with Gazprom's natural gas – especially among European countries.

The sustainability reports can be analysed through business interest as in the reports Gazprom signals to their stakeholders that they have a role in the energy market even in the time after the Paris Agreement and tightening climate goals. Russia has used climate agreement (Kyoto protocol) before as a diplomatic tool to gain economic benefits. Henry and McIntosh Sundstrom (2007, 48) note that when Russia joined the Kyoto Protocol it was a transitional economy still recovering from the collapse of Soviet Union. In the Kyoto Protocol, the benchmark year for the emission control was set to 1990, same as in Paris Agreement, and it gave Russia a possibility to increase the emissions and sell remaining carbon credits and attract investments to further emission reduction. It took a long time for Russia to ratify the protocol despite the economic incentives, as it was able to use the ratification as a diplomatic tool, once US declined the ratification. Without Russia, a major emitter, Kyoto protocol might have not been

able to bring it into effect. Russia used this negotiating position to include sections benefitting Russia to the protocol and strengthen the image of Russia as a good and cooperative international partner. Russia aims to be recognised as an important and equal partner to climate discussion with the West and other developed nations like China and Japan.

All the activities of Gazprom aim to ensure the sustainability of the business for years to come. However, sustainable for Gazprom does not necessarily mean environmentally sustainable but rather economically sustainable. When sustainability and business interest work for the same goal, Gazprom's interest to sustainability activities seems to be higher. From decreasing expenses when saving energy on production to attracting investors to new pipeline projects to bring 'eco-friendly' gas to new buyers. In the reports, Gazprom does not define what it means with sustainability clearly, but the Gazprom's understanding of sustainability can be analysed from the discourses it creates. Geopolitical aim of conscious theme was to create a discourse around natural gas as a 'eco-friendly' and 'environmentally sustainable' option for European customers. Le Billon (2016, 283- 287) notes that in discourses using adjectives and defining verbs it is possible to create an idea around a resource and this way construct an image of the resource as more accepted or needed in the society.

5.1.1. Climate change

In the sustainability reports, it is acknowledged that company's operations have an impact on climate change and that climate change will have an impact on the company too. Gazprom is actively reporting on the activities it is doing to cut the emission like energy efficiency, cutting the APG (Associated petroleum gas, which is produced in oil production) flaring, use of gas vehicles, new technologies etc. As Dalby and O'lear (2015, 215) note, climate change defines our societies. By acknowledging the harmful effects of climate change Gazprom is using climate change to define their reality but fails to disclose the harmfulness of the energy sector and especially oil and gas sector as a whole. The sustainability activities during the reporting period are defined as successful ways to decrease emissions and it creates the possibility to continue the hydrocarbon production.

Climate change is addressed in the reports in various contexts. It is presented as a threat to the operations of the company and as a shared responsibility that should be addressed globally and try to solve within international cooperation. Climate change is described by Gazprom in a similar way it is usually in the media, policy briefs, corporate reporting, etc.--as one of the major challenges of our time and that everyone has a responsibility to address this challenge and try to mitigate its impact. In one of the opening statements by the CEO Alexey Miller, he writes that energy companies have good opportunities to be in forefront to answer the climate change. Energy companies have the responsibility to find new ways to use the natural resources and preserve the nature for the future generations notes Miller (Sustainability report 2008-2009, 66). Cutting the emissions is important to Russia, Gazprom, and the domestic and global stakeholders. In the reports, climate change is a problem that Gazprom is ready to answer, and the company is portrayed as a responsible actor globally.

Gazprom participates on some international actions on climate change. International climate activities include for example participation in Carbon disclosure project, which is an international initiative for investors to disclose the information about greenhouse gas emissions and risks associated with climate change. Participation in CDP is often mentioned as Gazprom is, according to their data, successfully addressing the climate change and that should be an interesting information for the international investors. In the reports, Gazprom repeatedly highlights on how it is performing the best among other Russian energy companies when it comes to emission cutting and sustainability. *“Independent experts highly appreciate Gazprom’s efforts to reduce greenhouse gas emissions. Gazprom has been recognized by the CDP as Russia’s best company in sustainable energy management every year since 2011. This is further evidence of the Group’s successful efforts to address climate change”.* (Sustainability report 2016, 122) Gazprom is informing readers that independent experts, like the Climate Disclosure project (CDP), appreciate its activities. Through this statement, Gazprom tries to assure that there is no greenwashing included and that activities are aiming to mitigate the effects of climate change. In its reporting Gazprom is creating an image that its activities to reduce the effects on climate change can be recognized not only by the company itself but also by the independent experts outside the company.

Through this wording, Gazprom is positioning itself as a global environmental actor who participates in the climate activities.

Gazprom wants to emphasize its sustainability reports as a part of global reporting practice it often highlights how it uses the standards set by CDP and GRI. Global reporting initiative (GRI) is an international organisation founded in 1997 and it is the first organisation to create global sustainability reporting standards. The sustainability standards of GRI have been adopted widely in the world and are available for free. GRI is helping businesses and governments to understand and report about their impact on critical sustainability issues e.g., climate change, natural resource use and human rights. Through these standards, businesses can create social, environmental, and economic benefits for themselves and stakeholders. (GRI, globalreporting.org) Gazprom repeatedly notes that they are using the standards set by GRI. Emphasizing the use of GRI and appreciation of CDP in the sustainability reports Gazprom is creating an image of itself as a global actor addressing climate change. For Gazprom GRI is an important international standard and therefore, it is given power to define sustainability reports as sustainable and set Gazprom on a global agenda. But as van der Ploeg and Vanclay (2013, 2) note that even though GRI creates standards for sustainability reporting it is not an effective tool to judge the sustainability of the activities. Gazprom's sustainability reports create an image of successful sustainability activities. However, when they fail to disclose the negative side of activities it is not possible objectively to judge if company is sustainable or not just by using GRI standards.

As O'lear (2018, 6) observes often actors are defining environment and environmental problems for their benefit. Gazprom defines climate change and the activities to mitigate the effect through its own definition of climate change and sustainability. Gazprom creates an idea of itself and its subsidiaries working together with foreign partners to cut the emissions in joint projects and improving the position of Russian gas in European markets as an environmentally friendly energy source. Natural gas is portrayed as an environmentally friendly fuel and Gazprom as a global energy actor. O'lear (2018, 19-20) note that in critical geopolitics it is questioned who defines the environmental problems and who gives them power to answer to them. Climate change is portrayed in the reports as it is popularly portrayed - as a serious challenge globally

- and but different is how the needed activities are defined. As a global company, Gazprom defines it as a necessity to contribute to solving the global problem of climate change and help to fulfill the contributions that Russia has on managing greenhouse emissions. Gazprom's contributions to reduce the impact of climate change is implemented through various activities including the promotion of natural gas as an energy source, energy efficiency activities and new technologies used in Gazprom's activities. However, the harmfulness of the whole fossil fuel energy sector is not disclosed successfully. The activities done are presented as a solution enough to answer the climate change. Gazprom's sustainability discourse does not aim to achieve the most desirable outcome for global sustainability and discourse is not on normative level defined by Jahn, (2015, 34). Gazprom is having sustainability discourse only on the operational level. It does the activities that are possible for it with resources it has and defines them to be enough for sustainability activities. If Gazprom's concern for climate change and its effects would be about sustainability interest, Gazprom would be ready to invest in other energy sources. However, discourse surrounding climate change is more about energy security interest as climate change is threatening Gazprom activities and with the sustainability reporting, Gazprom aims to ensure the possibilities for exports in the future.

5.1.2. Eco-friendly natural gas

In the first sustainability report (2008-2009), Gazprom presents natural gas as “energy for present and next generations” and natural gas as a “foundation for sustainable development”. Natural gas is declared in the reports as the most environmentally friendly fossil fuel. Le Billon (2016, 282) notes that use of this kind of adjectives aims to fetishize the resource and create an idea and discourse around this resource. Through resource fetishization, Gazprom can create a discourse beneficial for itself. The number of mentions to the economic and environmental benefits of the natural gas increase in the reports continuously. *“As a relatively clean fuel, gas can contribute in a significant way to the sustainable development of our economies”* (Sustainability report 2008-2009, 44). In the comparison between the reports, natural gas is presented in the same way as the most sustainable and eco-friendly solution but the number of

references to the environmentally friendliness of natural gas increases towards the end of the reporting period.

How Gazprom is fetishizing natural gas as a resource with adjectives like ‘*clean*’, ‘*effective*’ and ‘*the most environmentally friendly*’ is possible to analyse through critical geopolitical approach Le Billon (2016, 282) uses. It is important to remember that Gazprom is not trying to create representation of natural gas as the most environmentally friendly fuel in general but among the fossil fuels. “*By expanding its gas distribution network and replacing coal and fuel oil with natural gas, the most environmentally friendly fossil fuel, Gazprom PJSC makes a significant contribution to reducing greenhouse gas emissions. Carbon emissions from natural gas combustion are about 45% lower than from coal combustion*” (Sustainability report 2016, 122) Gazprom is comparing gas among fossil fuels because it is not possible to use words like ‘clean’ and ‘environmentally friendly’ about natural gas and compare it to renewable energy. Gazprom creates an operational sustainability discourse (Jahn 2015, 34) and aims to do emission control with the resources it has. In its reporting Gazprom discloses its activities honestly, as it most likely does not have incentive to lie. Natural gas is not clean or environmentally friendly compared to renewable energy sources, but it can be cleaner and environmentally friendlier than oil and coal, if production emissions are controlled. Gazprom strongly constructs an idea of natural gas as the ‘cleanest’ fossil fuel to continue its activities as they are and aims to strengthen the hold of the European market.

Most of the gas that Gazprom produces is used domestically, but the international market is important for Gazprom since the gas sales abroad are the biggest source of revenue for the company. Energy prices in the domestic market could not replace the lost revenues from the foreign markets. In the sustainability reports the role of natural gas as a tool to fulfil the low-carbon development of the economy is brought up. Natural gas is described as a solution to cut the emissions in the energy sector especially in the EU and the Asian-Pacific region. “*Gazprom’s global mission is to provide the international community with the widest possible access to the most effective fuel in terms of addressing the balance between cost effectiveness and environmental sustainability.*” (Sustainability report 2014-2015, 106). Gazprom is presenting natural gas as a solution to reach the economic and ecological interest of the customers, in

this case other countries. Countries in Europe are aiming to reduce emissions and mitigate the effects of climate change due to the Paris agreement and current global urgency to answer the future problems created by climate change. Gazprom is trying to create a bigger market for natural gas and make sure that it is considered as a fuel for the future and a solution to reach the Paris agreement goals. The Paris Agreement is mentioned in the reports released in 2017 and 2018. Paris agreement is shown in the positive or neutral manner, and it is seen as a possibility for natural gas to find new prospects and increase its influence in Europe. European countries have intention to cut their coal intensity and Gazprom can fulfil the energy need of European countries like Germany and the Netherlands. Gazprom is providing solutions for the EU to achieve the goals they have set the goals for years 2020, 2030 and 2050 with natural gas.

Renewable energy sources are seen as a possibility to work together with natural gas in the energy mix, but not as the only source of energy due to the limitations of storage and existing infrastructure and technologies. It is true that currently storing renewable energy has its challenges, but Gazprom has no solutions or suggestions to address this, but it continues to create a sustainability discourse around natural gas. According to Gazprom "*Natural gas can become the basis of the future low-carbon energy sector*" (Sustainability report 2018, 138) and not just in the form of natural gas but also in future in hydrogen. Interest in hydrogen was presented only in the latest reports. There is increasing interest in hydrogen globally, and Gazprom sees natural gas-produced hydrogen as an opportunity for it to stay relevant and on the market if conventional use of natural gas would end. For Gazprom natural gas-based energy sector as a viable solution for the future Russia and Europe beyond. Hydrogen is the most common material in the world, and it can be obtained for example from methane (natural gas) or water. Currently natural gas is the main source of hydrogen – globally six percent of natural gas is used for hydrogen production (IEA, 2019). Because hydrogen itself when used does not create greenhouse gas emissions, there is interest to use it as an energy source. Hydrogen can be used to storage renewable energy and in sectors where electrification is hard or impossible. Despite that hydrogen used does not create greenhouse gases, the production of hydrogen can and often does cause emissions, especially when it is produced from natural gas or other fossil fuels. If the cost for renewable energy and technology for electrolysis keeps decreasing, it is possible to

produce hydrogen with electricity with less cost. Hydrogen produced in electrolysis with renewable electricity is named 'green hydrogen'. Discussion in EU on the wider use of hydrogen in energy transition talks about the use of green hydrogen. Most of the hydrogen produced currently uses natural gas as the main source, and it creates emissions and is named as 'black hydrogen'. In the sustainability reports, Gazprom does not use define its hydrogen as green or black and fails to mention the difference on emissions when used green or black hydrogen. Here again it is visible that for Gazprom future is natural gas based. Production of hydrogen is a great example how Gazprom does not disclose all the needed information and creates an image of its production as something it is not. "...the potential promising option of hydrogen production from natural gas without any carbon dioxide emissions was presented" (Sustainability report 2018, 138). Production of hydrogen from natural gas without emissions is possible, if there is carbon capture technology involved, but Gazprom fails to mention any carbon capture technology.

In the sustainability reports, Gazprom aims to influence European markets by fetishizing natural gas as an 'eco-friendly', 'clean' and 'reliable' energy solution. When marketing natural gas as a solution for European customers Gazprom fails to disclose the effect on climate and nature in the arctic where production is happening. As O'lear (2018, 7) notes often human- environment relationships lack of spatial connection when there is a need or goal to influence someone with environmentalism and sustainability. Natural gas is marketed especially to European customers who are part of the Paris Agreement and have already made commitments to decrease the emissions. Natural gas is portrayed as a long-term solution and in the future to be used along with renewable or hydrogen energy. Transition benefits of natural gas are lost if there are no plan to reduce and eventually end the use of natural gas (Zhang et al, 2016, 316). Fetishization of natural gas is a way to influence investors and buyers to believe that natural gas is actually 'eco-friendly'. Portraying natural gas as an 'eco-friendly' and 'sustainable' is not just about sustainability interest of Gazprom. To promote natural gas and ensure the investment in new production and economic sustainability of the company is about business interest of Gazprom rather than sustainability.

5.1.3. Energy saving and efficiency

Energy saving and efficiency is one of the Gazprom's priorities when it comes to company's sustainability activities. *"Energy saving helps preserve natural resources for future generations by reducing their consumption and helps mitigate the anthropogenic impact on climate change"* (Sustainability report, 2008-2009, 49). Energy efficiency is not important just for the company but for Russian economy also. In the reports concrete climate mitigations activities are often energy saving and efficiency activities. Energy saving and efficiency programs are defined as the most efficient way to decrease emissions for Gazprom. There are ways that are more efficient in general to cut emissions – like end the gas operations and start producing renewable energy - but in Gazprom's operational sustainability discourse energy saving and efficiency is the 'best' way to cut emission.

The gas and oil extraction in general is not an environmentally sustainable business and it is difficult to disclose how unsustainable business can be sustainable. Energy saving and efficiency is raised as one of the main activities to save natural resources and because it is so important even additional documents and reports have been prepared to support these activities. It is also one of the most frequently mentioned ways to lower the emissions of Gazprom. *"In 2017, 791,180 tons of methane emissions were prevented from being released into the atmospheric air during repairs of gas trunk pipelines. The success was achieved thanks to scheduled energy efficiency and energy saving measures"* (Sustainability report 2017, 120). Gazprom is not able to create environmentally sustainable activities out of thin air, thus they must focus on the part of the operation where they are able to decrease emissions. Gazprom would be able to start a sustainable business if they would change their business activities to renewable energy. However, because of the paradox that sustainable activities would require massive investments that Gazprom does not have without the revenue from gas operation Gazprom does not see it possible to quit gas operations. So, they greenwash their activities as sustainable.

Through green investments and sustainability activities Gazprom aims to create an added value to its activities. As Gazprom is a company trying to create a profit for the stakeholders it is not surprising result that most of the sustainability activities include a

business interest. Everything from energy efficiency to expanding business are related to the idea of Gazprom as a sustainable investment option and its portrayal as a responsible company. Through sustainability reporting they are aiming to gain market, social, political and accountability benefit. Green investments are part of green economic growth that OECD defines as “*means to achieve economic growth, while reducing pollution and greenhouse gas emissions, minimising waste and improving efficiency in the use of natural resources*” (OECD, 2016). OECD note that it is crucial to have private investors, banks, and companies to make green investments as there are strains on public finance to make our economy greener. If only judged by the sustainability reports, Gazprom is making green investments in its production activities as it is aiming to reduce greenhouse gasses. Gazprom aims to create conditions to be seen as a green investment through these activities - especially through improving energy efficiency on its activities. Gazprom’s portrayal as a green investment is a way to influence European investor market. Currently there is increasing conversation to green energy transition and Gazprom aims define natural gas as green energy. Sustainability reporting is a way to influence investment market and receive more investment to hydrocarbon operations.

Energy saving is a way to have “*A responsible approach towards conserving nature’s riches is an essential prerequisite for Russia’s sustainable development.*” (Sustainability report 2012-2013, 100). Energy efficiency and ‘rational’ use of energy resources is disclosed in the reports as one of the key priorities of Gazprom group over the last 20 years. Using the word ‘rational’ when describing the use of natural gas, Gazprom uses the second dimension by Le Billon (2016, 284-285). It defines the production and use of natural gas as ‘responsible’ and ‘rational’ to make it seem more sustainable and something that should be continued in the future. In the sections about energy efficiency activities, Gazprom creates an image of itself as a responsible user of natural resources and that it is important due to the environmental reasons to use only the number of resources that are needed to fulfill the commitments made. However, energy saving, and efficiency are ways for Gazprom to continue the use of hydrocarbons and sustain the reserves longer as the gas is not wasted due to leaks or inefficient use of energy. Probably the most important reason for the energy saving activities is to save resources for economic purposes but also to ensure investors and shareholders that Gazprom is doing its share for climate activities. Though it should be

noted that Gazprom fails to disclose the amount of natural gas lost and emissions created in transport and production only the energy saved is mentioned. There is no information how much methane is still leaked despite the energy saving activities.

Energy saving and efficiency are in growing interest around the world because the need for energy is increasing but due to the limitations of our planet, we should consider how and from which sources the energy is produced. There is need to use energy more efficiently and decrease the amount of energy wasted and cut the greenhouse emissions in the energy sector. Energy efficiency and energy saving are declared as an important factor of energy and climate policy in the EU and Russia. As in the previous studies it is acknowledged that Russia's economy is highly dependent on the energy resources so energy efficiency and saving works as an economic and environmental sustainability tool. When less energy is used in internal operations there is more to sell to the customers in demand. Through energy saving and efficiency goals Gazprom articulates in these reports, they seek to appear as a sustainable business partner with the Russian and European stakeholders. Energy efficiency is described as one of the main activities to cut the emissions and a way to answer the challenges of climate change.

“PJSC Gazprom’s energy saving and energy efficiency improvement program is a tool to cut CO2 emissions significantly” (Sustainability report 2017, 133). Energy saving and efficiency is used as way to make Gazprom seem environmentally responsible and sustainable company. Second dimension of environmental geopolitics by O’lear (2018, 7) notes that often the current activities are not questioned – like in this case the oil and gas production in general – so then the discourse is defined by Gazprom to match their current activities to sustainability interest. Gazprom’s discourse is that natural gas production is good when done ‘correctly’. For Gazprom is important to save energy to mitigate the emissions and thus justify the gas operations. Gazprom is ignoring the better solutions like investments to renewable energy. Gazprom continues to provide its investors possibility to invest in gas operations, that it defines ‘sustainable’ and ‘responsible’.

5.2. Reliability as way to influence the energy market

Gazprom is using the sustainability as a soft power tool to create a more positive image of Gazprom and Russia as an energy partner. Many in the West have been criticising Russia for using energy sources as a power tool to impact especially on the former soviet states like Ukraine and some EU member states. Russia is offering differing prices on gas to its foreign energy buyers depending on existing relationships as a way to influence the foreign buyers. Feklyunina (2012, 451) notes Russia is trying to get rid of the negativity surrounding the use of energy sources as a tool for gain political leverage. The recent political tensions between Russia and EU followed by the crisis in Ukraine and the treatment of political opponents have caused a lack of trust. The EU acknowledges the problems caused by their energy dependency on Russia (Eurostat 2020). In the reports, Gazprom is creating an image of itself as a reliable and environmentally conscious energy provider. Gazprom says it provides a solution for the European states to achieve their climate goals with the reliable energy source.

In sustainability reports, reliability can be analysed through energy security interest. For Russia energy security is not just about providing energy to domestic customers, but also about securing the exports to foreign buyers and especially about securing an access to European energy market and selling gas to EU member states. Gazprom lists long history of cooperation with international partners on global market as one of the main competitive advantages of the company. Geopolitical aim of the reliability activities is to ensure that Gazprom and its transports are seen as 'reliable' and better option for other energy providers from LNG to renewable energy, thus holding on to the European energy market and energy export revenues.

5.2.1. Reliability and energy security

Gazprom wants reader of the report to think that in addition, in providing the environmentally friendly natural gas to its customers Gazprom is also a reliable energy provider. Through this Gazprom aims to become more important than it might actually is. In the sustainability reports, the reliability of the supply is mentioned in each report from 2008 to 2018. In the reports reliability of the Gazprom as an energy provider is

listed as one of the priorities of its operations. Feklyunina (2012, 459) in their research also notes that the reliability is among the key goals of the PR activities of Gazprom and Russia. Due to the dependency on the European exports, Gazprom must create an image of itself as a reliable supplier to Europe. In the reports, Gazprom emphasizes the importance of its obligations as a supplier.

Gazprom lists reputation as a reliable supplier and long-term contracts and strategic position between Europe and Asia as some of its competitive advantages. The company is emphasizing that there is already existing infrastructure of gas pipelines and Gazprom can provide reliable and eco-friendly natural gas for European users. *“It is [Gazprom’s] reputation as a reliable supplier of energy resources has provided the Company with an impressive portfolio of long-term gas supply agreements with its European partners.* (Sustainability report 2014-2015, 17) Le Billon’s (2016, 285) third dimension is resource spatialization and here Gazprom uses the closeness to Europe as a tool to influence European countries to buy this ‘eco-friendly’ and ‘reliable’ resource. Through resource spatialization, Gazprom aims to create an idea of itself a closest supplier of energy to Europe and thus strengthen the energy superpower interest of Russia in general. Through this discourse, Gazprom aims to influence European customers to think that Gazprom’s natural gas is somehow superior to other types of natural gas. Increasing dependency of Russian gas in EU would only benefit Russia and increase the geopolitical influencing from Russia through traditional ways like transit cuts and regulating flow of natural gas.

Gazprom has longstanding relationships with its business partners, and throughout the years, it has established a large transmission system and underground storage facility in Europe. This infrastructure can be defined, addition to natural gas, as the main resource of Gazprom. Gas through this transmission system is presented in the sustainability reports Gazprom as an answer to the problems Europe will be facing while transitioning away from coal by offering reliable energy and environmentally friendly gas through pipelines. *“A well-developed gas infrastructure helps cut emissions promptly and without any significant outlays while replacing coal-based power and heat generation with natural gas”* (Sustainability report 2017, 130). Gazprom presents this infrastructure as a benefit for its customers. Gazprom promises it can provide a secure and affordable natural gas through the pipelines, as the other

solutions (e.g., LNG) remain more expensive. Addition to use the geographical location as a tool to influence European customers, when marketing Gazprom as the most reliable provider Gazprom is using the first dimension of resource representation by Le Billon (2016, 285) – resource fetishization. Gazprom creates an idea of its pipelines as the best, ‘well-developed’ and most reliable source of natural gas and energy in general. These pipelines are presented as an essential for Europe and European energy market.

It is interesting that reliability and environmental friendliness go hand in hand. Gazprom think that as it is providing its customers with “the environmentally friendly” gas to replace coal it should be able to continue the activities. As Aalto et al (2012, 28) note, often sustainability and business interest are intertwined. The reports argue that for now renewable energy is not capable to answer the energy needs of consumers due to changing weather conditions and lack of the electricity storing technology. Gazprom is using this apparent deficiency of renewable energy to make a case for its products. Gazprom argues that it can provide reliable energy when renewables are not able to provide it, and thus natural gas should be included in the energy mix in the future. Not just because of its ‘acclaimed superiority’ among the fossil fuels but also due to its benefits as a reliable energy source over the renewable energy. It is in Russian interest that natural gas would be widely recognised as a transition fuel and would get new investments and long-term contracts in Europe. In the reports, Gazprom does not provide timeline how long it would want to continue the natural gas production. As Zhang et al (2016, 322) note that there is a limit how much emission reductions are possible to achieve by switching from coal and oil to natural gas. These reports can be analysed to focus only on the short or medium-term as there are no long-term plans for use of natural gas or the advancement of renewable energy technology is not taken account.

Reputation as a reliable supplier is a corner stone to maintain the long-term contracts with the foreign partners especially in the EU and the Asia-Pacific Region. *“Its [Gazprom’s] reputation as a reliable supplier of energy resources has provided the Company with an impressive portfolio of long-term gas supply agreements with its European partners, while also supporting the expansion of the Group’s presence in Asia and Latin America”* (Sustainability report 2014-2015, 17). Gazprom gives a

promise to investors and other stakeholders that long-term term contracts are a key instrument to ensure the reliability of the supply, energy security and, they will ensure the investments of producers and exporters. Long-term contracts are important for Gazprom in the constantly changing global economy and they are used as a political tool to ensure the relationship further. These contracts create long-term revenues from the investments made by building the massive pipeline infrastructure. The new pipelines constructed such as Nord Stream 2 are done with the cooperation with the European partners to tie them to the long-term investments along with Gazprom. Through joint long-term investments, it is easier to argue against sanctions as their influence on the investments from both parties – Gazprom (Russia) and European energy companies. In Russian interest is to be an energy superpower and influence geopolitically with energy resources, because as Aalto et al (2012, 27) argue energy superpower aims to create power on energy exports. In the sustainability reports, Gazprom is creating an idea of itself as a reliable partner and gas operations as good investments. However, Gazprom has a reputation as an actor who is capable of using transits of gas as a tool to influence its partners. In the sustainability reports, it though only discloses the positive side of their reputation.

Energy security is an important factor in the geopolitics of energy. Energy security can be defined differently depending on the stakeholder group. For energy importer stakeholders like EU, energy security means of security of energy at acceptable prices, but for exporter Gazprom and Russia it means a stable demand of energy with good prices (Aalto et al, 2012, 28). Gazprom's declares as its mission to ensure the energy security of Russia, but they claim they want also to ensure the energy security abroad. In the reports Gazprom is bringing up the capability of Gazprom to ensure the energy security especially in Europe with natural gas now when European countries are giving up on coal – as an example countries Germany and Netherlands are used, because they have made suggestions to give up on coal completely in their energy mix. Gazprom can provide, what they claim to be, eco-friendly natural gas with a good price since it is delivered via pipelines. It is often highlighted in the reports that no other exporter can yet offer natural gas cheaper than pipeline gas. Gazprom

Reliability is used as a tool to ensure energy security and energy superpower interest of Gazprom. It uses resource fetishization by Le Billon (2016, 283) to create an idea of

its pipeline resources as the best and most reliable solution to receive gas in Europe and resource spatialization by Le Billon (2016, 284) to create an idea of itself as the best and closest energy supplier for European customers. Sustainability discourse focuses mostly on the economic and operational level once again. The relationship with partner countries is portrayed through the idea of Gazprom as a reliable and a good partner in energy relations. The political tensions and cuts to energy transits are not mentioned. Gazprom believes that conflicts with transit countries should be considered only economic.

5.2.2. Risk management

In the sustainability reports, risk management sections included the key economic, environmental, and social risks within the context of sustainability. With the active risk management Gazprom intends to create conditions that despite the risks it can continue and expand the operations, achieve its goals, and meet the interests of its shareholders. There were several risks mentioned in the reports, but I want to focus on risks related to sustainability and environmental issues, because environmental geopolitics aims to understand the narratives created around risks that environment creates. There were several risks, that Gazprom is facing while continuing its activities and production, but I have chosen to my analysis the risks that climate change and increase of renewable energy poses for the company because they are related for to environmental and sustainability aspects of Gazprom's operations. Risk management is part of Gazprom's energy security interest.

According to Gazprom's own estimate, climate change presents several risks for Gazprom including temperature change, environmental, physical, social, and reputational. These risks affect the natural gas production and transfer activities. Mitigations of effects of climate change is an important part of the corporate strategy and environmental policy of Gazprom due to several risks it might bring to their operations. Gazprom is working to mitigate the risks that climate change poses and adapting to the changes if they are not preventable anymore. The identification and assessment of climate risks are important part of the activities of any company in 21st century and *"Cutting GHG emissions is part of PJSC Gazprom's corporate strategy"*.

(Sustainability report 2017, 44). Gazprom is adapting their operations to the mitigation of climate change for example by “[taking action to] *reduce (cease) flaring of associated petroleum gas, while also developing and implementing energy efficiency and energy saving programs*” (Sustainability report 2017, 44). It does not mean end of their operations or even change towards more environmentally friendly solutions as wind or solar but more to more efficient production.

In the reports climate change risks are related to possible economic risks to operations. For example, temperature change can cause an increase in the internal gas consumption as outside temperature rises. Physical risks that climate change poses include possible damage to pipelines, wells or buildings and constructions for example. Environmental contamination is an environmental risk that Gazprom is facing, but even this environmental risk is seen as a legal, financial, and reputational risk.

In the section of economic risks, it is acknowledged that climate change might bring the suspension of business activities and decreased demand for gas. In the reports there is an explicit listing of actions that Gazprom is ready to take to mitigate the possibility of any of these risks mainly focusing on the physical and economic risks. As a part of their climate change risk management, they are implementing environmental policy and management and introducing new technologies to reduce the greenhouse emissions of operations.

Major risk for Gazprom is the decrease in the demand of natural gas. Gazprom presents in the reports several possibilities and scenarios why the demand would decrease and how Gazprom aims to minimize the effect of it. One of the leading causes for decrease in natural gas demand is diversification of energy sources. That includes the increase in the use of renewable energy and diversification of sources of energy. For Gazprom there is “*risks of investment in new underdeveloped technology*” (Sustainability report 2012-2013, 132) Gazprom has repeatedly in the reports declared renewable energy as ‘unreliable’ but it is also defining it as underdeveloped. In the reports the increasing interest and investments in renewable energy especially in Europe is acknowledged and the risk that it will bring to Gazprom’s operations – decrease in the demand for natural gas. To address this risk of renewable energy the

company is aiming to diversify the markets for the natural gas and marketing natural gas as the best solution for energy.

Gazprom actively participates in awareness campaigns aiming to strengthen the idea of the economic and environmental advantages of natural gas compared to other energy sources, which includes fossil fuels and renewable energy. In the reports Gazprom defines renewable energy as an unreliable source of energy *“Given the instability of renewables-based electricity production, renewable energy sources are used in addition to energy produced from other sources, including natural gas”* (Sustainability report 2014-2015, 144), hence Gazprom thinks that it should not be used as an only option for energy. By defining renewable energy as unreliable Gazprom can point out the benefits of its reputation as a reliable provider of energy. Geopolitical aim of declaring renewable energy as unreliable is to maintain the exports to European energy market

Risks that increase of the use of renewable energy sources is not just for the company. In the materials, use of renewable energy sources is portrayed as a threat for the customers. *“European countries’ demand for Russian gas tends to be higher during cold winters and in periods of reduced renewable energy output. Reliability of gas supplies by Gazprom Group helps those countries enhance their energy security* (Sustainability report 2017, 60) As winters are cold and renewable energy is not able to meet the needed energy demand, Gazprom promises in the reports that it is able to bring reliable gas for the customer. For Gazprom renewable energy is an additional energy source and they are not working towards adding renewable or bio-energy sources to their operations compared for example Norwegian energy company Equinor which is expanding their operations and adding investments to produce renewable energy.

“The Company’s management understands that business sustainability and compliance with sustainable development standards depend on the company’s ability to identify and assess risks and uncertainties in the business environment” (Sustainability report 2014-2015, 22) Climate change risk management is not about environmental sustainability. Threats that are caused by climate change are about business interest of Gazprom. Climate change is evaluated as a way to lose profits.

Climate change risks are portrayed as financial risks and Gazprom's gas and oil activities are not questioned. For a gas and oil company like Gazprom risk management section in the reports is a way to ensure stakeholders that despite climate change or renewable energy we are continuing our activities and creating profit for our stakeholders. I included this section in my analysis, to highlight that despite the ambitious words for urgency of global cooperation and responsibility the aim of Gazprom's operations is to create profit. In Gazprom's interest is business and secure flow of gas to Europe.

5.3. Sustainability as a way to expand operations

"Maintaining the status of a global company, Gazprom declares its intention to contribute to solving the global problem of climate change as part of Russia's obligations on managing greenhouse gas emissions" (Sustainability report, 2008-2009, 92)

Gas demand in Europe is still uncertain and many factors influence it. Transition to green energy is not instant and in Europe, many countries are dependent on fossil fuels. If EU wants to reach the climate goals, one of the ways is to stop using fossil fuels especially coal and oil. The energy interdependence between Russia and Europe requires Russia either answering the growing need of sustainable energy, Europe to start producing more sustainable energy or increase imports from other providers, depending on what is the energy strategy and goal that EU and Russia set. As Europe and Asian-Pacific region are increasing their contributions to the climate goals the demand of a sustainable energy is growing. For example, EU, China, and Japan have set their ambitious climate goals for the next 40 years. Russia and Gazprom must be able to either provide sustainable energy or market their existing energy resources as an environmentally sustainable solution to keep a hold on European markets and expand to Asian-Pacific regions. Goal of Gazprom is to keep hold of global energy market with gas and portray natural gas as a solution for global issue like climate change and emission control. Goals to be a global actor and strengthen the position in the global energy market was reported widely in the report throughout the reporting period. If transition to green energy is fast and Europe is able to widely to start using

renewable energy Russian energy superpower status and financial security is under risk. Gazprom must ensure its investors and other stakeholders that gas has a future and financial security is not under a risk.

Russia is in better situation geographically compared to for example US and Canada as it is located in between Europe and Asia and is able to provide gas through the existing and new (e.g., Nord Stream 2, TurkStream, Power of Siberia) pipelines. Gazprom is using sustainability to continue the gas operations and expand the activities has business interest for Gazprom. Gazprom aims to become a global leader on the energy market and strengthen its energy superpower interest. As Gazprom aims to strengthen its position as a global energy provider it hopes to increase EU's dependency on Russia. Most economists, including Russian economists, believe that Russian dependency on oil and gas sector is bad for economic sustainable development of Russian economy (Rutland 2015, 67), but it is a structural feature of the Russian economy that is hard to completely change without long term planning and investments. However, Gazprom's long-term development plans aim to continue the use of natural gas and invest in new fields in Russia "*Under the Long-Term Development Program for 10 years and the Mineral Resources Base Development Program until 2040, Gazprom makes focused efforts aimed at replacing hydrocarbon reserves and preparing them for commercial development*" (Sustainability report 2018, 37). Gazprom replacing drained natural gas reserves with new ones is a clear sign that it does not want an energy transition and it does not plan to use natural gas just until renewable resources are more developed but as long as possible. As Tynkkynen (2019, 52) noted Russian identity is still highly related to energy superpower agenda as hydrocarbons the source of power.

5.3.1 Global Gazprom

"The Gazprom Group is among the leaders of the global energy market. Our operations influence the lives of millions of people both in Russia and abroad" (Sustainability report 2018, 4)

Gazprom Group is one of the biggest gas and oil actors in the world and Russia has the biggest known natural gas reserves in the world. According to the sustainability reports, Gazprom group is one of the leaders of the global energy market, and they are planning to strengthen their market share in Europe and expand towards Asia. Russia generally has used environment and climate change to continue the conversation and cooperation with the West despite the conflicts and political tensions. Sustainable development goals are something Gazprom believes are one of the important tools to continue with the cooperation and business with foreign buyers and other energy companies. *“OAO Gazprom’s commitment to sustainability principles is an essential component of doing business on international energy markets”* (Sustainability report 2010-2011 27) Sustainability is seen to influence the other markets and as a trend that should be followed. According to Gazprom, they are using the most environmentally friendly technologies to cut the emissions and mitigate the effects of climate change. There is co-operation with the other companies in the oil and gas sector, like European energy companies (Shell, Total, BP), and with political actors in the energy sector like EU and China National Petroleum Corporation and Japanese ministry of energy.

Gazprom is bringing up in the reports the participation in the global cooperation with partners, especially in Europe. *“Gazprom’s priority is to work in full compliance with the requirements of national and European laws, rules and regulations. Gazprom is open to dialogue and discussion of all points of interest”* (Sustainability report 2014-2015, 110). Gazprom is a part of European market, and it is aiming to create an image of the company that plays by the same rules as European lawmakers and business partners do. In the reports, Gazprom creates an image of itself as an active member of global sustainability agenda and as a part of this agenda expanding market to promote the use of natural gas. Gazprom is highlighting its interest in being a part of the global actions and agreements to mitigate the effects of climate change. *“Gazprom continues to pursue cooperation on environmental, energy efficiency and climate change matters with global players”* (Sustainability report 2016, 56). Signing the Paris agreement is seen as an important event that can have a major impact on Gazprom’s activities. In the risk management section climate change is seen as a risk. However, on the other parts of the reporting Gazprom highlights the positive sides of climate change and possibilities it could create for Gazprom and natural gas – like growing natural gas

consumption in China and Europe when these countries are trying to reach their climate goals by changing oil and coal to gas.

Throughout the reporting Gazprom makes sure that the readers know that “*Gazprom’s strategic goal is to establish itself as a leader among global energy companies by diversifying sales markets, ensuring reliable supplies, improving operating efficiency and fulfilling its research and technology potential*” (Sustainability report, 2017, 27). This goal requires Gazprom to portray itself like it has a responsible attitude toward preserving a healthy environment for the present and future generations. In the reports, the Paris agreement is not seen as an obstacle for the operations of Gazprom, but rather Gazprom has been presented as an active actor to follow the NDC’s of Russia. The Agreement is raised when there are mentions about the possibilities and good qualities of natural gas and how natural gas is a solution to control the emissions in the other countries who are a part of the Paris agreement. So, the Agreement is not seen as a risk for the gas and oil operations of Gazprom but rather as an opportunity to sell natural gas for the countries which have more difficulties to reach their climate goals.

As a global actor Gazprom creates an image, of natural gas as a solution for the problems that world is facing now and a right energy source for the markets in Russia and especially in Europe and Asia-Pacific Region. Natural gas can be used as a transition fuel when transitioning from coal and oil (Stephenson et al 2012, 456), but it would require a plan for the development of renewable energy sources that it will not slow down the transformation to zero-emission energy sector (Gürsan and de Gooyert, 2021, 16, Zhang et al, 2016, 322). Gazprom thinks that natural gas can be a solution for an emission reduction in Russia and abroad. Gazprom in the reports do not show a large interest to create a long or medium-term plan to switch to renewable energy production and end developing new gas production. Gazprom believes that the commitments to sustainability actions, reliable supplies and environmental friendliness of natural gas will make sure that Russian gas is one the key components of doing business in international energy markets. Gazprom believes that these factors will make sure that globally Russian gas will be in high demand in the future despite the rising global competition and the need for energy transition. In case of green energy transition, Gazprom can lose its geopolitical strength. If there is no natural gas and energy exports from Russia, it loses its ‘weapon’ over European countries.

The cooperation between Gazprom and EU in the sustainability actions has included conferences, participation in the work of international organizations, developing roadmaps and preparation for regulatory documents concerning energy sector. In the sustainability reports, Gazprom paints a picture of itself as an active member of international activities and initiatives and takes an active role in developing the relationship with EU. According to the sustainability reports, Gazprom is continuing the work with the EU in the matter of energy and environmental activities. Gazprom is positive that its role in cooperation is important, and it has a chance to influence the energy sector from the inside and create new possibilities for its own operations in a way that benefits itself and partners from EU.

Location between Europe and Asia as one of the key advantages of Gazprom's operations. Through the geographical location, it is capable to strengthen the position in markets in Europe, Eurasia, and the Asia-Pacific Region. Moreover, even though Gazprom still declares European markets as its main destination there is a clear shift towards other markets beyond Europe. Gazprom describes the contract to supply gas to China via pipeline called Power of Siberia as *"an unprecedented deal that turned Gazprom into a strategic energy partner in the Asia-Pacific Region's largest economy and will have a significant impact on the global energy and geopolitical landscape"*.

The pipeline Power of Siberia and gas export deal with China has been described in the foreign media as an unprofitable deal economically for Gazprom and as China benefits from this partnership more and is setting the rules (Al Jazeera, 2019, Forbes, 2019). The new pipeline Power of Siberia is still smaller in capacity compared to Nord Stream and Nord Stream 2 that are using the route through the Baltic Sea to transport natural gas to Europe. Even though there are diversifying of markets by Gazprom, the main market continues to stay in Europe and the environmental arguments to support the natural gas use are mainly focused on the cooperation with European states and the EU. Because Power of Siberia pipeline is mainly beneficial for Chinese partners, Gazprom believes it has still more geopolitical power over EU. Despite the expansion of operations, EU's dependency on Russian gas is creating a profitable marketplace where Russia could continue to operate. If EU starts to rely on other providers of gas

or the use of renewable energy is increasing in EU, Russia may seek to strengthen its presence in Asian-Pacific market.

Even though China is one of the signatory states of the Paris Agreement it seems that global environmental marketing is aimed towards Europe for now since the main market is in Europe. If the interest and demand for natural gas in Asia-Pacific region increases and if the focus of the operations moves towards east and new markets open for example in India this might change. China is using coal as an energy source and change to more environmentally friendly solution, natural gas, could benefit China to reach its ambitious climate goals and Russia to continue the gas operations. Nevertheless, in the reports the transition towards Chinese market is portrayed as *“The economic and environmental consequences of cooperation with Chinese companies clearly demonstrate Gazprom’s commitment to the principles of sustainable development”* (Sustainability report 2014-2015, 102) and it support the Gazprom’s vision of sustainable company which is working globally to reach the economic and environmental sustainability goals.

Being a global company is an energy superpower and energy security interest for Gazprom. Global marketplace provides platform to influence sustainable development and gives Gazprom a saying in the energy market discussion. When talking about being a global actor in the reports, Gazprom is portraying itself as an equal partner to other actors in the market.

5.3.2. Expansion of the operations

“Gazprom possesses all the required conditions to help strengthen global energy security by expanding access to natural gas for consumers in Russia and abroad. This supports the goal of enhancing Gazprom’s status as a global energy company”.

Sustainability report 2014-2015, 98

Gazprom’s aim is to become a leader of the energy sector and to achieve this goal it requires the company to expand its operations and sales. Gazprom is actively bringing up its involvement as an environmentally responsible actor and how it will assess the

environmental impact of its growing operations. Throughout the reporting period, Gazprom has been aiming to increase the sales domestically, in Europe and in Asia-Pacific region and diversifying the transportation routes and strengthening its role in the LNG market. In the reports, increased sales of natural gas are a sign of the commitments of Gazprom to economic and environmental sustainability. Economic, as the demand of natural gas is increasing, and Gazprom is actively working to supply this demand. *“Despite the high uncertainty of demand forecasts, a continued decline in European gas production will lead to the European market’s increased dependence on imports in the long term.”* (Sustainability report, 2012-2013, 64) Even though it is hard to forecast the demand, Gazprom is relying in continuing dependency on natural gas in Europe.

In the reports, there are no risks or scares mentioned about the possibility of decrease in resources or that gas reserves would be exhausted completely. *“Increase of gas production at the existing fields and commissioning new fields remain among the priority tasks, which creates the long-term potential for supplying gas to Russian customers and implementation of major export projects”* (Sustainability report 2018, 38) Gazprom is actively replenishing the hydrocarbon reserves and exploring new possibilities to expand the markets to answer the growing global energy demand. However, in Gazprom’s judgement they are doing their part in environmental sustainability commitments, because one of the reasons for increased demand is the reduction in coal use. Gazprom portrays itself as an important energy actor providing existing and new buyers natural gas that it defines as eco-friendly. The expansion plans include the continuing use of hydrocarbons and increasing the use and sale of fossil fuels.

If only judging by the Gazprom’s sustainability reports without academic analysis, it would be possible to forget the connection between the Russian state and Gazprom and see the company just as an energy company among the other companies. Jirušek and Kuchyňková (2018, 835) note that EU has Internal energy market rules that have declined the influence Russia can have over European states with energy. They argue that internal rules on energy market are making sure that despite the pipeline infrastructure and long-term cooperation in Europe Gazprom is working with the same rules as other actors on the market. Kremlin has used and Jirušek and Kuchyňková

(2018, 835) argue that it still uses Gazprom as a foreign policy tool, but EU aims to have its role as one energy company among others. However, as Gazprom is crucial part of Russia's socio-economic growth, and an important taxpayer Kremlin aims to influence with Gazprom as the current rules allow it. Therefore, economic, and political agendas go past the environmentally sustainable goals.

“Gazprom’s goal as related to sustainable development is to make positive contribution to the social and economic development of the country and adhere to environmental and industrial safety, corporate governance and social responsibility standards while aspiring to become the leader among the global energy companies.” (Sustainability report, 2018, 29)

Expansion of the operations is a part of Gazprom's plan to expand its influence over European market. Without long-term contracts and new infrastructure, Gazprom is not able to impact European energy market. Expanding operations is more of a traditional geopolitical approach to energy relations and maintaining energy superpower status. Natural gas is a resource that European consumers and industries need, and Gazprom knows it.

5.4. Natural gas as a geopolitical tool

According to sustainability reports, Gazprom is sustainable actor and aims to create profit for its stakeholders for years to come with natural gas. The definition of environmental sustainability is in relation with the economic sustainability. After analysing the sustainability materials, the activities of Gazprom seem to continue like business as usual.

“Energy saving helps preserve natural resources for future generations by reducing their consumption and helps mitigate the anthropogenic impact on climate change” (Sustainability report 2008-2009, 49) Energy saving and efficiency and ‘reasonable’ use of natural resources is in the middle of climate activities of Gazprom. By defining gas activities as ‘eco-friendly’ and Gazprom's use of natural gas as reasonable Gazprom aims to create a positive discourse of the natural gas activities. Natural gas

is represented by Gazprom in the domestic and foreign markets – as the best, ‘eco-friendly’ and ‘reasonable’ energy solution to use. This kind of representation of resources is aiming to advocate the sustainability of gas operations and gas as a resource.

Gazprom positions itself as a global actor in climate preservation and climate activities. *“PJSC Gazprom is engaged continuously in the international activities aimed at promoting sustainable energy sector”*. (Sustainability report 2018, 138) Gazprom is not actively questioning the current global activities of gas use and defines gas as an eco-friendly and sustainable fuel. However, as Russia is not a frontrunner in climate activities, neither is Gazprom. So, neither of them is first globally to create new solutions and bring new technologies to a market. Russian stance on climate activities varies depending on the actor and setting analysed. As it is important for the national identity to hold on to hydrocarbons and the economic benefits they bring, climate activities are limited to how much gas and oil can still be used. Natural gas is a fossil fuel with fewer emissions compared to other fossil fuels like oil and coal. This is an argument used by Gazprom to create representation of natural gas as a fuel for the future. *“The Global Gas Centre has set the following main objectives [one out of three is] to provide all possible assistance to the promotion of natural gas as a major component of the energy mix for an environmentally safe future”* (Sustainability report 2014-2015, 100). Addition for being ‘eco-friendly’, natural gas is fetishized as a ‘safe’ solution for the future. Like Le Billon (2016, 283) notes need for a resource can be created by creating a discourse around the resource to be something. Gazprom creates a discourse around natural gas for it to be a needed energy solution for emission control and energy transition. Geopolitically Gazprom aims to influence its partners to buy more natural gas. It fits to the definition created by Gazprom to be a sustainable and reliable business partner to work with. Maintaining the dependency on Russian gas in Europe is the geopolitical aim of Gazprom.

“The Paris climate accord that took effect on November 4, 2016, opens up new prospects for gas consumption. A number of European countries, notably Germany and the Netherlands, declared their intention to cut the coal intensity of power and heat generation, and, ultimately, to abandon coal altogether. Giving up this fuel will boost

gas consumption, and that factor will be an additional opportunity to increase natural gas supplies and to improve low-carbon development of EU countries.”

Sustainability report 2017, 130

The Paris climate agreement that took effect on 2016 and was ratified by Russia 2019 is seen as an economic possibility. Despite the climate denial, Russia is part Paris climate agreements and was a part of Kyoto Protocol. As the Russian nationally determined contributions are easily reachable for Russia, these climate agreements can bring economic benefits to Russia in general and Gazprom. By influencing European markets and advocating the good qualities of natural gas, Gazprom aims to construct an image of gas as a solution. Especially countries that rely on coal are in the target. As Wang et al (2012, 1128) note it is possible that climate change creates new geopolitical tools to influence foreign energy markets. Gazprom uses the benefits of natural gas compared to other fossil fuels as a way to construct an idea of natural gas as a sustainable solution.

Gazprom fails to define environment clearly. Gazprom uses its own definitions for environmental problems – it is not lying about having these problems but defines them through their understanding. They are not questioning the oil and gas operations in general as a cause for environmental problems like melting permafrost in the Arctic or as a reason for climate change.

As van der Poeg and Vanclay (2013, 2) note companies often fail or choose not to disclose the negative sides of their activities when it comes to sustainability. In Gazprom’s sustainability reports the negative sides were mentioned, but only in a past tense. Gazprom mentions the negative to emphasize where they are doing better than before – decrease of emissions and energy saved compared to last year. Gazprom defined their unsustainable sides of activities as success stories to show the commitments to sustainability. With sustainability reporting, Gazprom is able to create strategic benefit for the company and define itself as a sustainable investment. Economically sustainable as the production will continue in the future and environmentally sustainable as there are multiple activities to defined as environmentally sustainable. It is important to acknowledge that the definitions of sustainability of Gazprom and global definition of sustainability are different and are

shaped by their own understanding of their sustainability. Gazprom's sustainability discourse is operational (Jahn 2015, 34) as compared to environmental activist, political leaders and companies that are not greenwashing but have 'superior commitment' (Mahoney et al 2013, 35) to sustainable development. Gazprom is doing sustainability reporting to get all the benefits Coffrey and Higgins (2016, 1) present in their research – market, social, political pressure, and accountability. However, they limit their discourse to answer the dilemma: what we can do with the resources we have and with limitations our business model creates. Sustainability reporting of Gazprom does not build on sustainability interest but on three other interests presented by Aalto et al (2012, 26-28). Sustainability activities are mainly about creating profit for investors and shareholders and Russian economy, securing energy exports to Europe from Russia, and maintaining the energy superpower status of Gazprom.

6. Conclusion

Climate change and decrease of emission is becoming more important in Russia but as Russian economy is still highly dependent on hydrocarbon production Russia is most likely not going to be a first country to take major environmental steps in energy sector and transition to renewable energy. Russia has set goals to decrease emissions, but it could still be described as a follower rather than an environmental leader. Russia and Gazprom are following closely how the climate goals are formulated in the countries where Gazprom delivers gas to, especially major partners like Germany and rest of the EU, Turkey, and China. Gazprom defines itself as an environmental global actor as it is actively aiming to decrease emission to reach goals of the Paris Agreement and participates in global programs like CDP. Gazprom positions itself as an environmentally sustainable actor and defines energy sector as an important actor in global climate agenda. Gazprom declares global climate and environmental activities as important however only within the limits of Gazprom's business activities. It does not broaden the horizon to renewable energy or question the production of natural gas.

The idea of sustainability is defined through the idea that natural gas is a fuel of the future. The sustainability reports are more focused on economic and social sustainability than environmental. Gazprom opens the activities honestly in their reporting but fails to disclose the negative sides of the activities and aims to create an idea of natural gas as an environmentally sustainable energy. Most of the environmental sustainability activities are related to the business interests of the company. Discourse on the sustainability is limited to operational sustainability discourse (Jahn 2015, 34) and it covers only what Gazprom can do now with resources they have. Even in the future activities natural gas is the main resource Gazprom aims to explore and produce. Sustainability interest is not the main reason why Gazprom does sustainability reporting – business, energy security and energy superpower interest are more crucial for Gazprom.

Sustainability is used as geopolitical tool to construct an idea of natural gas as eco-friendly solution for oil and coal. Geopolitical agenda is to define natural gas as a

sustainable energy and continue to sell gas to European market. European countries are setting climate goals and transitioning from fossil fuels, especially transition from coal is emerging in some European countries. Gazprom aims to continue the sale of natural gas to Europe by presenting natural gas as an 'eco-friendly' option for other fossil fuels. Natural gas is presented in the sustainability reports as an energy source that helps European countries to reach their climate goals. Gazprom defines climate change and renewable energy as a risk for its own operations but also as a risk for consumers. It creates an image of Gazprom's transport pipelines as the most reliable way to import gas to Europe. Renewable energy is presented by Gazprom as an unreliable source of energy, and it should be only used as an addition to natural gas. Russian economy is dependent on energy exports that Gazprom is using sustainability as a tool to influence countries to continue the use of Russian natural gas. Resources that Gazprom has – natural gas and transport infrastructure – are represented as a solution for emission control and reliable deliveries of energy. Gazprom creates an idea of itself as maintainer of energy security in Europe. Geopolitical aim of Gazprom is to maintain and possibly strengthen the dependency on Russian energy in Europe. In the reports Gazprom presents the reality through its own view and fails to disclose the harmfulness of its activities and consequences what continuing use of hydrocarbon does for our climate.

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Annex

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