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"Sustainability reporting of energy companies in Norway and Russia. Is there a difference?"

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Introduction

In the frame of constantly developing world the ecology is falling under the grave risks such as air and water pollution, higher greenhouse gas emissions, land erosions, ground water contamination and etc. Such phenomena foremost stem from activity of oil and gas industry that is greatly big and covers enormously big territories of practically each part of the world from Alaska to Australia, from Peru to China, and in every habitat from Arctic to desert, from tropical rainforest to temperate woodland, from mangrove to offshore. Energy companies do a dubious job – of course, they create job places, meet human demands and needs, but at the same time they worsen the environment at a fast pace.

The first social reports of the western companies have appeared in the seventies the last century. For the expired time a lot of things have changed in approaches to drawing up actually reports; the concept "non-financial (social) report" was approved; there were international standards of system of the non-financial reporting. Therefore today each western company where results of her social activity in a year are reflected can describe the social report as a part of the annual report practically. At the same time the corporate social report is the public document which purpose – to inform stakeholders (shareholders, workers, local community and so forth) on how social initiatives of the company in the field of economic stability are implemented, ecology and social policy.

With distribution of practice of the non-financial reporting of the requirement to business in the sphere of corporate social responsibility periodically even became tougher. Actually in business community following to the international standards of the social reporting is perceived as norm. Today in the world there are about 30 international standards of the non-financial reporting which can be classified according to their functions and scope of application.

On the one hand, companies are going the right path creating the jobs, but on the other hand they are constantly adding to the environmental crisis. For the last decade, there were numerous disasters connected with energy industry such as oil spills, water contamination, massive emissions and etc. However, oil and gas companies are struggling to become more sustainably responsible and lower the number of such accidents and represent their development to the society. It is a crucial issue when data on a company's performance is unavailable for the users such as customers, society and investors, as in this situation company can unlimitedly exhaust our common good without consequences. To dispose of this problem, the governments of all countries implement some reporting requirements (GRI, 2013). Constant and transparent reporting stimulates sustainable development as investors and consumers are given a possibility to invest in more sustainable companies relying on such information available (Pedersen & Døskeland, 2015).

Thus, "sustainability reporting appears to be reaching a "tipping point," as it moves beyond the realm of the innovators and early adopters and into the mainstream. Sustainability reporting is the critical first step in implementing a strategy that can help an organization understand the impact on its stakeholders, and ways in which it might mitigate a negative impact on the economy, society and the environment" (GRI, Sustainability reporting, 2013, p. 4).

Sustainability reporting is a quite new phenomenon that means corporate reporting on performance of a company. It has been studied from a various points of view in order to find an explanation to its development in a company's management. Many research have been conducted to study the following questions: What data do company disclose? How do they do this? What practices and requirements do they apply?(Zhurova, Andreassen, Drivdal).

I have chosen this particular topic because I am strongly interested in Norwegian energy sector and how it works and engaging and challenging to compare Russian company's experience with Norwegian one. The research would be useful and attractive for investors and energy companies, especially new to oil and gas market.
Moreover, it is interesting to compare Norwegian and Russian energy companies as they have a lot of in common. First of all, Lukoil and Statoil rank the list of the top environmental companies in corresponding countries. Also, the companies are highly responsible and transparent as they claim. LUKOIL was named the best Russian company in investor relations policy that it applies.

In addition the research is focused on the energy sector that I special and attractive today. Main and prevailing attention is paid to environmental issues in oil and gas sector. KPMG, one of the leading giant auditing company, highlighted that oil and gas companies are the best and dominant in social and environmental reporting (KPMG, 2005). Norway and Russia are not the exceptions here. For both countries and their oil and gas companies environmental and social issues have been in priority.

Lukoil is first among the world's private oil and gas companies in terms of proven oil reserves and is second in terms of extraction. The company accounts for one percent of world reserves of hydrocarbons and for more than two percent of the world's crude production (Forbes).

While Norwegian state oil company Statoil remained firmly at the top of Norway's latest list of the country's 500 largest companies, compiled by newspaper Dagens Næringsliv (DN) 2015**.**

Moreover, LUKOIL has enjoyed improvement in environmental performance from 2013, having adopted the energy management standards ISO 50001. This implementation provides energy and cost-consuming activities that maintain company's operating in the global institutional environment.

Sustainability reports play crucial role in every energy company as to assure people, consumers and stakeholders, that the company is responsible for its activity and operations and struggles to become as environmentally friendly as possible. The industry places much attention to effective management systems establishment and has gone a long way to ensure that environmental problems are fundamental components of corporate culture, together with the issues related to health, safety and environment, as they have much in common (Epstein and Roy, 2003; Pfeffer, 2010; Salzmann *et al*., 2005).

A company issuing the non-financial report not only demonstrates the progress, but also illuminates problems that are expected. Though can seem that it creates temporary threat for reputation of the company, in the long term the similar risk is compensated by considerable advantages: deeper analysis of activity results of a company in the field of sustainable development, increase in trust of interested parties, improvement of a control system of risks and growth of overall performance of the organization.

In the past three years there has been a considerable increase in the number of companies publishing non-financial reports or including nonfinancial information in their annual reports (Ditlev-Simonsen, 2014), and currently 93% of the largest 250 companies worldwide report on their sustainability performance (GRI, 2015).

This thesis is aimed at deeper studying of sustainable reporting in two countries Norway and Russia, that are rich in energy resources and have sound companies that publish the reports annually; and at highlighting differences in reporting and reason for this. LUKOIL and STATOIL has joint projects, operations onshore and offshore both governments and common territories like the Barents region (Zhurova, Andreassen).

The research question of my study is the following “What is the difference in sustainability reporting of energy companies in Norway and Russia and why?”.

2. Theoretical frame of reference

The main aim of this chapter is to present the theoretical concepts used in the study and to work out theoretical frame of reference. The latter is an indispensable part on every study and it needs to be sound and profound. Once interpreted, the theoretical lenses should be broad enough to describe the phenomenon studied and consider its specific characteristics. In addition, the purpose is to provide a concept of sustainability reporting literature.

A company, as practice shows, tends to provide several types of independent reports – financial, performance, corporate governance and corporate social responsibility reports, and the last encompasses sustainability, environmental and social reports.

2.1 The concept of sustainability

First of all, it is reasonable to give a description of sustainability before discussing sustainability reporting term. Currently, sustainability urges a great concern all over the world. According to Unerman et.al. (2007), today a lot of people state that the dominant aim of increasing economic growth attributes to the negative impact on the environment, society and ecosphere. And now there is a rising interest towards the term "sustainability" in the literature.

On the whole, sustainability has tended to be defined as in what way different biological systems continue to exist and stay various and effective. However, in today world the definition of sustainability has been changed and modified and has become wider. Currently, it deals with the necessity to create such sustainable models that would be indispensable both for the society and the planet. However, there is the latest and globally accepted definition of sustainability assigned to The World Commission on Environment and Development (WCED), that published the following description: "Sustainable development is development that meets needs of the present without compromising the ability of the future generations to meet their own needs." (Andrey L. Mayer, 2012, p. 4).

According to Matten and Moon (2008, p. 405), CSR is an "umbrella term" that encompasses and uses equal concepts together with different terms that explain the relation between society and company; also, they use such terms as sustainability and CSR for the description of one particular phenomenon. But lately there was a change in use and meaning of sustainability and CSR, as Strand (2015) states. Every company requires pointing out the core concept and meaning of sustainability that it will use and adhere to, and then proceed to understanding of corporate sustainability (Herzig and Schaltegger 2011).

The word "sustainability" has been widely applied in business and public for the last decades. At bottom, sustainability gets its definition on the basis of the term sustainable development "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (the World Commission on Environmental and Development, 1987, p.8)

The conception of sustainable development itself concentrates on how to build human activity so that they fulfill their physical and mental needs disregarding ecological, economic and social foundation which make those needs to be achieved (Unerman et.al., 2007).

One of the first written terms of sustainability was published in the article of The Ecologist in 1972 (Goldsmith et al., 1972). The article addresses sustainability in the frame of ecosystems that are needed to maintain human life.

The definition of sustainability has developed during the past decade and today it tends to incorporate social, environmental, governance, and economic components (e.g., Epstein and Roy, 2003; Pfeffer, 2010; Salzmann *et al*., 2005). This more comprehensive view includes the impact of companies on the physical and the social environment and illustrates their footprint on natural and human resources (Pfeffer, 2010).

The theory of sustainability resulted in a reintroduction of social aspect in the environmental accounting (Owen, 2004). Basically, the concept of sustainability reporting was invented in the frame of environmental and social accounting. Further it is reasonable to refer to Owen definition of such kind of accounting:

"Conventional accounting's pre-occupation with financial performance as the sole yardstick of organizational success leads inevitably to its implication in the environmental destruction, social dislocation and exploitation of the weakest members of society consequent upon such a narrow interpretation of 'success'. Research in social and environmental accounting and auditing is, therefore, largely concerned with critiquing current accounting practice and searching for more emancipator alternatives that may improve the situation, in terms of delivering greater levels of organizational accountability" (Owen, 2004, p.24).

2.2 Sustainability reporting

Simultaneously the term of sustainability reporting is covered in the literature as a unit of CSR. CSR was developed and introduced to the managerial culture activity of all companies that want to be taken as modern and valid (Gjølberg, 2009).

"Just as conventional management and financial accounting has been a powerful tool in the management, planning, control and accountability of the economic aspects of an organization, broader techniques of sustainability accounting and accountability have the potential to be powerful tools in the management, planning, control and accountability of organizations for their social and environmental impacts" (Unerman et.al., 2007, p.3).

The whole reporting process requires leading to a sustainability statement or the report itself to be effective instrument of a company's sustainability. Many companies introduced at micro level such concepts as "CSR", "sustainability" and "sustainability reporting". In reality, with the understanding of the meaning and importance of sustainability reporting there is a growing number of large companies that jumped on the bandwagon of publishing non-financial reports which include data about environmental and social performance and sustainability reports (Bennett and James, 1999; GRI, 2006; Milne and Gray, 2007; Owen, 2008).

Sustainability reporting can be described as "the preparation and publication about a company's social, environmental, employee, customer and other stakeholder interactions and activities and, where possible, the consequences of those interactions and activities. The social account may contain financial data; however it is more likely to be a combination of quantified non-financial information and descriptive, non-quantified information." (Gray 2000, p. 250)

A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy (GRI). This practice is crucial for every company, especially for energy ones as it helps them to measure, understand and communicate their economic, environmental, social and governance performance, and then set goals, and manage change more effectively. A sustainability report is the key platform for communicating sustainability performance and impacts – whether positive or negative (GRI).

Sustainability reports are released by companies and organizations of all types, sizes and sectors, from every corner of the world. The core purpose of environmental reporting was to demonstrate the company's care for the environment (Blaza, 1992; Roberts, 1991). However, "detailing environmental performance and associated trends must still remain the core function of an environmental report" (Azzone et al, 1997). But later it was found that the principal aim of such reporting was to announce performance of the company to its stakeholders (Prado-Lorenzo *et al*, 2009). Major providers of sustainability reporting guidance include: GRI (GRI's Sustainability Reporting Standards); The Organization for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises); The United Nations Global Compact (the Communication on Progress); The International Organization for Standardization (ISO 26000, International Standard for social responsibility) (globalreporting.org).

As I make a research h of sustainability reporting it is important to understand the core meaning of this issue. A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy (globalreporting.org). Sustainability reporting has become an inevitable part of energy companies as it acts as a helper for their activity. For example this kind of reporting attributes to communicating company's performance (environmental, economic and social) (GRI, Sustainability reporting, 2013).

It is reasonable to give definition of environmental management as it is one of points that I have chosen for comparison of sustainability reports of the companies. Environmental management means keeping control of the activities so that we do what we can to conserve these physical resources and to avoid polluting them (ISO 14001). The process of allocating natural and artificial resources so as to make optimum use of the environment in satisfying basic human needs at the minimum, and more if possible, on a sustainable basis (Jolly, 1978). Environmental management – a generic description of a process undertaken by systems-oriented professionals with a natural science, social science, or, less commonly, engineering, law or design background, tackling problems of the human altered environment on an interdisciplinary basis from a quantitative and/or futuristic viewpoint (Dorney, 1989: 15). Environmental management is a process concerned with human–environment interactions, and seeks to identify: what is environmentally desirable; what are the physical, economic, social and technological constraints to achieving that; and what are the most feasible options (El-Kholy, 2001: 15).

This theoretical framework is used in order to get the profound understanding of the phenomenon studied: Russian and Norwegian approaches to sustainability reporting and reasons for differences.

There are three main theories that contribute to explanation of social reporting practices used by the companies. These are the following theories: legitimacy, stakeholder and institutional theories.

In my study I stick to the institutional theory as a fundamental factor of the development and changes in sustainability reporting in Norway and Russia.

2.3 Institutional theory

The aim of this part is to outline the characteristics of institutional theory and study the impacts of institutional factors on sustainability reporting and its development.

Generally, institutional theory is used to explain the process of implementation of organizational practices in a specific area. This theory is divided in two dimensions: isomorphism and decoupling (Deegan C., 2009).

There are many definitions of isomorphism from which I have chosen the most relevant and convenient:

"Isomorphism is a constraining process that forces one unit of population to resemble other units that face the same set of environmental conditions." (DiMaggio and Walter, 1983)

"Isomorphism refers to the adaptation of an institutional practice by an organization." (Dillard, John et al., 2004)

Therefore, the term isomorphism represents the process that is used by companies to adapt and incorporate institutional practices of other companies (Dillard, John et al. 2004).

The isomorphism itself falls under the influence of different kinds of pressures such as stakeholder and institutional, and the willingness of professionals (Deegan, 2009). The phenomenon of isomorphism includes three kinds – coerective, mimetic and normative (DiMaggio and Walter, 1983).

According to DiMaggio and Walter, the first type – coerective – stems from two pressures informal and formal "…exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function. Such pressures may be felt as force, as persuasive, or as invitation to join in collusion".[1] One of the most important roles is attributed to stakeholders as they put pressure on a company to accept particular institutional practices in order to look equal to other companies in the same institutional frame. There are various sources where this pressure comes from, for example: political rules and laws that cause a company to unite with a collusion (Amran and Susela, 2008).

As for mimetic isomorphism, it deals with the will and desire of a company to copy practices of other companies. It has appeared because of the unstable situation when a company fails to find guidelines and imitates other companies (DiMaggio, Powell, 1983). Such followers, companies that try to imitate one of the best reporting practices with the aim to be alike companies working in the same climate. Also, companies are obliged to keep up with the norms and standards corresponding to the industry. Deegan (2009) states that inexperienced companies are better to copy practices of the leading ones. It does not mean that companies have always to copy others, time to time companies chose and implement best practices voluntary and create standards for other companies in the industry (Deegan, 2009).

Concerning normative isomorphism that results from professionalism, deals with the expectations of professionals to conform to standards and implementation of institutional practices (DiMaggio, Walter, 1983). Here, education and professional networks play crucial role that act as sources that cause normative pressure for professionals (Amran, Susela, 2008). The expectations of professionals are under the effect of cultural and ethical values and they conclusively implement institutional practices.

In comparison with financial information, non-financial one is rather difficult to handle as there are still no generally accepted exclusive reporting principles and thus, the published data can vary in many forms. The problems with measurement and accessing this information should not narrow the use of non-financial data as it can be important and relevant to both internal and external users (NIVRA, 2009).

[1] DiMaggio and Walter, 1983.

Developing, sustainability reporting has been presented in various forms: stand-alone reports, annual and biannual reports. But today, companies stick to publish sustainability reporting in a separate report, but sometimes they mix it with financial reports (Eccles and Kruz, 2010).

Today, it can be seen that professional accounting companies express an increasing interest towards sustainability reporting and struggle to develop standardized practice (Owen, 2004). It resulted in appearance of global organizations that act as standardizes and give recommendations concerning non-financial reporting. These standards can be used by any company regardless field of activity.

First of all, there are international recommendations that applied by all companies all over the world. These recommendations provide reporting principles, general report content and some core corporate performance indicators. The next step was when at regional and national levels the initiatives and rankings had appeared. The organizations, creating standards started struggling to develop those recommendations for companies found on international principles and standards. And the last but not least, there are "sector supplements" – initiatives and ratings that are industry specific. The purpose of such supplements is to support companies in managing and reporting about sustainability effects connected with the sphere of activity.

There is a statement that says that "sustainability reporting is getting institutionalized" (Willard and Lovins 2005, p.253). On the whole, institutional theory is used to clarify the causes for companies to make and publish sustainability reports (E. Bergloff, A. Pajuste, 2005, p. 178-179). The theory concentrates on external economic and social environmental factors and their footprint on a company's performance.

Sustainability reporting development can be attributed to four following institutional factors (M. Hussain, A. Gunasekaran, p. 518- 536, 2002):

- *Normative factors.* These can be the impacts of professional organizations towards sustainability reporting methodologies, principles and standards. Especially impacts from NGOs that has a heavy influence over corporate social disclosure.

- *Mandatory factors*. These are informal and formal public authorities and other social impacts on companies. Frequently, these factors are established by the state or regulatory bodies (A. Rautiainen, p. 270-288,2008).
- *Economic factors.* This kind of factors is attributed to economic changes and sustainable development. These particular factors were core reason for companies to go beyond the disclosure of financial data potential investors and shareholders.
- *Copying factors.* These factors secondary and are not of great importance unlike previous ones, but still every company tends to copy its more successful predecessors as well as their sustainability reporting practices.

The most crucial role in the development of sustainability reporting is ascribed to non-governmental organizations (NGOs), the main characters of normative factors. All these organizations have a common purpose – promote socially responsible business and create disclosure methodologies. Such NGOs actively take part in argues concerning the standardization of sustainability reporting and the necessity of integrating non-financial information (Business and Industrial Engineering Vol:8, No:6, p.1659, 2014).

In addition there are various studies which revealed that such features of a company as size, profitability, corporate governance structure and sensitivity of an industry have a substantial impact on social and environmental disclosure practices (Imam,2000; Haniffa and Cooke 2005).

In addition to the above presented factors there are two more essential institutional factors that influence sustainability reporting: company specific and country specific.

Company specific factors has dual direct and indirect influence on sustainability reporting national differences. The study carried by Kolk (2001) explores the scale of variability of sustainability reporting between different industries and it proves that industrial companies produce such reports more than average in comparison with non-industrial companies. KPMG study also confirms that higher number of companies connected to the industrial sphere present sustainability reports due to the pollution issues.

Moreover, the size of a company is an essential and powerful factor influencing sustainability reporting. According to KPMG (2011), large and with high revenues companies are to publish reports. The expectations of society are closely connected to the size and specificity of a company (Frost et al., 2005). The society supposes giant energy companies to be the most harmful to the environment and thus force companies to present their CSR to improve the soundness and confidence.

According to Pan (2003) country specific factors are defined as “macro-level environmental characteristics of the source and host countries that are presumed to affect firms’ investment activities (p.1)”. Following this explanation the issue of sustainability reporting is presented as an investment activity of a company. Turning back again to Klok’s (2004) study, he made an investigation of 6 countries and searched their sustainability reporting practices and came to the conclusion that nationality does not have an influence.

To conclude, the concept of sustainability reporting has been developed in order to incorporate 3 company’s aspects – social, environmental and financial; create a useful tool in management, control, accountability and planning for companies. Still, practice, recommendations and concept of sustainability has not been fully developed yet. Moreover, today there are uncertainties towards the term “sustainability reporting”.

It can be seen from the literature that there have been numerous attempts of defining the term and it seems reasonable to present the most common definitions:

“We define sustainable development reports as public reports by companies to provide internal and external stakeholders with a picture of the corporate position and activities on economic, environmental and social dimensions” (WBCSD, 2002, p.7).[2]

“GRI uses the term “sustainability reporting” synonymously with citizenship reporting, social reporting, triple-bottom line reporting and other terms that encompass the economic, environmental, and social aspects of an organization’s performance (GRI, 2002, p.1).[3]

[2] The World Business Council for Sustainable Development (WBCSD) is a CEO-led (www.wbcsd.org).

[3] The Global Reporting Initiative (GRI) (www.globalreporting.org).

"[…] reports that include quantitative and qualitative information on their financial/economic, social/ethical and environmental performance in a balanced way (KPMG, 2002, p.7)[4]

Practically every company divides its responsibilities into three main groups: economic, environmental and social. Schaltegger et al. (2003) presents a concept of "4corporate sustainability challenges" and highlights economic, environmental, social and integration challenges. In accordance with Krajnc and Glavik (2005) sustainability reporting aims at providing an invaluable complete view of a company that includes all areas of corporate performance assessed separately in advance. Daub and Karlsson's (2006) point of view suggests an idea of corporate sustainability challenges. Thus, the developed different definition that is focused on challenges and changes in company's sustainability performance:

"Sustainability report must contain qualitative and quantitative information on the extent to which a company succeeds during a reporting period in raising its eco- and socio-effectiveness and improving its eco- and socio-efficiency, and integrating these aspects into sustainability management" (Daub and Karlsson, 2006, p.558).

Plus to this, Daub (2005) concludes that sustainability report has to be public and in free access and show the reader the following:

"Company has managed to improve its economic, environmental and social effectiveness and efficiency in the reporting period and integrate these aspects in a sustainability management system" (Daub, 2007, p.76).

On the whole, companies all over the world issue reports named "sustainability reports" where they present a description on how they manage their environmental, economic and social activity. However, in practice companies decide themselves what should be included in the sustainability report within the institutional environment. Therefore, there is a gap between the definitions and the practical use of sustainability reporting.

[4] KPMG (www.kpmg.com).

As for my research, it is important to keep in mind that companies' practices are different and they even do not comply with the idealistic definitions discussed above.

3. Method section

This chapter is devoted to the research methodology used in the study. I will explain the choice of research design, research strategy and cover data collection techniques.

The research strategy is a general plan for how I am to answer the research question (Saunders at el., 2003). It encompasses the methodology of research, research design, data collection and sources.

In this study I use different kinds of data and data collection. First of all I use academic books, peer-reviewed journal articles, documents and some working papers (Easterby-Smith, 2015). The studied topic is quite new and developing, there is some research done but still the further research will be needed to find out what is happening in the field and find new insights (Robson, 2002).

There is a significant advantage of the issue and it is the availability of the sustainability reports of the companies that were chosen for the investigation. Therefore, I took the most recent available reports Statoil's sustainability report from 2015 and LUKOIL's sustainability report from 2014-2015. LUKOIL tends to publish reports for 2 years and it still has not completed the report covering 20016 and 2017 years. Unlike Statoil that makes such reports annually. The research is exploratory and flexible that is also an upside (Saunders, Lewis, & Thornhill, 2012).

The main purpose of the research is to achieve an understanding of the sustainability reporting in oil and gas companies. Make a review of such reports of Norwegian and Russian companies in energy sector, namely Statoil and Lukoil correspondingly. This is accomplished in order to get the descriptions and specific features of each to further analysis.

It is important to point that there are 3 levels of institutional factors – national, industry and company levels. For my research, I have chosen national level for studying institutional factors of sustainability reporting practices.

According to GRI there is a confirmed content for GRI-based reports that is used both in LUKOIL and Statoil. The report content is structured in a logical order for GRI and companies that stick to these standards are encouraged to strictly follow the structure. It encompasses 5 sections according to the Part C of the GRI Sector Supplement for Public Agencies (GRI, 2005):

1. Vision and strategy. The section includes a description of the reporting company with the reference to sustainability and a statement from the CEO of the company.
2. Profile. The section presents an overview of the organizational structure of the reporting company, its operations and the scope of the report and assurance.
3. Governance structure and management systems. Here a reporter states the description of organizational structure, its policy and management structure, and plus to this stakeholder engagement.
4. GRI content index. This is the table presented by the reporting company where it reveals the location of the information listed in the GRI standards within its report.
5. Performance indicators. This section presents information on measurements of the impacts of the reporting company on economic, environmental and social performance indicators.

I will use these 5 sections in order to analyze sustainability reporting of the selected companies and their compliance to this standards and differences between each other. All the findings and results are covered in the research findings section.

The analysis was done with the Likert Scale from 1 to 5, where 1 represents "no disclosure at all"; 2 – "disclosure to a smaller extent"; 3 – "disclosure to some extent"; 4 – "disclosure to larger extent"; and 5 – "significant level of disclosure".

Likert Scale represents a psychometric response scale generally applied in questionnaires to receive participant's preferences or degree of agreement with a statement. Likert scales are a non- comparative scaling technique and are one-dimensional (that only measure one single trait) in practice. Respondents tend to be asked to specify their level of agreement with a given statement by the use of an ordinal scale (Dane Bertram, 2007).

The technique is attributed to Dr. Rensis Likert, a sociologist at the University of Michigan, who developed this particular Scale. His report entitled "A Technique for the Measurement of Attitudes" was published in the Archives of Psychology in 1932. His main aim was to develop means of measuring psychological attitudes in a "scientific" way. Specifically, he developed a method that would provide attitude measures that could be interpreted as measurements on a metric scale (Uebersax, 2006).

In my research I use secondary type of data as I need companies and some government reports, journal and newspaper articles. The main advantage of using this kind of data is high quality and reliability (Easterby-Smith, 2015). Qualitative data is predominantly associated with such rich data (Saunders, Lewis, & Thornhill, 2012). It would be also of great value to use some primary data such as interviews but as a limitation of the study it is practically impossible for me to get in touch with people from the companies studied and to conduct the interviews.

Thus, according to Easterby-Smith (2015) collection of some secondary textual data, such as internal reports, can require the development of a strong and trusted relationship between the researcher and the research participant who has access to these texts. Such a relationship might be developed during interviews, participant observation and action research. Whatever method is chosen, the process of data creation through language and text require a fair amount of strategic thinking and planning that goes beyond the development of an appropriate research design.

As for data analysis I use content analysis as it is the most convenient type for this research. Content analysis is an approach that aims at drawing systematic conclusions from qualitative data that have been structured by a set of ideas or concepts (Easterby-

Smith, 2015). Researchers interrogate their data for the presence, meanings and relationships of these ideas or concepts, which are derived from a pre-existing theory or hypothesis, from the research question or from the data themselves (Hsieh and Shannon, 2005: Flick, 2009). As a practical approach the method of content analysis of environmental disclosure is taken. The method implies the use of the Likert scale from 1 to 5 that is presented in more details further in this chapter.

By this approach to the studied question/topic I try to answer the question why so happens that the sustainability reporting is different and what are the main reasons for this inequality. My research is focused on sustainability reporting in the context of Norwegian and Russian oil and gas companies, and this includes interpreting qualitative information provided by external reports and documents of the companies.

The reason why these two particular companies were chosen lays on the surface. First of all each company is multinational and has operations in many countries, but what is more important is that they argue to be the ecologically sustainable companies. Thus, Lukoil got a certificate from WWF that ranks the company as one of the best environmental performers in 2016. Moreover, LUKOIL also won in a special category "for high quality and transparency of environmental performance against rating criteria". LUKOIL was the first Russian energy and fuel company to have started publishing its sustainable development reports with a focus on the efficient use of natural resources (LUKOIL, 2016). As for Statoil, it has been the first sustainable energy company in the world since 2015, according to Castagra. They provide the world with growing energy demands but in an economically, environmentally, and socially responsible way. They also hold themselves to extremely high ethical standards and are committed to being open about their business actions (http://www.castagra.com). Also, STATOIL received many awards for its contribution to sustainable development such as GGFR 2015[5], Petroleum Economist Award 2015, Ethibel Sustainability Index 2015, Transparency International 2015 and etc.

The choice of these two companies can be also attributed to the existence of joint projects. They share and cooperate in the Barents Sea territory together with such companies as BP, Chevron, ConocoPhillips, Det norske oljeselskap, Eni, GDF Suez,

[5] *The Global Gas Flaring Reduction Partnership*

Idemitsu, Lundin, Norske Shell, PGNiG, Repsol, Spike, Suncor, VNG and Wintershall (www.statoil.com, Seismic cooperation in the southeastern Barents Sea, 2013). In the Barents Sea Statoil launched a project for joint acquisition of seismic 3D data with those stated above companies.

Moreover, in 2010 PJSC LUKOIL and Statoil ASA signed a contract for the field in Iraq called West Qurna 2. According to Helge Lund, Statoil CEO that agreement was a signal achievement for the companies, "… Our attention now is on safe and responsible development of the field, creating long term value both for Iraq and the companies." Both companies managed to bid for the right to develop the field.

In addition, in 2016 Norway offered Russian company LUKOIL a partnership in the Arctic and Norway awarded LUKOIL with a 20% stake in the Arctic along the borderline to Russia (Atle Staalesen, 2016). LUKOIL is the one Russian company that was presented a license round by the Norwegian government. The consortium seems to be mutually beneficial and LUKOIL's representatives stated:

«LUKOIL was the first Russian oil company pre-qualified in 2011 as an operator on the Norwegian Continental Shelf and became the only Russian company, which was granted a participation in the new project within 23rd Round. We believe the Company's knowledge and experience provide competitive advantages both for Russian and Norwegian Shelf»[6]

4. Sustainability reporting standards and guideline

This particular chapter is devoted to the core and fundamental standards and guideline referring to sustainability reporting. I define and describe internationally accepted standards developed by such organization like GRI and IPIECA. Also, I highlight two most commonly used standards - ISO 26000 and AA1000.

Recently, the world has enjoyed sufficient increase in sustainability initiatives internationally (Kiron, Kruschwitz, Haanaes, & von Streng Velken, 2012). With such growth international and national political organizations constantly revise the reporting requirements for companies.

[6] Atle Staalesen, Lukoil is Norway's new Arctic petro partner.

The Global Reporting Initiative (GRI) is a non-profit organization that provides economic, environmental and social sustainability. The purpose of the GRI is to create sustainability reporting standard practice by presenting guidance and support to organizations. The organization accepts the principle of multi-stakeholder engagement and supplies all companies with a comprehensive sustainability reporting framework. The GRI framework is widespread and is used in the whole world. Its “G3” version was developed in 2006 and incorporates 44 pages of the main Sustainability Reporting Guidelines accompanied by 4 pages of “GRI Application Levels” and 119 pages of “Indicator Protocols.” Concerning the safety issues, recommendations to disclose a company’s investments into safer drilling technologies, technologies for rig safety and accident prevention, or spill response technologies were not found in this version. However, there is a generic call presented by the indicator (EN30) that refers to overall environmental protection costs and investments.

The worries about spill prevention plans were noted in the indicators (EN14), (EN19) and (EN23). They suggest reporting on strategies, current actions, and future plans for managing effects on biodiversity, emissions of ozone-depleting substances by weight, and to disclose the overall number and volume of substantial spills.

The issue concerning reassessment of specific response plans and risk management are located in the indicator (EN26) promoting initiatives to mitigate environmental impacts of products and services, and in (LA8) and (LA10) regarding education, training, prevention, and risk-control programs to act as an assistance for workforce members. Moreover, there are (PR1) and (PR2) indicators concerning the incidents of non-accordance to regulations and voluntary codes in reference to health and safety impacts of products and services during their life cycle.

Connections to sub-contractors and all third parties are indispensably important in GRI. The indicator (EC6) suggests distinguishing policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

The description of management systems especially referring to oil operations safety are not required by the GRI indicators. However, it is said that all disclosures about the management approach should give a brief overview for each indicator category to make the context for performance information (GRI, 2006, p.24). This means that every overview of risks and opportunities a company is now facing are needed to be outlined together with a proper management approach.

Besides, there is one more organization like GRI. IPIECA is the unique global association that includes both the upstream and downstream oil and gas industry on environmental and social issues. IPIECA's membership covers over half the world's oil production. Moreover, IPIECA holds a grand number of its activities by cooperating with other organizations and encompassing input from stakeholders. The organization was developed as "Oil and Gas Industry Guidance on Voluntary Sustainability Reporting" in collaboration with the American Petroleum Institute (API) and the International Association of Oil and Gas Producers (IOGP, previously known as OGP). The second edition of "Oil and gas industry guidance on voluntary sustainability reporting" was published in 2010.

Therefore, guidance is concentrated on sharing best practice across the industry, supporting companies in keeping their stakeholders informed about their performance. The guidance accounts for 146 pages and discusses two types of assistance presenting information on the process of reporting and the content of the report. The guideline recommends applying a robust environmental management system and performance indicators to illustrate constant improvement in lowering industrial footprints on the environment. The aim is to "assess environmental impacts, mitigate risks of pollution or contamination through control technologies, continuously reduce the impact of emissions, discharges and waste streams, and respond effectively to accidents, such as marine spills" (IPIECA, 2010, p. 54). Plus to this, the guideline outlined that companies should choose elements through which they can present their responses to the challenges they face in different areas (IPIECA, 2010, p.54).

As for the safety issues, the recommendation to disclose a company's investments in spill prevention and response activity were not stated in the IPIECA/API/OGP guidelines.

Concerning spill prevention plans, the guidelines recommends two impacts and response actions for substantial spills, emergency preparedness and response programs, plans, organizational structures and affiliations for an effective response to spills and other emergencies (indicator E8). It is important to examine and develop ways of managing spills. The guidelines encourage an explanation of actions, rather than naming or counting spills that have occurred, and recommend reporting on the origins of significant spills and the lessons learned from investigations.

Such indicators as (HS2), (HS3), (HS4) and (HS5) concentrate on occupational incidents and process and product safety. They suggest reporting on high-learning-value events, identifying risk-control barriers in past incidents and a company's experience with risk controls. These indicators also suggest covering their knowledge of their specific sites and facilities to discover grave risk scenarios and outline response plans for them, to cope with product-related incidents and assess demands on the safety system.

Concerning assessment of relations with sub-contractors and third parties, there are recommendations included in indicators (E8), (HS1), (HS3), (SE7) and (SE9). They request numerical measures, separately reporting substantial hydrocarbon spills caused by product transportation by third parties, to show the extent to which contractors are incorporated in programs, and to present prequalification criteria for potential suppliers. What is more, it is crucial to state the policies, programs, and procedures a company has for increasing respect for human rights and main labor standards by suppliers, to track suppliers' adherence towards agreements related to human rights, and steps undertaken in cases when the findings do not comply with the company's expectations.

As for recommendations concerning management systems connected to environmental, health, and safety risks are located in the indicators (HS1), (HS4), and (HS5). The first two encourage company to outline its approach to managing workforce participation in health and safety issues and cover some activities presenting the usage of the management approach and the product health, safety, and environment management system.

Currently, there are about 20 various standards of non-financial reporting. In practice the greatest distribution was gained by the following standards:

GRI (consists of three basic elements: economy of the enterprise, environmental and social policy); AA10001 (assumes streamlining of social initiatives of the company and increase in their efficiency); SA 8000 (the bigger emphasis is placed towards the labor relations where standards of employer's liability in the field of working conditions are established); ISO 26000; ISO 14 000 (displays social responsibility of the company in observance of ecological requirements).

The Global Reporting Initiative (GRI) was formed in 1997 by the UN Environmental Program (UNEP) and several of its partners (Global Reporting Initiative, 2015) and the main aim of developing a reporting standard for the "triple bottom line" that consists of economic, environmental, and social performance. GRI has created detailed reporting indicators framework to help reporters write valuable non-financial reports that matter to their key stakeholders (Global Reporting Initiative, 2013, s. 3).

GRI developed its first reporting standard version in 2000 (Global Reporting Initiative, 2015) and it encompasses 150 indicators that cover economic, environmental and social issues (Global Reporting Initiative, 2013). Companies that use the framework are free to choose to correspond with only the fundamental indicators or complete list of indicators. Every company using these reporting standards must refer to the latest version (G4) by 31.12.2016.

There are global reporting standards that are general for any company and they are called GRI Sustainability Reporting Standards. GRI has pioneered sustainability reporting since the late 1990s, transforming it from a niche practice into one now adopted by a growing majority of organizations. The GRI reporting framework is the most trusted and widely used in the world (GRI).

Besides, there are some more providers of standardized reporting: The Organization for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises), The United Nations Global Compact (the Communication on Progress), The International Organization for Standardization (ISO 26000, International Standard for social responsibility).

ISO 26000

ISO 26000 has been the largest developer of voluntary International standards in the world since 1947. Published ISO International Standards tend to be translated and adopted as national standards by the ISO members (GRI G4 Guidelines and ISO 26000:2010). ISO is made to act as an assistant for organizations towards contribution to sustainable development.

“An organization should, at appropriate intervals, report about its performance on social responsibility to the stakeholders affected. In reporting to its stakeholders, an organization should include information about its objectives and performance on the core subjects and relevant issues of social responsibility. It should describe how and when stakeholders have been involved in the organization’s reporting on social responsibility. An organization should provide a fair and complete picture of its performance on social responsibility, including achievements and shortfalls and the ways in which the shortfalls will be addressed.”[7]

Along with the obligatory reporting there are a lot of companies in Russia and the world constitute also the voluntary reporting. The public non-financial reporting — one of examples of such reporting in the majority of the countries of the world. These are officially the documents published by the companies and the organizations in which they submit to concerned parties (stakeholders) a full range or limited amount of aspects of the activities in the field of responsible business practice, the corporate social liability (CSL) or the sustainable development (SD).

According to the statistics of the websites — storages of public non-financial reports, both independent of GRI, and connected with this organization (for example, www.corporateregister.com, database.globalreporting.org), about 80% of public non-financial reports in the world are made with use of the Management according to the reporting of GRI. According to the Register of the public non-financial reporting of RUIE, the Management of GRI is used by 83% of the Russian companies publishing

[7] ISO 26000:2010, 7.5.3, Box 15 – Reporting on social responsibility

non-financial reports (National registry and Library of corporate non-financial statements).

Still, according to Leeson et al. (2005) the GRI framework recognized to provide the best reporting practice, and only after the GRI follows ISO standards. Thus, the GRI sustainability reporting standards are greatly popular with the companies when deciding on what sustainability information to report (Hartman & Painter-Morland, 2007; Jones & Solomon, 2010:20-22; Rea, 2009).

AA1000

The AccountAbility Framework and Standards are globally accepted and used in a wide range of companies from small business to larger corporations. It was established in 1996 as a non-profit organization with the main aim to stimulate companies' accountability for sustainability. The AA1000 AccountAbility Series are the standards that provide companies with the guideline for enhancing their performance through their sustainability strategy, environmental and social effects opportunities and stakeholder involvement (AccountAbility.org, 2016).

4.1 Sustainability reporting norms and regulations of oil and gas industry in Russia

In this particular chapter I discuss sustainability reporting features referring to Russia energy industry. Although, in Russia sustainability reporting is a voluntary practice, there are still important norms, rules and requirements to the reports, that are also outlined in this chapter.

The research literature proves the importance and influence of contextual factors and institutional environments over corporate responsibility (Halme et al., 2009). Also, Gjølberg (2009) has made a research about corporate responsibility practices in various countries and proved that the concept and understanding of sustainability reporting differs everywhere. Thus, the study has shown that sustainability reporting is implemented differently in economic, social, cultural and legal contexts (Gjølberg, 2009).

There is no much research done revealing the concept of sustainability reporting practices in Russia and according to Belal and Lubinin (2009) that corporate social disclosure is an under-researched sphere in Russia. In Russia the concept of sustainable development was created after the Soviet Union disintegration. Moreover, the whole development process of sustainable development and sustainability reporting has been rather slower in comparison with other Western European countries. Russian socio-economic and political situations have a substantial impact on the development of sustainability. All the aspects of life in Russia were damaged and there was an urgent need in introduction of sustainability development into business sector (The Decree of the President №440, 01.04.1996).

For the first time the term "sustainable development" appeared in Russia just after the Rio Declaration in 1992 (Koptyug et al. 2000). It was defined as a balanced development in all fields in accordance with the UN. In addition, the Russian government faced a problem of putting the principles of sustainable development into practice. Two years later a Presidential Decree on environmental protection and sustainable development was published and further in 1996 a Presidential Decree on Russia's shift to sustainable development idea was implemented (The Decree of the President of Russian Federation №440, 01.04.1996). The Decree from 1996 was indispensable and played a crucial role during that period of time in Russia:

"The reason is that the Russian economy in the reform and transition period turned out to be distorted and inefficient. Negative impacts on the environment were more substantial than in develop countries. Much of the Russian production funds did not meet up to date environmental standards, while 16 percent of the territory with more than a half of the population was characterized as ecologically dysfunctional. However, Russia still has the world's largest potential of natural ecosystems (8 million square kilometers). The transition towards sustainable development should be a long process since a lot of decision-making is required in social, economic and environmental fields previously not practiced. As we (the country, people, government, and companies) move towards sustainable development, the sustainable development idea is itself being changed and refined" (The Decree of the President of Russian Federation №440, 01.04.1996).

Since 1990s there were a number of reforms in Russia, what resulted in the adoption and implementation of the international financial reporting standards (McGee and Preobragenskaya, 2006). In Russia sustainability reporting was put into practice only 10 years after the global conception of sustainable development. Therefore, during the rule of Medvedev Russia was characterized as one of the biggest and powerful economies worldwide and it led to the adoption of global trends concerning CSR and non-financial reporting (Kuznetsov et al., 2009; Shokhin, 2008).

The main representatives of the non-financial reporting in Russia today are the largest private companies and medium size private companies, municipalities and the companies with the state participation now only try to be defined in the field and to understand as far as for them it is necessary non-financial reporting. Misunderstanding of a role and the place non-financial reporting is still substantial in technology of corporate management and as a result, misunderstanding and underassessment of effect of preparation of the non-financial reporting. Many companies are at the beginning of search for effective forms of the non-financial reporting and tools for its development.

In spite of the fact that some large Russian companies publish sustainability reports, for modern business in Russia drawing up reports on the international standards isn't obligatory. But, there are some circumstances stimulating development of the non-financial reporting under IFRS:

- the reporting is necessary for involvement of foreign investors since the non-financial report can significantly improve positions of the company on negotiations (for example, indicators ecological and in general social stability of the company);
- the non-financial report confirms openness of the company, and, therefore, gives vent to the Russian company on the international market share;
- the social report is an effective remedy of improvement of quality company's management which allows to systematize social programs.

For the last years interest of the state in non-financial was shown the reporting of the companies with the state participation that exerts positive impact on one of the least transparent segments of the Russian business for society.

It should be noted that together with the non-financial reporting in Russia there are developing institutes of an independent assessment and confirmation of reports, including in the new, developing form of its external assessment – a form of public assurance.

Russia is rich in oil and gas and possesses giant energy companies that are in a bandwagon of global reporting standards, thus, Global Reporting Initiative (GRI) argues that sustainability reporting has become an indispensable tool for Oil & Gas companies in order to secure and maintain their license to operate, and this is evident in the number of reporters within this sector (GRI, 2006). I suppose that Russian oil and gas companies are good at observing sustainability reporting as well as Norwegian ones. However, the study has shown that the latter have different requirements and suggestions for the reporting.

When the company takes the first step towards transparency, decides to go under an independent assessment of the public, using public procedures of verification, it shows the serious relation to the report and that information provided to external community. Nevertheless, most of the Russian companies perceive the non-financial reporting as the action which does not influence the real business strategy of a company. Thus, in 2010 weren't exposed to independent check of 40% of non-financial reports were not subject to independent examination, 36% underwent assurance with participation of different types of verifiers (scientists, representatives of non-profit organizations), 10% of reports had the professional audit report and only 14% applied both forms of assurance.

The non-financial reporting in Russia is most widely submitted in the companies of oil and power branch. The oil processing enterprises directly influence the social sphere, often representing a city-forming factor. For the power sphere high level of risks is characteristic. It is obvious that in case of a mistake the negative impact on the environment from the point of view of ecology will be enormous. In regions where providing the non-financial reporting has big history, and also where quality of the external audit inspection is high, more attention to possible not only technological, but also social, economic and corporate risks of the companies is paid. In Russia oil and power the companies treat irresponsibly drawing up the non-financial reporting. In the analysis it has been revealed that in reports of several large power enterprises potential risks haven't been disclosed. The oil companies show the activity only from a positive side, including in the reporting of article which can't objectively give the investor information on possible problems of firm (Sustainable Development Report, 2013).

Owing to optional character of the non-financial reporting in Russia the companies often give incomplete information on the activity. Also they don't book external audit, issuing the reporting which can't be estimated by investors from the point of view of influence of their activity on ecology and end monetary result. The general tendency concerning providing the non-financial reporting in Russia consists that the companies try to convince investors of the positive influence on social sector in spite of the fact that there is no real effect of their actions (Volodin and Kazakova, 2015).

The largest energy companies of Russia such as Gazprom, Rosneft and Lukoil publish sustainability reports on their websites with free access. They are also included in the list of CorporateRegister.com.

Table 1. Available disclosures on sustainability of Russian oil companies[8]

Name of company	***Reports and available disclosures***
Gazprom	"Environmental report 2016" "Annual report 2016"
Rosneft	"Sustainability report 2016"
Lukoil	"Sustainability report 2014-2015"

Today, there are nearly 30 international CSR standards in the world designated for assessment and management of CSR actions and reporting on corporate level. For more adequate reception and introduction on corporate level, it is advisable to classify these standards in four categories, depending on application and use:

[8] *CorporateRegister.com.*

- Guidelines and codes of conduct (Amnesty International's Human Rights Guidelines for Companies, OECD Guidelines for Multinational Enterprises, UN Global Compact, etc.)
- Management systems and certification schemes (Eco-Management and Audit Scheme (EMAS), ISO 9000 and ISO 14001 eco-standards, SA 8000 Standard for Social Accountability, etc.)
- Rating indexes (Dow Jones Sustainability Indexes (DJSI), FTSE4Good "ethical" Index Series, etc.)
- Report preparation systems (Guidelines of Global Reporting Initiative (GRI) and AA1000S Process Standard for Report Preparation) For the last 10 years, Russian leading companies have been primarily introducing the EMAS, ISO 9000 and ISO 14001 eco-standards, and SA 8000. GRI and AA1000S are used in CSR reporting during two or three years.

Russian companies have quite different approach of reporting about their sustainability than foreign ones. Therefore, the next CSR standards are used in Russia: CSR-2008, the National Register of Corporate Non-financial Reports managed by the Russian Union of Industrialists and Entrepreneurs, the Global Compact and the Social Charter of Russian Business, The memorandum of the principles of CSR approved by Association of managers of Russia, Code of entrepreneurial ethics Chamber of Commerce and Industry of the Russian Federation "12 principles of business in Russia", "The social reporting of the entities and organizations registered in the Russian Federation. Methodical recommendations", "Basic indicators of effectiveness"-the recommendations about use of the corporate non-financial reporting prepared by RSPP.

In Russia preparation of the non-financial reporting — is a voluntary case, and therefore is of interest so far only to the leading companies for which corporate social liability is directly connected with business objectives and is a part of a corporate culture (gaap.ru).

Full public openness is a matter of principle for all types of such reporting. Mass media pertain to stakeholders and play a special role: they cover best practices in this field to be multiplied by business communities and the civil society. In Russia, a small part of major businesses actively develop annual reporting forms using basic principles, elements, and performance indicators defined in the international standards.

Much work should be done to enable Russian companies to move up to the international standards of social and environmental reporting. However, we should start with introduction of the concept of sustainable development and social and environmental responsibility of such forms that are mostly convenient for companies, including the simplest ones: special sections in annual reports and social and environmental reports.

4.2 Sustainability reporting norms and regulations of oil and gas industry in Norway

The demand and necessity for non-financial reports were raised by the growth of social responsible investment funds, that put pressure on companies to disclose more data (Vormedal and Ruud, 2009). In the context of Norway, the most important and powerful market driving force always has been The Government Pension Fund (UNEP, GRI, KPMG and the Centre for Corporate Governance in Africa, 2013).

Vormedal and Ruud (2009) point social drivers represented by internal and external stakeholder groups that make companies to disclose information about their activity and impact on stakeholders' interests. Here Vormedal and Ruud (2009) highlight the ethical driver that triggers companies to disclose data and be accountable to a wider range of stakeholders.

It is likely that the rising interest in socially responsible investment (SRI) on the part of Norwegian investors in recent years (Bellona, 2004) has inspired more companies to disclose social and environmental information.

Moreover, there have been important social drivers for the non-financial reporting in Norway – National Environmental and social Reporting Awards. These awards were established in 1994 by a number of financial and business stakeholders, administrated by the GRIP (the state-supported Foundation for Sustainable Production and Consumption, with the purpose of enhancement non-financial reporting in Norway (GRIP, 2006).

According to the study carried by Ernst & Young Global Limited in 2014, non-financial disclosure regulations in Norway saw improvements and progress than a year before. The study showed that there were substantial improvements in the reporting on guidelines, a steady improvement in reporting on implementation and results (Ernst & Young Global Limited, 2015).

However, according to Ørstavik (2006) from "ForUM", the chief NGO network organization in Norway, with a membership of more than 50 environment and development NGOs, the level of civil-society pressure towards companies to implement corporate responsibility (CR) policies, and to report on their environmental and social performance, has been notably poor compared with other countries (Irja Vormedal and Audun Ruud, 2009).

In such countries as France, Norway, Sweden, Denmark, Holland, Finland, disclosure of performance indicators of the company in economic, social and ecological spheres is the compulsory procedure fixed in the legislation of these countries. While in Russia companies are free to choose what to include in their reports.

As Norway is greatly concerned about the nature of the country as it is rich in diversified flora and fauna, the country struggles to preserve these treasures from impacts from any kind of activity. Especially, it can be seen in marine area that is why in the sustainability reports they place much attention to this particular field (Government.no).

The White Paper Corporate Social Responsibility in a Global Economy by the Norwegian Ministry of Foreign Affairs (2009) outlined international challenges and called CSR as a main tool for the worldwide competitiveness of Norwegian companies. It reviewed companies' responsibility for the development of society plus to usual value creation. The White Paper states that in order to develop and promote companies' CSR practices, the systematic reporting was required, but it was proved that it is challenging enough to find legal tools that have an effect on the business sector's awareness (Norwegian Ministry of Finance, 2012). Basing on the White Paper, the Norwegian

Ministry of Finance proposed changes to the 1998 Accounting Act to incorporate a requirement for big companies to report on how they include respect for human rights, labor standards and working conditions, concerning environmental issues and struggling against corruption. Prior to the proposal, the current law needed reporting on issues connected to working conditions and gender (non-)discrimination, while reporting on environmental issues was only required if reporting company had substantial impact on the environment (Norwegian Ministry of Finance, 2012).

Such kind of extention of the reporting requirements were made with the aim to higher awareness and taking environmental and social responsibility (Norwegian Ministry of Finance, 2012). This purpose was made by the committee as it argued to raise the openness in non-financial reports of companies. However, the Norwegian regulation system was seen as unsuitable for any practical use (Olsen & Orderdalen, 2014).

The Norwegian authorities state the framework conditions for companies' business by adoption and implementation of national legislation, regulations and guidelines. Examples of this are regulations and requirements relating to the health, safety and environment (HSE) field and to the natural environment. The authorities can also apply positive incentives to encourage innovation processes in the private sector and in addition develop new or better solutions to various social challenges (Norwegian Ministry of Foreign Affairs, report No.10, 2008-2009).

All in all, all these differences in reporting can be attributed to a certain extent to values, culture, nature, environmental features of countries.

Further I will study the reports of Russian and Norwegian oil companies - Lukoil and Statoil correspondingly in order to compare the approaches. The study is limited by the available published reports of 2013 – 2015 years of the named above companies.

4.3 Sustainability reporting and institutional factors.

In this chapter I make a review and reflect upon sustainability reporting in Russia and Norway in light of institutional factors, presented previously in the chapter devoted to theoretical frame of reference. I highlight how these factors may influence sustainability reporting in Norway and Russia.

As was discussed previously in the chapter that deals with the institutional factors, there are four core factors that have an influence on sustainability reports. These factors are:

- *Normative factors.* These factors suppose a direct influence of different non-governmental organization on companies that present sustainability reports. These factors are controversial as there are not so many powerful NGOs that could somehow affect a company's approach towards its practice of sustainability reporting, especially in Russia. The only two to some extent powerful international NGOs these are Greenpeace and World Wildlife Fund (WWF).
- *Mandatory factors*. These are informal and formal public authorities and other social impacts on companies. Frequently, these factors are established by the state or regulatory bodies (A. Rautiainen, p. 270-288,2008). These factors are much more influential than the first ones, but still in Norway, as sustainability reporting is an obligatory part in business there.
- *Economic factors.* This kind of factors is attributed to economic changes and sustainable development. These particular factors were core reason for companies to go beyond the disclosure of financial data potential investors and shareholders.

  These factors imply various phenomena that are met on the market. First of all comes competition, as every company wants and struggles to be at the top and take on a market. In order to reach this goal and to attract as much investors, consumers and clients as possible companies present different reports and in particular sustainability reports so called non-financial reports.
- *Copying factors.* These factors secondary and are not of great importance unlike previous ones, but still every company tends to copy its more successful predecessors as well as their sustainability reporting practices. As for these factors, they undoubtedly influence company's practice or company's decision to develop and publish sustainability reports, seeing how useful it is for companies that have published it for years.

Among indicators of the non-financial reporting the following are the most interesting: indirect economic influence, use resource sources, namely water and energy. In the non-financial reporting negative outer effects which result from activity of the company are reflected. Business reveals these indicators in most cases. At the same time such factors as availability of information, protection of natural resources, the principles of honest competitive trade, often are not presented in the non-financial reporting. As a result, if some articles aren't covered in the reporting, it can do to set the investor thinking on expediency of investment of capital, and firm — to reconsider policy of business.

The assessment of indicators of the non-financial sustainability reporting is impossible without analysis of the structure of GRI. There is a question how this organization effectively realizes the functions and also thanks to what form of government of GRI, on the one hand, positions itself as the organization independent of the state and from management, and with another — sets an aim to be recognized in the financial and non-financial world. Such approach assumes development of special structure.

It is reasonable to start with institutional normative factors as they, namely non-governmental organizations, together with mandatory factors play crucial role in the development of sustainability reporting in business companies. These organizations all have common purpose to provide and support social responsible business and develop disclosure methodologies. Plus to this, NGOs take an active part in the argues about the standardization of sustainability reporting itself and the necessity to present financial and non-financial data.

One of such kind of organizations called United Nations Global Compact has considerably influenced sustainability reporting and its principles and methods are followed and used in companies all over the world.

Each company that joins UNGC is obliged to adhere to the core 10 principles of sustainable development and maintain them. But, as it was previously revealed there is one drawback that sometimes companies in their sustainability reports do not state how exactly these principles were applied (S.Prakash Sethi and D.H. Schepers, 2012). In 2010 International Center for Corporate Accountability carried out a study of 513 companies, including 221 members of UNGC, and the results shown that those 221 companies failed to publish data about implementation of the principles (SICCA, 2010).

All professional organizations create globally accepted standards for sustainability reporting. However, these sustainability reporting standards still are not obligatory unlike financial. Moreover, some of them collaborate, for example in 2010 GRI and UNGC created an alliance with the purpose to develop a unique methodology for sustainability reporting.

There always has been a lot of pressure from market-based factors on sustainability reporting. The most important and influencing market-based factor in the frame of Norway is the Government Pension Fund (GRI, UNEP and KPMG, 2013).

As for the social influencing factors these are stakeholder external and internal groups that encourage companies to publish information concerning their activity and how it changes the interest of their stakeholders. Due to this factor companies are strongly interested in improving their stakeholder management and they become aware that transparency considerably enhances companies' reputation (GRI, UNEP and KPMG, 2013).

In addition, political and regulatory factors also have influenced companies to present sustainability reports. It is reached by the use of "soft law" tools when companies are obliged to report on how they apply principles of corporate responsibility, or state that they do not practice it (GRI, UNEP and KPMG, 2013). The creation of general international standards for non-financial reporting is crucial here as they contribute to the efficiency of non-financial reporting (Accounting Act § 3-3c).

In Norway there is the Norwegian Accounting Act § 3-3 that affected approximately 450 companies (Ditlev-Simonsen, 2014). This particular Act requires big companies to make reports concerning their integration with human rights, labor rights and social conditions, the environment, and anticorruption into their strategies and operations. In Norway regulators do not make it obligatory for companies to use a specific non-financial reporting standard (Eccles, Serafeim, & Krzus, 2011), so they are free to choose various possible ways how to write a report.

Also, according to Vormedal and Ruud (2009), there is an ethical factor because more and more companies are becoming aware of being accountable to a bigger variation of stakeholders.

Institutional theory deals with social and cultural pressures in shaping companies. This theory explains why companies embrace different social views, rules and norms (O'Sullivan, 2012). Practically, the appliance of institutional theory into sustainability reporting is quite limited because of the novelty. This institutional theory studies the reaction of companies towards social pressure (Amran and Hannifa, 2011). I use this theory in my research because I believe that it will give the broader view of factors that have an impact on sustainability reporting.

5. Sustainability reporting practices in Russian and Norwegian companies

In this chapter I provide a deeper and more informative review of Russian and Norwegian sustainability reporting practices. Moreover, here I make a presentation of two studied companies specifying their core activities and business profile. Further, I delve into the data disclosed in sustainability reports of corresponding companies LUKOIL and Statoil ASA in order to assess them using the Likert Scale, the method is outlined in the methodology. In addition, I make comments on the obtained results and thereto analyze them basing on assumptions with the reference to institutional theory.

5.1 Overview of LUKOIL Group

LUKOIL is one of the Russian leading companies in energy sector. The company has been on the market for already 25 years producing oil and gas, refining these sources into petroleum products and petrochemicals. The company operates both in various regions of Russia and abroad increasing its scale and soundness. It was formed in 1991 as an oil industry group that consolidated three main oil production enterprises of Langepas, Uray and Kogalym.

LUKOIL is one of the major international oil and gas companies that accounts for more than 2% of the world's oil production and around 1% of the proven hydrocarbon reserves. While having the full production cycle, the Company exercises full control over the whole production chain — from oil and gas production to petroleum product sales. The Russian Federation accounts for 88% of hydrocarbon reserves and 83% of hydrocarbon production, with the main activities concentrated in four federal districts, including the Northwestern, Volga, Urals and Southern Federal Districts (www.lukoil.com).

One of the core reasons for selecting this particular company for the research is that one of its main strategic aims is high level of corporate responsibility that includes mitigation of environmental impact. “We strive to minimize the environmental impact and comply with the highest international safety standards in close cooperation with all of our stakeholders. To do this, we invest in the development of environmental projects, including the construction of gas processing facilities and own generation enterprises as well as pipeline replacement.” (www.lukoil.com).

The company claims to be one of the world’s biggest users of natural resources thus it abides by the highest global environmental standards and prides itself on the environmental management system it has in place across the entire Company's vertical chain of management.

LUKOIL Company sticks strictly to the highest HSE standards and is responsible for the efficient use of natural resources, maintaining environmental conditions in its activity. In every sphere of its activity the company seeks ways to reach a balance between socio economic and environmental development to contribute more to the sustainable development. LUKOIL as a sound company pays extremely close attention to the environmental consequences of its major activities, mitigation of environmental impact and negative climatic effects; it seeks possibilities to secure energy and resource saving and searches for alternative energy sources; and endeavor to make its products as environmentally friendly as achievable.

LUKOIL upholds the principles of the Global Compact and of the Social Charter of Russian Business, which is reflected in the Company's activities that contribute to sustainable economic growth and social responsibility enhancement (www.lukoil.com).

Sustainable development objectives are integrated into the general business strategy of the company and reached as part of the strategic programs and development plans made for specific business segments. While developing and approving plans, budgets and investment programs, LUKOIL’s Board of Directors takes into account the objectives stated in the Environmental Safety Program of the LUKOIL Group Organizations, as well as in the Policy and Functional Strategy for Personnel Management, and in the charity and sponsorship programs.

In 2015 the Company continued its effort in implementing the 5th corporate Environmental Safety Program of the LUKOIL Group Organizations for 2014-2018. Last year about RUB 48.4 bln. were allocated for environmental activities.

In 2015 considerable part of the funds was given to the LUKOIL Group Organizations to cover such activities as atmospheric protection, prevention and remediation of accidents, industrial waste recycling activities, protection and sustainable use of water resources.

LUKOIL has in its history, as well as Statoil, remarkable and large oil spill incident. It took place in Russia’s northern republic of Komi in 2011 and fro this year there were 9 oil spills in Komi. The company was issued the biggest fine in the country’s history according to Greenpeace (The Moscow Times, 12 January, 2014).

The republic of Komi is known for its big number of lakes, but due to the spills they are currently contaminated by oil. Sergei Donskoi, the natural resources and environmental minister, annually about 1.5 million tonnes of oil are spilled in Russia (The Guadrian, 5 August, 2016). This happens because of the worn out facilities that have been left from the USSR period, stated Vasily Yablokov, Greenpeace research projects coordinator.

5.2 Overview of STATOIL ASA

STATOIL is a Norwegian multinational company that was created in 1972. The company carries out the following operations: upstream oil, gas and biofuel operations, pipeline operations and retail station operations. STATOIL is involved in worldwide projects that are in Europe, The USA, Asia and Africa.

Moreover, STATOIL is one of the world's biggest net sellers of crude oil and the second biggest supplier of natural gas. The company is known as the largest operator on the Norwegian continental shelf.

STATOIL as well as previous company LUKOIL claims to be highly sustainable and transparent company with an extreme level of care to the environment. "Our industry is experiencing fundamental challenges. From climate change and geopolitics to the energy markets, we are facing new realities. Some see them as threats. In Statoil, we believe our job is to turn them into opportunities. That's why we're looking for new ways to utilize our expertise in the energy industry, exploring opportunities in new energy as well as driving innovation in oil and gas around the world. We know that the future has to be low carbon. Our ambition is to be the world's most carbon-efficient oil and gas producer, as well as driving innovation in offshore wind. We're a company driven by solving tomorrow's energy challenges, today." (www.statoil.com)

The company does its best to make its exploration and production processes more efficient and sustainable. STATOIL is always searching for ways to increase production and to decrease emissions. Thus, they innovate and use technology to lower to minimum the negative environmental effect from the refinery, especially taking into account that fact that the company has one of the largest oil refineries in Norway that is located at Mongstad.

In future STATOIL plans are to become the most carbon-efficient oil and gas producer in the world. It has set a goal to reduce emissions per barrel by 10% by 2020. Plus to this STATOIL stated five core important tips: aim for outstanding resource efficiency, prevent harm to local environment, create local opportunities, respect human rights and be open and transparent (www.statoil.com).

Statoil ASA practices active approach to the sustainability as the company struggles to stay highly competitive. Statoil, being an extremely trusted energy company with a long-standing license to run a business will increase future opportunities (Statoil ASA, 2017). Considering, that in Norway it is highly recommended to publish non-financial reports, Statoil endeavours to compose sustainability reporting using the Global Reporting Initiative guidelines and the UN Global Compact requirements (Statoil ASA, 2017).

Statoil is the biggest operator on the Norwegian continental shelf as it operates in the Norwegian Sea and the Barents Sea (as well as LUKOIL Company).

But not so perfect and smooth in Statoil business as it may seem. As the largest oil company with plenty of oil fields it has numerous spills that are published on their Web page www.statoil.com.

The most significant and crucial is Statfjord oil spill, also there were a chemical spill on the Heidrun field in the Norwegian Sea in 2000, Norne field oil spill in 2005, hydratic oil spill in April, 2005 in the Norwegian sector of the Barents Sea, a condensate spill in 1999 at Sture.

These two particular companies were chosen due to their status and similarity. First of all, LUKOIL company claimed to be a pioneer in the field of sustainability reporting in energy industry in Russia and acts as one of the leading oil company in the country. While its Norwegian partner Statoil ASA is the largest oil company in Norway that monopolized the market and as a result it sets standards in the industry for its successors. Plus to the above, both companies have joint projects.

5.3 Sustainability reporting in LUKOIL Group and Statoil ASA

The main aim of this chapter was to assess and compare sustainability reporting for 2013 – 2015 years (as LUKOIL has not still published the report for 2015-2016 years) of the most sound oil companies in Norway and Russia – Statoil and LUKOIL correspondingly.

The research consisted of analyzing the sustainability reporting of the companies in the population. The analysis was made in accordance with a checklist that is based on the literature review of sustainability reporting practices, against which the data of sustainability reporting was assessed. The results were illustrated in tables presented below.

There is a list of GRI criteria used for the assessment of the reports:

1. Vision and strategy. It includes: Strategy and analysis regarding sustainability, CEO's statement of commitment to sustainability, Broader context of sustainability, Company's whole strategy, objectives and values, Sustainability linkages to a business activity.
2. Profile. Includes: Company's profile, Materials used in preparation of report, Disclosure of completeness of data reported, Disclosure on efforts to ensure accuracy of report, Disclosure of independent assurance on sustainability information reported.
3. Governance structure and management systems. Includes: Stakeholders and their engagement policies and processes, Disclosure of policies, Management systems' disclosure.
4. GRI content index. Includes: The use of GRI guidelines and disclosure of GRI content.
5. Performance indicators. Includes: Data compared with past years, Performance quantified, Economic performance, Environmental performance, Health issues, Product responsibility, Ethical practices, Impacts on society, Human capital issues

Disclosure of sustainability in vision and strategy

Objective of the analysis

The purpose of this aspect of the analysis was to clarify whether Statoil ASA and LUKOIL incorporated in their sustainability reporting a description of their strategies with reference to sustainability, including a statement from their CEOs about the commitment to sustainability, and a description of the broader context of sustainability for the companies.

Findings and reflections

Table 2.

Vision and strategy	**Statoil ASA**	**LUKOIL**
Strategy and analysis regarding sustainability	4	3
CEO's statement of commitment to sustainability	1	5
Broader context of sustainability	2	2
Company's whole strategy, objectives and values	3	5
Sustainability linkages to a business activity	3	3

From the findings above it can be deduced that Statoil and LUKOIL disclose information concerning sustainability in their vision and strategy statements practically to the same scale, but still it was found that company Statoil does it to the larger extent. The next tip is CEO's statement of commitment to sustainability, and this issue was completely described in sustainability report of LUKOIL, however there was nothing published in Statoil one, as the latter included these information in its annual report. This is opposite to guidelines of the GRI Sector Supplement for Public Agencies (as was discussed previously in the theoretical framework), which demand a description of the reporting company's strategy with reference to sustainability as well as a statement from company's CEO. As far as including sustainability into the company's strategy, objectives and values are important, so LUKOL again disclosed this information to a larger extent compared to Statoil that included this issue to its annual report with one company not doing so at all. Sustainability linkages to the business activities are covered to some extent by both companies.

As stated in the theoretical framework, such kinds of disclosure, that are stated in the table, are required to understand a company's mission and how it is transferred into appropriate policies and activities that provide sustainable development and creation of sustainable business practices. From the above findings it is evident that sustainability disclosure at these two companies differs in some cases, and at this stage LUKOIL has more complete report.

Disclosure of a company's profile and scope of sustainability report

Objective of the analysis

The main objective of this particular aspect of the analysis was to clarify whether two oil companies Statoil and LUKOIL presented an overview of their companies' structure and operations as well as information concerning the scope of the sustainability report.

Findings and reflections

Table 3.

Profile, scope of report	**Statoil ASA**	**LUKOIL**
Company's profile	4	4
Materials used in preparation of report	5	5
Disclosure of completeness of data reported	3	3
Disclosure on efforts to ensure accuracy of report	5	1
Disclosure of independent assurance on sustainability information reported	5	5

It is clear from the findings that both companies disclose information concerning their company's profile as recommended by the GRI Sector Supplement for Public Agencies guidelines that were discussed in the theoretical framework. Further, in terms of scope and boundary of the report, Statoil and LUKOIL disclose information on materials for preparation of report to a large extent. Referring to disclosure on the completeness of the data reported on, both studied companies disclose this information to some extent. Looking upon the efforts to ensure the accuracy of the sustainability information included in the report, Statoil managed to disclose this information to quite a large extent unlike LUKOIL that failed to present anything concerning this issue. This result is proved to some degree by the results on the assurance received by the organization on the sustainability report. Two companies have in their sustainability reports an independent assessment on the sustainability information reported by the companies.

The discussed above finding set questions concerning the relevance and usefulness of the sustainability information reported by the companies, as sufficient detail on the companies' profile, scope and boundary of reporting are required by the stakeholders to realize the scope of operations and sustainability impact of the company. The absence or lack of independent assurance on the sustainability reporting again triggers doubts about the credibility and reliability of the reported data.

Disclosure of stakeholder engagement efforts

Objective of the analysis

The core purpose of this aspect of the analysis was to clarify whether Statoil ASA and LUKOIL disclose enough information concerning their stakeholder engagement efforts.

Findings and reflections

Table 4.

Stakeholder engagement	**Statoil ASA**	**LUKOIL**
Stakeholders and their engagement policies and processes	2	4
Disclosure of policies	4	5
Management systems' disclosure	4	4

Stakeholder engagement as discussed previously in the theoretical framework is commonly accepted as the base of corporate social responsibility and an essential mechanism in supporting a company in establishing risks and opportunities. It will also add to addressing stakeholders' doubts and result in better stakeholder communication and reporting. So, referring to the findings of the study, they illustrate that reporting by on stakeholder engagement policies and processes in Statoil is less than in LUKOIL and the company indicates in the sustainability report a link where more information on this issue can be found. While LUKOIL presents disclosure on stakeholders' engagement to a large extent in sustainability report itself. From the above table it is evident that both companies have disclosure of policies in their reports, but again, Statoil falls behind LUKOIL in this regard, as its disclosure is not as significant as LUKOIL's. It is also obvious from the findings that the disclosures of management systems are quite substantial and presented at both reports to a large extent.

Disclosure of GRI content and use of GRI standards.

Objective of the analysis

The aim of this topic of the analysis was to clarify whether two oil companies Statoil ASA and LUKOIL disclose information concerning compliance with the GRI, and whether a GRI reference table is presented.

Findings and reflections

Table 5.

GRI	**Statoil ASA**	**LUKOIL**
Use of GRI gridlines	5	5
Disclosure of GRI content	1	5

It can be established from the results in the table above that both companies met the requirement to disclose GRI guidelines used in their sustainability reporting to a significant level. However, only LUKOIL succeeded in disclosing of a GRI content index, when Statoil ASA failed to present any tables concerning GRI content index. The GRI Sector Supplement for Public Agencies suggests that reporting companies should provide a table stating where the information can be found in the company's report. When a company includes such disclosure it will improve its friendliness of the sustainability reporting.

Disclosure of performance indicators

Objective of the analysis

The core aim of this aspect of the analysis was to clarify whether studied companies Statoil ASA and LUKOIL presented performance data of their companies referring to integrated, economic, environmental and social performance indicators.

Table 6.

Performance indicators	**Statoil ASA**	**LUKOIL**
Data compared with past years	4	4
Performance quantified	5	5
Economic performance	3	4
Environmental performance	5	5
Health issues	5	4
Product responsibility	3	5
Ethical practices	3	2
Impacts on society	5	5
Human capital issues	5	5

The results show that Statoil ASA and LUKOIL substantially report on environmental and health issues, plus to this, they presented considerable information on impacts on society and human capital issues. Mostly, both companies disclose data to a large extent or less, as none of them in the sample presented significant disclosure about economic performance and ethical practices. The two studied companies compared their data with previous years' information to a large extent within the report. It was observed that companies managed to disclose all kinds of information required by GRI, however to a various extent. With companies stated quite substantial volume on overall information in the reports, still more comprehensive and detailed disclosure is required.

5.4 Analysis and summary

In this chapter I make a review of the received data in a previous chapter Findings and analyze them concerning theoretical framework discussed in the first chapter of this paper.

The study shows that the two observed companies Lukoil and Statoil ASA presented their sustainability reports observing requirements of core organizations such as GRI and included its five main criteria: vision and strategy, profile and scope of report, stakeholder engagement, disclosure of GRI and performance indicators. Further, I give more details regarding how these five issues are presented by the companies in their non-financial disclosures. I also outline the similarities and differences between studied companies' reports with reference to the theoretical framework in which they have been observed.

As for the vision and strategy disclosure, it is reflected in both companies' reports, but Lukoil disclosed it to a larger extent. Statoil's failure can be attributed to that fact that the company includes some of the required information in it annual report, in this case some points were found there, for example CEO's statement.

Moving to profile and scope of the report it can be concluded that both companies present their profiles to a large extent, but here Statoil gave more comprehensive information on all issues concerning the accuracy and preparation of the report. These issues are more important to Norwegian company as it is under the strict control of State organizations.

Stakeholders' engagement is not fully outlined in both reports. When it comes to the disclosure of stakeholders' engagement, Statoil ASA makes a reference to link www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/ where it provides more profound outlook on this issue. The same practice is used in LUKOIL, referring to its annual report for deepen information on the engagement. However, but companies succeeded in disclosing their management systems and main policies. Lukoil and Statoil presented GRI used tools and guidelines to a large extent. In performance indicators companies were good enough but still some issues lack information, for example some economical indicators or ethical issues, that were found in companies' sustainability reports.

6. Analytical discussion on sustainability reporting issues in energy companies in Norway and Russia and conclusions

Taking into account the skyrocketed attention paid to sustainability and that society is focused on corporate accountability, large companies especially energy ones should lead their business in a responsible and sustainable way, and should correspondingly fully report to their stakeholders in this regard. The study showed that the whole concept of sustainability and sustainability reporting is substantially well presented in the energy industry. The content analysis of the sustainability reporting of two oil and gas companies Lukoil Group and Statoil ASA also showed that the standards and practices of sustainability reporting ranges from excellent to sub-standard due to specific features of State regulation bodies and required standards of this kind of report.

Despite that fact that in Russia publication of sustainability reports is not obligatory and companies are free to decide whether to present a report or not, the majority of companies disclose such reports and do this successfully enough. As judging from the findings from the previous chapter Lukoil disclosed greater volume of data required than Statoil ASA. Although, in Norway such reports are indispensable for every organization, especially in energy industry where companies have a direct impact on the environment.

This difference in fullness of required information can be attributed to institutional factors that are covered in institutional theory such as mandatory, normative, economic and copying. Both companies' reports are based on GRI guidelines, but there are specific requirements of specific country's organizations in Russia and in Norway, that have direct effect on the reports presented.

Having studied both countries' approach to sustainability reporting and the reports of LUKOIL and Statoil ASA, it can be concluded that they differ in some aspects due to countries' specific institutional factors.

First, of all the most considerable and powerful effect on sustainability reporting have economic factors, especially in Russia. It has been concluded, as in Russia there is tough competition at the energy market. There are large number of oil companies that are direct rivals of LUKOIL and are at the same level, for example Gazprom, Rosneft and Transneft. In the view of this companies are struggling to attract more consumers, clients and investors by using various tools and one of these is sustainability report, where they try to disclose as much non-financial information as possible. LUKOIL is doing so, that is the key point why its report is more extensive and informative than Statoil ASA's one. While the latter has monopolized the Norwegian oil and gas market, leaving smaller companies behind, fells no need to present substantial reports and it just follows the requirements of the State when developing sustainability reports.

As for mandatory factors, they essentially influence sustainability reporting both in Norway and in Russia. As has been discussed previously in chapters devoted to sustainability reporting norms and regulations of oil and gas industry in Norway and in Russia, each country has its own requirements referring this report, namely the structure, the volume of data and kind of information subject to disclosure. This is another reason for differences in sustainability reports.

The next are copying factors. Though, it was stated that they are not so influential as other three factors, but during the development phase of sustainability reporting these factors have played an indispensable role. Looking at the predecessors' experience from year to year companies have advanced their sustainability reports and even currently, new to the market or lagging companies follow and copy the practice of such giant blue chip companies as LUKOIL and Statoil.

The last but not the least come normative factors that are presented by NGOs. The influence of such organizations in Russia is insignificant as Russia lacks. Of course, there are two main international NGOs: Greenpeace and WWF, but for Russian companies they are not so powerful comparing to Norwegian companies.

To conclude, the most powerful and influential institutional factor that contributed to the difference in sustainability report of LUKOIL Group and Statoil ASA is economic that encourages Russian company to present well-composed informative reports.

7. Suggestions for future studies

There is an exciting issue worthy for the future study. For the further research I would suggest to go deeper in analyzing "why do sustainability reports look similar?" as I have covered the issue of their difference in oil and gas companies by using institutional factors and the study was partly aimed at finding the reasons for these distinctions. I suggest this particular topic as the reports of LUKOIL and Statoil look similar, although the requirements differ a lot. Thus, it is interesting to investigate the reasons for such equality.

As this study lacks personal primarily data, I also propose to obtain personal data as the research would be more precise if to conduct interviews or questionnaires with the experts, who would present reasonable and profound reasons for the similarities.

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