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Attaining Legitimacy in Defiance of a Tarnished Reputation

A qualitative study of PJSC Gazprom's corporate communication

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*Thanks to my father who always shows me the right way, and
to my mother and grandmother whose hearts generate more
warmth than all of Gazprom's gas ever could.*

*A special thanks to Marlene Wiggill for all the vital tips she
has provided me with during this research.*

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Abstract

PJSC Gazprom is one of the largest oil and gas companies in the world, but has a tarnished reputation and some critics question its corporate legitimacy. Using the moral foundations theory as a basis, a thematic content analysis was conducted to examine PJSC Gazprom's efforts to support its reputation and legitimacy. The study focused on the company's self-portrayal in five annual reports from years characterized by different circumstances. The results were used to analyse the company's strategy for attaining legitimacy and promote its reputation among its stakeholders and on the energy market. The study found that the internal stakeholders' perceptions are cultivated by Gazprom communicating a comprehensive approach regarding its internal social policies, emphasizing extensive human resource initiatives as a competitive advantage on the labour market. To its external stakeholders, PJSC Gazprom portrays itself as a morally conscious company with a genuine focus on lowering its environmental footprint and implementing impactful CSR initiatives. The study found that the company's communication strategy surrounding its board of directors fiduciary duty, and improving its corporate governance system, has changed over time by shifting focus from complying with international norms to emphasizing Russian norms as key to success.

Keywords: Gazprom, corporate legitimacy, corporate reputation, stakeholder theory, corporate governance, fiduciary duty, moral foundations theory

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1. Introduction

1.1. Background

Can you serve two masters? Two millenniums ago, Marcus Junius Brutus tried, but as his friend Gaius Julius Caesar was about to abolish the institution of the Roman Republic he had a choice to make. Should he follow his closest friend and the leader of the Romans, or should he serve an institution he believed in? Loyalty has only one master, which Caesar realized when Brutus stuck his knife in him: *Even you, Brutus?*

1.1.1. History

The Public Joint Stock Company (PJSC) Gazprom, henceforth called only Gazprom, is the largest natural gas company in the world, and the largest company in Russia. The company's founding shares characteristics with many of Russia's big energy corporations like Novatek, Rosneft, Lukoil, and Surgutneftegaz (Goldman, 2010).

On 25 December 1991 the flag of the Union of Soviet Socialist Republics (USSR) came down for the last time in the castle-complex, known as the Kremlin, in the capital city of Moscow. The leaders in the Kremlin strived to adopt a political system more resembling those in Western Europe and the United States, and parties besides the former state bearing Communist Party of the Soviet Union were legalized. What had been one political entity became 15 sovereign nations, signalling a new era. Preceding this development, the first state-run corporate enterprise was created in 1989 after the Soviet Ministry of Gas Industry was converted into an organization more based on Western business culture. New corporate structures were adopted including a board of directors and instead of a government minister, a chief executive officer (CEO) became the final decision maker. What is today known as Gazprom, a portmanteau of the Russian words for gas (gazovaya) and industry (promyshlennost), had been created. In 1993, following a decree issued by the then president of Russia, Boris Yeltsin, Gazprom became a joint-stock company with shares open to the public. As part of the government's agenda of liberalizing the economy and privatizing former state-run assets, all Russians received vouchers that could be used to acquire shares in previously nationalized companies. By 1994, a total of 747,000 private Russian citizens owned 33% of the shares in Gazprom, while the state retained 39% and other domestic companies 19% (Goldman, 2010; Companies History, 2021).

Regulations imposed by the company itself stipulated that no more than 9% of the total shares could be owned by foreigners (Victor, 2008). In 2005 the state bought an additional 11% of the shares from subsidiary companies of Gazprom (Gazprombank, Gazprominvest Holding, Gazfond, and Gazprom Finance) and thus came to possess a majority of the shares (50.23%), which it still retains to this day. The same year regulations on foreign investments were lifted, and Gazprom's ownership structures and corporate communication became further alike the norms of Western stock companies. This ownership structure that remains to this day allows the company to enjoy maximal outside influx of capital by putting slightly more than 49% of the shares up for sale to the global investor community. However, the government remains in firm strategic control through its ownership of slightly more than 50% of the shares (Victor, 2008).

In 2006, a law called *On Gas Export* was passed giving Gazprom exclusive rights to export gas from Russia. This law followed the line of President Putin's *National Champion Policy* that strived to bolster and tie important industries close to the state and gain control over the pricing of selected commodities, including gas, inside Russia (Companies History, 2021). Companies were encouraged to seek profit abroad but not at home and failing to comply with this policy often resulted in severe repercussions. The Russian businessman and oligarch Mikhail Khodorkovsky experienced this in 2006 when his oil company Yukos, which had acquired many former state assets during the 1990s, was partially seized and then broken up on the accusations of tax evasion and unlawful divestments. The Yukos incident was not well received in the West and critics viewed it as political prosecution. Many investors saw it as a violation of property rights, an act that turned Russia into a less attractive market for investors (Vencat, 2008). As Ben Yearsley, investment manager at the Hargreaves Lansdown Stockbroker firm put it:

"His (Mikhail Khodorkovsky) ongoing incarceration is a completely political decision that further illustrates the extent to which Russia's leaders interfere with business"

(Vencat, 2008)

Following the Yukos incident, foreign investments in Russia fell and while the drop cannot solely be attributed to this one incident alone, it is highly likely to have contributed to the decline (Goldman, 2010). Gazprom however, with its high growth and substantial dividend pay-outs, managed to remain a popular choice for foreign investors in Russia. Nevertheless, its ownership structure and corporate governance system has frequently been criticized as there are many questions surrounding how its board of directors approaches its fiduciary duty, which

constitute an aspect that many of Gazprom's stakeholders, especially shareholders, consider vital (Victor, 2008).

1.1.2. A tarnished reputation

The European Union (EU) relies heavily on Russia for its energy imports. There are political efforts underway that will increase the use of renewable energy, and decrease this dependency, but it will take time for fundamental changes to occur. In 2020 the EU still depends on fossil fuels which constitute 40% of the union's total energy consumption (Sönnichsen, 2020). The largest supplier of such fuel has traditionally been, and still is today, Russia from where 30% of the oil and 39% of the natural gas originates. In eastern Europe, the dependency is far greater than these general numbers indicate. The energy import, from Russia, for Finland, Estonia, Latvia, Lithuania, Poland, Czech Republic, Hungary, Slovakia, and Bulgaria ranges from 75% to 100% (Eurostat, 2020).

Not only the dependency on Russia varies in the EU but also the price-tag on the gas. The EU has attempted to homogenize the business relationship and facilitate for all member states to pay the same amount, but Russia refuses this approach and deals only with individual member states, instead of with the EU as a whole (Newnham, 2011). Safeguarding the energy export is one of the government's absolute top priorities and something it is ready to go to great lengths with succeeding. The importance is highlighted by the fact that 10-25% of Russia's gross domestic product (GDP) originates from the fossil-fuel sector, the varying percentage being attributed to the ever-fluctuating price of gas and oil (Gerasimchuk & Oharenko, 2019). According to Newnham (2011), the Russian government uses gas and oil to further its political ambitions by following a strategy he dubs the 'petro-power strategy'. Gazprom as the largest actor of President Putin's *National Champion Policy*, whose activities in 2008 constituted 10% of Russia's GDP, plays a key role in this strategy. At its core, it entails Russia keeping its energy customers in dependency by stifling competition while incentivizing further business ties with itself. The monopoly enshrined by the *On Gas Export*-law guarantees that no other Russian company competes with Gazprom abroad. Actions taken to stifle foreign competition are not as transparent, but a well-documented procedure has been to manipulate access for suppliers in Central Asia to reach their customers in Europe. By forcing other actors to use their pipelines, Russia can stipulate the transit fees and exercise influence over its competitors. This was the case

when the application from Kazakhstan's Tengizchevroil to lay pipes in the Caspian Sea was denied on environmental grounds but later granted to Gazprom under the same circumstances (Newnham, 2011). It has been argued that the 2015 military intervention to support the Syrian regime in its civil war, against Qatari backed rebels, also was a step in safeguarding Russia's petro-power influence as Qatar's proposal to build a pipeline through Syria had been denied by the Syrian regime (Kennedy, 2016).

Using the price of its gas as leverage, Russia exercises influence on political leadership in targeted countries in a direct way by putting pressure, and creating incentives, to keep the trade going. Selling the gas below the world-market-price (WMP) creates a situation where targeted countries' citizens would have to pay substantially more for their energy and likely be unhappy with their own leaders, if the leaders were to take actions resulting in their citizens' energy bills being drastically increased. Thus, the low price acts as the carrot of the petro-power strategy that encourages good relations with Russia, while antagonistic political actions are penalized with the stick, like price hikes, manipulations of access, or cancellation of deliveries. Especially former USSR members are incentivized to keep close ties with Russia by being offered a price far below the WMP, thus potential competitors' chances to succeed are undermined, Russian markets safeguarded, and political influence maintained. An example of this was the 2006 price the staunchly pro-Russian government in Belarus had obtained paying only 45,8 USD, or 19,5%, of the then WMP of 235 American dollars per thousand cubic meter gas (Newnham, 2011). However, Gazprom's stakeholders risk paying a high price for their association with the company. This was the case in Georgia following the new political course the country embarked on after the Rose Revolution and its parliament's vote in 2006, which called for full membership in the NATO military alliance. Due to the Russian response, Georgian consumers saw their price on gas more than double the following year, resulting in economic hardships for many (Newnham, 2011). Gazprom's export monopoly gives the company a key role in facilitating the implementation of the petro-power strategy but it leaves a stain on the company's reputation, as Josh Cohen writing for Reuters puts it: "Gazprom is first and foremost a tool of Russian foreign policy, which Putin is not shy about wielding to pursue Russian interests" (Cohen, 2015).

The threat that a bad reputation constitutes for Gazprom becomes apparent when examining aspects crucial for its future profitability. Foreign investors and partners have been key for the company's development not only by providing capital for periods when the Ruble's

high inflation rate increased expenses drastically and a shrinking qualified workforce, due to educated Russians moving to other countries, hindered operations, but also by enabling access to technology from abroad (Goldman, 2010; Loe, 2018). The situation regarding the Shtokman gas field made this apparent, as it was shown that Gazprom does not always possess the capabilities to fulfil its ambitions on its own. Located in the Barents Sea the gas field contains the largest offshore gas reserve in the world and was a tempting investment many foreign companies were interested in and applied for developing. The Russian government decided to give the exclusive rights to Gazprom, but it soon turned out that the company was not sufficient in their offshore drilling expertise to complete the project alone, and was forced to partner with France's Total and Norway's Statoil to succeed in developing the field (Loe, 2018). However, the company's reputation of being involved in the political situation in Ukraine has prompted many critics to call for boycotts and sanctioning of Gazprom (Francis, 2021). This threatens to exclude the company from its largest revenue creating market, which is the EU (Victor, 2008).

1.2. Problem definition

Beyond the state's 50.23%, almost 17% of Gazprom's shares are owned by Americans and an additional 33% is owned by undisclosed legal entities and individuals (PJSC Gazprom, 2021). As between 55 and 75 percent of all foreign direct investment stocks in Russia are owned by Europeans (Domínguez & Poiters, 2020), it is a safe assumption that many of the undisclosed owners reside in Europe. This data indicates that for Gazprom's largest shareholder, which is the government of Russia, to embark on a collision course with the political leaderships in the EU and USA could result in ruinous economic effects for both the country and Gazprom. The 2016 sanctions passed in the US-congress on Gazprombank and other subsidiary companies of Gazprom ("US puts several", 2016), and the sanctions currently discussed regarding the construction of the pipeline system Nord Stream 2 (Francis, 2021), highlight the need for an effective communication strategy for maintaining business legitimacy and investor confidence in Gazprom. As Gazprom's dependence on foreign partners is substantial (Loe, 2018), sanctions banning Europeans or Americans from investing in, or collaborating with, the company constitutes a serious threat to its business model. Thus, Gazprom has much to gain from attaining a strong corporate reputation and comprehensive corporate legitimacy and must therefore

convince its stakeholders that it is a morally righteous actor, despite its majority owner's tarnished track-record.

Legitimacy plays a key role in providing an organization with a social license to operate in a community (Crowther et al., 2019) while the fundamental issue of trust is crucial for all economical exchanges (Barney & Hansen, 1994). According to Crowther et al. (2019), these two concepts are interdependent as with legitimacy comes trust while an absence of trust allows for no legitimacy to be formed. In an environment where an organization may hurt its own stakeholders, as the case was for Gazprom's Georgian consumers in 2006, conveying a message of being trustworthy and a legitimate actor is complicated. How can a company communicate being worthy of its stakeholders' trust, when it sometimes does harm to its stakeholders based on a political rather than a market-related rationale? How do you promote yourself as an investment of choice when the invested value depends on an, in the organization integrated, actor with a behavioural track-record of undermining its value?

1.3. Purpose and research questions

In 2019 the consulting firm Brand Finance dubbed Gazprom to be the “strongest oil & gas brand” in the world (Brand Finance, 2019). Its strong brand illustrates that despite its vulnerable position on the capital market, as shown by its enormous share value drops in 2006, 2008 and 2014, Gazprom may serve as a source of learning for companies active in politically sensitive markets. By analyzing how the company portrays itself to promote its corporate reputation, and attain corporate legitimacy among its stakeholders, knowledge about how controversial companies can use strategic communication to maintain a strong market position can be created. Answering the following research questions will facilitate this process:

- How can state-owned multinational corporations portray themselves as legitimate actors in politically sensitive markets?
- How does Gazprom portray itself as upholding its fiduciary duty?

2. Previous Research

2.1. Corporate governance

During most of the 20th century, the theory of shareholder primacy ruled supreme among corporate governance scholars (Stout, 2012). It stipulated the most important goal of a company to be maximizing shareholders' return on investment (ROI). Milton Friedman, the economist who formulated the theory, argued that by acknowledging this unglamorous existential purpose of businesses a better understanding of the workings behind the economic system could be achieved. This elementary perspective on business entailed that if a company did not adhere to the principles of shareholder primacy, it would not be able to sustain other more altruistic activities, such as Corporate Social Responsibility (CSR) initiatives. By maximizing the shareholders' ROI, a company would have better chances of surviving, and thus be able to continue to serve all its stakeholders including employees and the communities in its surroundings (Sprague & Lyttle, 2010; Stout, 2012).

Challenges to this reasoning essentially started in 1979 with Martin Lipton's article "Takeover Bids in the Target's Boardroom" where he argued that the shareholder primacy theory was too focused on the short-term and harmful to companies in the long-term. Lipton argued that by pushing only for a strong ROI, the shareholders would suffer as the goose who laid the golden eggs would in time be destroyed. He instead advocated an approach called the stakeholder governance-approach, based on the stakeholder theory, whereas a company's management, shareholders, and stakeholders' interests were all prioritized. The debate about how much attention the stakeholders' interests should receive when business strategizing is still ongoing, and the rise of societies influenced by hyperconnectivity and instant information spread facilitated by the internet, has strengthened the advocates of the stakeholder governance-approach (Sprague & Lyttle, 2010). Although the shareholder primacy theory remains a cornerstone in business today's scholars advocate upgrading the importance and value of caring for broader groups of stakeholders' interests, as the best strategic approach for retaining a strong enterprise (Freeman, 2009; Stout, 2012).

When conducting business abroad, state-owned enterprises and multinational corporations frequently see their legitimacy to be present on the local market, questioned. Companies with support from their home governments competing on markets, where the salient

ideology does not support the state participating in certain businesses, tend to be viewed as invasive unwanted actors. Critics highlight the potential threat to domestic companies' future survival, and in some instances, to the host country's national security. Foreign companies might acquire technology that was not meant to be sold through purchasing local companies. Thus, such competitors can potentially be harmful to the host countries' competitiveness and this contributes to their presence not always being appreciated (Meyer et al., 2014). According to Meyer et al. (2014), state-owned corporations must support their reputations effectively and make sure that they acquire legitimacy among local stakeholders, to safeguard their presence on the market when operating abroad. In such situations, exercising transparency and decision-making that respects local concerns, is key to promote a company's reputation and support its legitimacy among broad groups of stakeholders (Meyer et al., 2014).

Victor (2008) argues that investors tolerate Gazprom's weak corporate governance structure, which does not allow for the owners of more than 49% of the shares to influence the company's strategizing, because they believe change is on the horizon. Their reasoning is based on confidence in the, at the time, relatively new Russian state's transformation process of restructuring a defunct system into a well-functioning democratic market economy. The formation of strong national political institutions would in turn be mirrored by Gazprom successively adopting a more democratic system of governance, taking all shareholders' interests into account (Victor, 2008). The current Russian state is now 30 years old, and many observers believe this process is not truly taking place (Blakkisrud & Rowe, 2018). Amidst the discourse about the authenticity of this transformation process, Gazprom faces a growing challenge to its communicative efforts of portraying itself as a trustworthy company with a governance structure serving all its stakeholders, which Crowther et al. (2019) describe as a necessity for attaining a positive reputation and to achieve legitimacy.

2.2. Fiduciary duty (serving two masters)

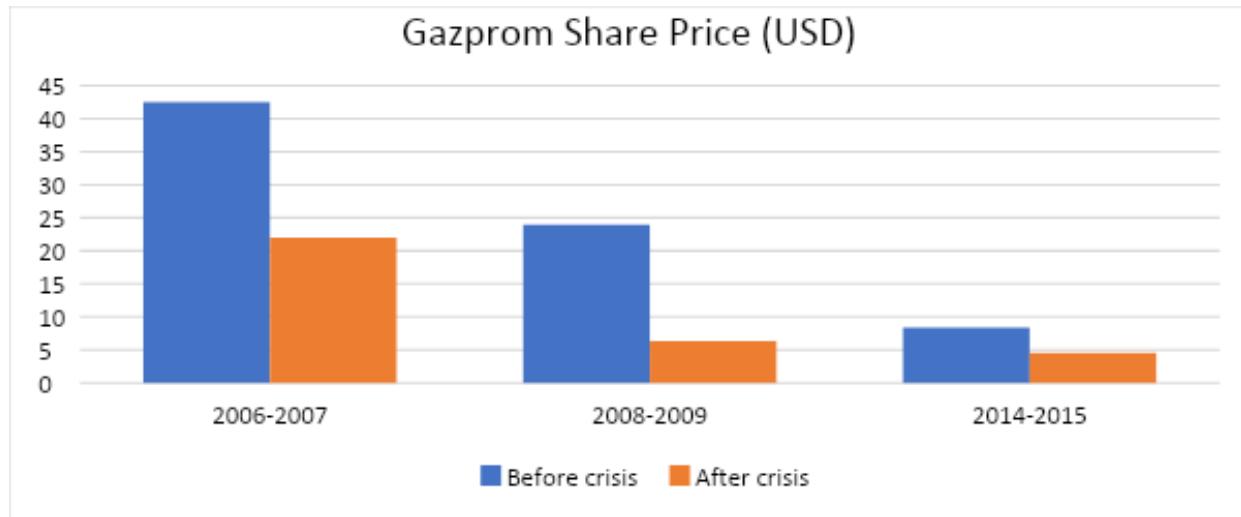
Publicly traded companies rely on the principle of the fiduciary duty being upheld. With thousands of shareholders, a company cannot act in an efficient manner if the decision-making is to be exercised through every single owner, thus the daily running of a public company must be centralized and delegated to fewer people. These individuals constitute the board of directors and

their duty is to further their employer's (the shareholders') interests (Bruner, 2013).

Gazprom's shareholders might have asked the board of directors a question, like the one Caesar asked Brutus, when in 2006 the pipeline supplying Georgia with gas exploded in what many observers believe was a staged event, but an accident according to Gazprom (Chivers, 2006). This event sparked the Russia-Georgian energy crisis that had a devastating impact on the company's reputation (Newnham, 2011), and its share value tumbled (London Stock Exchange, 2021). Repairment work and leaving Georgia without gas in the middle of the winter did not only harm the company financially in the short-term, but also contributed to the perception of Gazprom being a lapdog of Russia's rulers in the Kremlin (Goldman, 2010). The narrative communicated in international media was that Gazprom's board of directors put the state's ambitions before its fiduciary duty and stakeholders' interest ("Russia blamed for 'gas sabotage'", 2006). Even in the scenario of it being a real accident, the incident raised the question as to what extent the stakeholders' and shareholders' interest mattered in the boardroom. Both the state with its 50.23% and commercial investors with their 49.77% of ownership want Gazprom to prosper, but the state might see it as a good long-term investment to blow up the Georgia pipeline while the commercial investors might disagree with this strategy. As the state controls the voting procedure determining who sits on the board of directors, the remaining shareholders are in a weak position to influence the strategic decisions of the company. It is the board's job to uphold its fiduciary duty and serve all the shareholders or it risks being viewed as a minority shareholder oppressor, which would make the company a pariah in the investor community, restrict access to capital, and hurt the company financially in the long-term (Bruner, 2013).

Gazprom's acclaimed mission of conducting "Reliable, efficient and balanced supply of natural gas, other energy resources and their derivatives to consumers" (Item 1, Appendix III), does not mention furthering the Kremlin's ambitions but it does mention being a reliable partner. Private investors are therefore in their rights to assume that it is what the company will be focusing on doing instead of implementing political directives from the Kremlin. When analyzing historical share price data it is apparent that certain state-orchestrated events, where Gazprom was involved (Blakkisrud & Rowe, 2018), induced its shareholders to lose confidence: January 2006 to January 2007 (the year of the Russia-Georgia energy crisis) the share price dropped by 48.4%; January 2008 to January 2009 (the year of the Russo-Georgian War) by

73.7%; and January 2014 to January 2015 (the year of the Crimean Crisis) by 45.9% (London Stock Exchange, 2021).



(London Stock Exchange, 2021)

These time episodes saw the gas price fluctuate internationally, and 2014 was a historically warm year (requiring less gas for heating), but in comparison with significant competitors, Gazprom suffered much more severely (see Appendix IV). The company's share value drops indicate that the state's ambitions and the wishes of its commercial investors are not always aligned, thus the question of how the board of directors upholds their fiduciary duty vis-à-vis all its shareholders becomes significant.

3. Theoretical Framework

The following chapter will examine theories providing a comprehensive perspective on how companies, facing such challenges as outlined in Chapter 2, can portray themselves as worthy of a strong corporate reputation and legitimacy. According to Penning (2011), important stakeholders such as shareholders find official corporate communication channels to be the most illuminating ones regarding a company's corporate governance system. By applying the perspective of the moral foundations theory on a variety of annual reports the strategic choices surrounding how a company portrays itself as a legitimate actor can be understood. As perceived morality underpins a corporate reputation, and a good reputation supports attaining corporate legitimacy (Crowther et al., 2019), this theory will constitute the basis for this analysis.

3.1. Moral foundations theory

Originally a psychology theory but increasingly used in public relations, the moral foundations theory (MFT) describes six scales of universal values as the foundation for the concept of morality (Trayner, 2017). The scales of virtues constituting the MFT paradigm are: Fairness vs. Cheating; Freedom vs. Oppression; Loyalty vs. Betrayal; Sanctity vs. Disgust; Authority vs. Subversion; Care vs. Harm. The MFT acknowledges the environment's and cultural contexts' importance for the practical results, but it proposes that in every healthy society it is preferred and more honourable to, for example, care for your surroundings than to neglect it (Trayner, 2017). According to Trayner (2017), morality can be defined as the principle determining what is right from what is wrong. A moral person in India as well as in Sweden wants to do the right thing, but the societal context determines what in practice will constitute morally righteous behaviour. It would, for example, be morally wrong to put the household trash in a river in Sweden but in India's densely populated region of Uttar Pradesh, some areas lack garbage stations. Using the Ganga river to rid the community of the trash, instead of leaving it in the field, is arguably better and the morally right thing to do under the circumstances (Ganga Action Parivar, 2021).

The perception of being associated with positive virtues and not with negative vices as described by the MFT, is important for organisations acting in sensitive environments. Being

perceived as a moral actor is key for attaining a good corporate reputation and beneficial corporate legitimacy (Erman & Möller, 2013). However, as what is perceived as being moral is strongly influenced by the cultural environment, opinions about what is moral may vary.

“Not being included in the first [sanction] list I even had some doubts – may be [sic] something is wrong (with me)? But I am finally included. This means that we are doing everything right,”

- Alexey Miller (CEO of Gazprom)

(“Gazprom CEO Miller”, 2018)

Gazprom's CEO's statement about doing everything right and therefore being sanctioned, illustrate the wish of always framing one's actions as being moral. With this statement he portrays Gazprom as deserving of a reputation as being moral, as he states that he has been doing everything right (implying that the sanctions are immoral), which therefore warrants being sanctioned by the adversaries to his company.

3.2. Reputation management

3.2.1. Corporate reputation

The value of having a strong corporate reputation has received increased attention from communication scholars and the business community over the last decades, as globalization has increased firms' visibility, the speed at which information travels, and consumers' possibilities to choose among different suppliers. The benefits of managing the reputation comprehensively could be, but are not limited to, increased consumer-willingness to pay premium prices, bolstered acquisition of new customers and qualified employees, further access to capital through attracting more investors, inducing political policymakers to be sympathetically inclined, and attaining positive press-coverage in the media. The rise of digitalized word-of-mouth has increased the risk of letting a stained and weak reputation stand unchallenged, which quickly can transform a successful company into one in jeopardy (Helm et al., 2011). In 2003, at the World Economic Forum in Jordan, this was acknowledged in a survey conducted among 1,500 of the participants. The respondents were asked to rank their choices of what they regarded as the most important factors for a company's success. Among the available choices were; reputation, return on investment, share price development, profitability, and quality of products and services.

Coming in second, only behind the quality of products and services, was reputation (Doorley & Garcia, 2021). The survey echoed what the famous investor and entrepreneur Warren Buffet once stated about the importance of a good reputation.

If you lose money for the firm by bad decisions, I will be very understanding. If you lose reputation for the firm, I will be ruthless

- Warren Buffet

(Hammer, 1991)

Helm et al. (2011) defines corporate reputation as the aggregated sum of the internal and external stakeholders' perceptions of an organization. Corporate reputation as a phenomenon is heavily intertwined with, and depends on the related concepts of corporate identity and corporate image. Identity is constructed by the internal, while the image is made up of what the external stakeholders' perceive an organization to be and stand for. As an internal issue, identity must be managed by focusing on organizational culture and boosting the employees' perception of their employer. Besides adjusting wages and working times, and improving work-conditions, this is commonly achieved through Human Resources initiatives such as team building activities and social security programs. Image is the immediate mental picture that stakeholders conceive when they think of an organization: the reputation, in contrast, is formed over a longer period of time and is based on their perceptions of the organization's previous behaviour. The CEO's importance regarding the image is substantial, and one study showed that 70% of a company's image depends on the CEO's reputation, based on the view that he or she is the one deciding the moral tone of the company (Helm et al., 2011). Thus, when dissecting the phenomenon of corporate reputation many individual stakeholders' perceptions on a broad set of issues appear, including their view on the quality of products and services, workplace conditions, corporate ethics, social responsibility, corporate vision, leadership, financial performance, and the CEO's moral tone. Corporate Social Responsibility (CSR), and greenhouse gas emission reports are increasingly noticed tools in the reputation management arsenal and are expected to grow in importance, especially in the energy industry (Doorley & Garcia, 2021).

A strong reputation is critical for attracting new shareholders but to attain one, communication scholars today argue that a company must go beyond the shareholder primacy theory and take all its stakeholders into consideration (Freeman, 2009). The greatest challenge to attaining a strong reputation is to avoid perception gaps amongst stakeholders regarding

proclaimed commitments and practical realizations. Perceived moral excellence and integrity are the pillars of such a reputation and taking actions that the stakeholders believe are immoral will risk devastating it, especially if the company has profiled itself as a morally righteous actor. Failing to fulfil promises and commitments in the eyes of stakeholders is the most common way of ruining a good reputation, often established over a long period of time (Doorley & Garcia 2021).

Important internal stakeholder groups incorporate employees and shareholders, while external ones include suppliers, competitors, governments, media organisations, non-governmental organisations and customers (Doorley & Garcia, 2021). For Gazprom, the combined groups constitute millions of people (PJSC Gazprom, 2021). Managing so many perceptions is an enormous task, and sometimes arguably not possible, and it is thus crucial to know what to focus on and in which way reputation management should be approached.

3.2.2. Strategic approaches

The two distinctively different strategies outlining how to engage reputation management and avoid perception gaps are the passive and active approaches. The passive emphasizes a communication strategy that focuses on maintaining a low profile in the media and not standing out morally among competitors. Organisations following this strategy strive to shield themselves from perception gaps and reputational risks originating from raising their stakeholders' expectations and failing to live up to them. In viral marketing and word-of-mouth research, it is believed that negative commentary spreads faster and is more damaging than positive commentary does and is beneficial. The passive strategy therefore can best be described as a safety-first approach that will not allow for the full benefits of a strong corporate reputation to be enjoyed, but minimize the risks associated with getting a tarnished reputation. Such a reputation induces stakeholders distancing themselves from an organisation, which can have significant negative economic repercussions (Helm et al., 2011).

The active approach, on the contrary, advocates standing out on the market where suppliers often are plenty and customers can choose among many. Customers who are ready to pay premium prices for products that for example are more sustainably produced than the competitors' can be attracted with such a strategy. By attaining a reputation as the superior choice, a competitive advantage may be created. Policy makers can be influenced to support the

company's needed legislation, and media coverage may increase in volume and positivity. Customers may become more loyal to the company and investors more interested. Strong support for charities and acting against immoral business practices are some methods to attain such a reputation and distinguish the company in a crowded market. As this strategy necessitates raising the stakeholders' expectations, it is one with high risk but also with potentially high rewards. Failing to live up to what has been committed to, risks not only undermining a good reputation but also facilitates the formation of a bad one, and the materialization of the negative consequences mentioned above (Helm et al., 2011).

Regardless of the choice of strategy, every comprehensive reputation management approach must be concerned with understanding the wishes of key stakeholders. Instituting a practice of anticipating their needs, and building sustained relationships with them, is the characteristics of all comprehensive reputation management strategies. Responding appropriately to the concerns of stakeholders affected by an organisation's decisions and operations, is the cornerstone of any such strategy (Helm et al., 2011; Doorley & Garcia, 2021).

3.3. Legitimacy theory

The foundational principle of legitimacy theory constitutes the proposition that organisations actively strive to portray themselves to society, and influence observers to see them as legitimate. Actions in harmony with the virtues described in the MFT section, according to the local environment's culture, provide legitimacy and social acceptance to operate in a society (Trayner, 2017). Erman and Möller (2013) describe legitimacy as the right to be operating and Crowther et al. (2019), as the key to obtaining a social license to be present in a community. What this in practical terms entails is illustrated by Suchman's (1995) definition of legitimacy "as a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions". According to Crowther et al. (2019), legitimacy is not only a precondition to conduct business at all but can also serve an organisation in other ways, such as raising the commitment levels of employees and business partners, facilitate gathering political support, and increase sales. In contrast, the result of conducting business without legitimacy include alienating the local society and stakeholders and inclining investors to avoid a company as its reputation, without legitimacy,

is weak. Legitimacy in business has significantly developed in the last decades, largely following societies' developments regarding norms, morality and what is perceived as good behaviour. Societal trends have shifted towards demanding that corporations assume more responsibility for their actions, especially when it comes to their social, environmental and economical impact on local communities. In previous times, such issues were often considered as governments' responsibilities but today an increasing number of consumers demand that goods should be procured and produced in ethically and sustainable ways. The rising focus of Corporate Social Responsibility (CSR) illustrates that corporations are taking this increasingly serious (Crowther et al., 2019).

Many companies who have lost their legitimacy have been penalized by boycotts and international sanctions. Such punitive actions also depend on legitimacy as the willingness of other actors to go along, namely consumers regarding boycotts and governments regarding international sanctions, and to support the punitive agenda will determine its effectiveness (Buchanan, 2003). According to Goldman (2010), legitimacy in the current USA-EU-Russia political paradigm is largely about convincing the EU, or EU-member states, which of the main antagonists (USA and Russia) is morally righteous. Scholars today emphasize that to comprehensively strengthen one's corporate reputation the stakeholder theory should be integrated and permeate the business practices (Freeman, 2009). By adopting this theory and discarding the shareholder primacy theory, as the guiding governance principle, legitimacy can be attained (Crowther et al., 2019). Without measures to integrate a contemporary morality perspective into the business philosophy any corporation is doomed to suffer, if stakeholders continue to access more information and become further informed, as have been the trend for the last decades (Erman & Möller, 2013).

4. Method

In Chapter 1 and 2, Gazprom's need for a comprehensive communication approach to strengthen its corporate legitimacy was outlined. Moral foundations theory, reputation management and legitimacy theory were presented as this study's theoretical framework in Chapter 3. This paves the way to discuss the research methodology that was followed to provide an answer to the research questions.

However, are the reputational challenges acknowledged by Gazprom? Assuming that the answer is yes, when examined this should be apparent in the company's corporate communication and especially in its annual reports, as this medium is favoured by important stakeholders such as shareholders (Penning, 2011). Based on this assumption, and in line with this research's deductive approach, this chapter outlines the method that was used to examine how Gazprom's corporate communication navigates the issues of reputation and legitimacy using the lenses provided by the MFT.

4.1. Scientific approach

By applying a social constructionist perspective this study's epistemological approach perceives reality as influenced by what is portrayed. The communication of the company in question constructs its meaning in the world, for good or bad, and thus determines the social constructions constituting the company's reality (Galanes & Leeds-Hurwitz, 2009).

Qualitative content analysis is a favoured method for explaining the meaning of a message, in the field of strategic communication (Guthrie, 2006). Scholars examining stock companies' annual reports have used content analysis to explain why some companies voluntarily emphasize certain issues while others choose to avoid them (Abeysekera & Guthrie, 2004; Yongvanich & Guthrie, 2005). According to Swann (2020), examinations of messages' meanings beyond the literal, used in complex contexts, are best served by a qualitative approach to content analysis. The goal of this research is to be descriptive about how the strive for a good reputation and legitimacy may be conducted, in a rich industry by a cutting-edge company. Such a quest is likely approached implicitly rather than explicitly.

This study sets out to examine the features of self-portrayal supporting a reputation and

legitimacy, and not the impact of such communicative efforts, thus a deductive qualitative approach to content analysis is the most appropriate one. Using the previous research, compiled in Chapter 3, this approach allows for the MFT to be applied in a corporate communication context and the data gathering process to be formed by the structure that the MFT paradigm provides.

4.2. Analysis method

4.2.1. Data collection and sampling

The empirical material constitutes five Gazprom annual reports, collected on three different grounds. First, three of the reports, from the years of 2006, 2008, and 2014, were sampled because the company experienced great economic turmoil while the majority owner, the Russian state, was involved in political crises. An examination of these reports will illuminate how political incidents can affect a company's practice of corporate communication, when it is closely associated with the actors involved in the crises. Second, in 2010, Gazprom saw its share price increase by 19% indicating a good financial year. This specific annual report was sampled as it provides the study with data from a different context, thus making the findings more rich and nuanced. Certain topics were perhaps not viewed as sensitive, as there was no significant political crisis that year, and could therefore be more freely communicated about. For example, the portrayal of being moral might be a less highlighted topic and receive less attention, compared to the annual reports from years with significant crises. Third, the 2019 annual report, which is the most recently released one, was sampled to examine whether messages supporting the corporate reputation, and legitimacy, have changed over time. It allows for collecting data illustrating the company's perspective regarding its current strategic position on the energy market. As it is the most up-to-date of the reports, and Gazprom's operations are more extensive than ever, it is likely the most comprehensive report in regards to adhering to the principles emphasized by modern strategic communication scholars as the best business practice.

4.2.2. Thematic content analysis

Thematic content analysis was chosen, as it is an effective method for identifying patterns within annual reports, as it provides a clear process to categorize the data and elaborate on that alone. This study focuses solely on annual reports and is thus restricted from analyzing Gazprom's portrayal in a wider context, through other mediums. An analysis of the portrayal in a wider context would have benefited from a textual or discourse analysis, whereas the communication could be perceived from a sociohistorical perspective and examined in conjunction with how different communicative elements support, interact and speak with each other. Such an analysis would have allowed for examinations of a wider empirical material and comparing the portrayal in for example, press releases and Gazprom's Tv-channel, to be elaborated on. However, to facilitate understanding of how key words and phrases are used to portray concern and convey a message, thematic content analysis is a recommended method by many communication scholars (Drisko & Maschi, 2015; Braun & Clarke, 2006). It is a flexible method that enables a structured interpretation of communication in complex contexts, allowing for an analysis that can be reproduced by other researchers applying the same structure to different scenarios.

The modus operandi of this method entails organizing the empirical material into codes, categories and themes. According to Drisko and Maschi (2015), a theme can be described as the supreme purpose or message that communicative elements strive to serve or convey. The theme's largest building blocks are the categories, which serve to organize and put into patterns the communication that serves the goal of the theme. Each category constitutes a variety of codes, which are the method's smallest building blocks, and are the most detailed description of the practical phenomenon that the thematic content analysis sets out to examine.

As previously stated, this study assumes that Gazprom acknowledges that its reputation and legitimacy faces challenges. The company's financial and political position provides the resources needed to implement a comprehensive communication strategy to bolster its reputation, and incentivizes it to portray it as legitimate. Based on the previous research about reputation management and corporate legitimacy and scholars' emphasis on portraying morality and the stakeholder theory as key to success (Erman & Möller, 2013; Freeman, 2009), the following three themes were constructed to facilitate the analysis of how Gazprom navigate these issues in the empirical material: (1) *Bolster the reputation among stakeholders*, (2) *Promote confidence in Gazprom among investors*, and (3) *Counter criticism (political, ideological and*

environmental). Conveying the message of the company caring for its stakeholders and being a good investment, while debunking its critics, constitutes a comprehensive approach to attaining a good reputation and legitimacy.

For clarity reasons, items portraying Theme 1 are compiled in Appendix I, Theme 2 in Appendix II, and Theme 3 in Appendix III.

4.2.3. Coding

Based on a sampled item's characteristics regarding which of the three themes it foremost serves, the data was organized into categories mirroring the six virtues of the MFT. Each theme was assigned the most appropriate two virtues in the following order: *Care* and *Fairness* (Theme 1), *Loyalty* and *Authority* (Theme 2), and *Sanctity* and *Freedom* (Theme 3). The determination of what virtue (category) that foremost serves the message of which specific theme, was done through analyzing key aspects of the theoretical framework. This process is explained in the following examination of the codes supporting each category.

Theme 1 Bolster the reputation among stakeholders	
Category: Care	Category: Fairness
Codes Implements – Meaningful CSR activities, impactful environmental initiatives.	Codes Acts – Fair, honest, transparent.

Communication associated with these two virtues foremost concerns subjects of importance to large groups of stakeholders, such as employees and general society, affected by the company's operations. The first category largely reflects what the stakeholder theory teaches about corporate reputation. In this context, caring for the social and ecological environment is crucial for being considered deserving of a good reputation among large groups of stakeholders and in general society. Thus, communication items sampled from the annual reports that highlight Gazprom's efforts to implement procedures safeguarding the environment and caring for the wellbeing of large groups of stakeholders are categorized as *Care*. Items promoting the company's activities as fair, honest, and valuing transparency, are categorized as *Fairness*.

Theme 2 Strengthens confidence in Gazprom among investors	
Category: Loyalty	Category: Authority
Codes Fulfils commitments to shareholders, remains loyal to the fiduciary duty.	Codes Acts – Exemplary within the industry/market, as a trustworthy leader.

The virtues of *Loyalty* and *Authority* are interpreted as most relevant to raise and maintain confidence in Gazprom among investors. Items portraying the shareholders' interest as of great concern, and investments as safe and promising, are categorized as *Loyalty*. Items highlighting the company as an authoritative actor knowing what is best in current and future situations, and that other actors would do wise to listen to for their own benefits, are categorized as *Authority*.

Theme 3 Counter criticism (political, ideological and environmental)	
Category: Sanctity	Category: Freedom
Codes Stands – In opposition to detested behaviour, for what is morally right.	Codes Safeguards the freedom to develop businesses on a free market.

Communication portraying the company's righteousness, in opposition to its critics' arguments, are deemed to foremost promote the message captured by Theme 3. Items emphasizing Gazprom as a company opposed to detested behaviour, such as bad working conditions, unreliability as a supplier, or corrupt business practices, are categorized as *Sanctity*. Communication that highlights Gazprom as an actor compatible with, standing up for, and prospering in a market characterized by freedom is put in the *Freedom* category.

For a richer illustration of the content analysis-templates that are the basis for this analysis, see Appendix V.

4.3. Analytic reliability

Attaining analytical reliability is of crucial importance for the research to establish relevance. Qualitative research is interpretive in nature, therefore attaining such can be challenging. According to Drisko and Maschi (2015), researchers must consider different angles and standpoints that a reader, and other researchers wanting to replicate the study, might come from to ensure a work's transferability capacity and its conclusions accuracy. This entails that the readers agree with the researcher in question's analysis of a communicative message sampled from the data. The researcher must therefore actively work on exercising reflexivity to safeguard the analysis from previously constructed biases, which otherwise will jeopardize the analytical reliability. If reflexivity is exercised, the closest to scholarly objectivity is achieved, which significantly supports a research study's analytical reliability (Drisko & Maschi, 2015).

In qualitative research, securing analytical reliability is achieved by the research attaining trustworthiness and credibility. The flexibility characterizing qualitative research allows the coding procedure, and the content analysis-templates, to be deliberately revisited and improved as the research proceeds to reflect the reality of a phenomenon most accurately. With rich descriptions of the empirical material and the analysis, detailing each step of the process and reasoning behind the formation of conclusions, this study establishes its credibility and trustworthiness (Braun & Clarke, 2006; Drisko & Maschi, 2015). Thus, a comprehensive coding procedure and persistent and careful observations of the empirical material, is this study's approach to achieving analytical reliability. Adherence to these practices allows for the knowledge created and conclusions reached to have relevance for other organisations facing similar challenges, and researchers wanting to replicate this study.

5. Analysis

Annual reports contain two types of information, namely formal and informal one. The first is mandatorily disclosed and regulated in accordance with judicial laws, and commonly written in a concise number-oriented fashion. Companies that are publicly listed on stock exchanges must adhere to additional rules stipulated by the exchange listing requirements of the exchange where the company is traded. According to Gazprom, the most important domestic laws it must adhere to are the *Tax Code of the Russian Federation* (articles 207, 208, 209, 214, 224), the *Federal Law on Joint Stock Companies* (articles 42, 44 and 60), article 29 of the *Federal Law on the Securities Market*, and article 7 of the *Federal Law on Anti-Money Laundering and Counter-Terrorism Financing* (PJSC Gazprom, 2021). On markets abroad, there are local laws that the company must take into consideration to continue to operate. Additional international agreements, some with great significance, impact Gazprom's business practice abroad especially after Russia became a member of the World Trade Organisation in 2012 (Austvik & Lembo, 2016). For the company to have a purposeful presence on capital markets in Russia, Gazprom must foremost adhere to the Moscow exchange's rules, the *MICEX-RTS Listing Rules of Public Joint-Stock Company*. Internationally, the most important exchange rules for the company are the *Rules of the London Stock Exchange*, and the *International Financial Reporting Standards* (PJSC Gazprom, 2021). Acting within legal frameworks and adhering to exchange rules have significance for a company's reputation and legitimacy (Doorley & Garcia, 2021). An examination of how thoroughly the company complies with these rules and regulations can be conducted by analyzing the accuracy of the annual reports' formal information and verifying it either physically on the ground or with access to relevant data. However, researching the formal information would be a different type of study, requiring additional theoretical framework, thus this analysis focuses on the informal information. According to Doorley and Garcia (2021), such information constitutes the lion's share of most annual reports and is disclosed voluntarily. Gazprom has freely decided what it wants to focus on, based on its judgment of what its stakeholders are interested in and want information about, and what the company is ready to disclose.

This analysis is structured based on the sampled data's relevance for each of the three themes, one category at the time. Rather than examining the reports chronologically according to

their release dates, this approach is chosen as it facilitates avoiding redundancy originating from repeating the analytic reasoning surrounding similar content originating from different reports. This facilitates a concise qualitative analysis of how Gazprom supports its reputation and portrays legitimacy and associates itself with the virtues illustrated by the MFT. The chapter concludes with a summary of the collected data's potential impact on Gazprom's reputation.

5.1. Bolster the reputation among stakeholders

5.1.1. *Care*

Beginning in 2008, Gazprom started releasing an annual Sustainability Report (CSR) and later in 2010, an annual Environmental Report. These reports have not been examined in this study, but if they had been much of the content would likely have fallen into this category of *Care*. Still, the annual reports frequently discuss social and ecological issues and the company's actions in these fields. All annual reports contain specific chapters where social and environmental policies are outlined. This is arguably very natural, as already on the first page of the 2019 report Gazprom explicitly states that their customers do want to see comprehensive measures to safeguard the environment (Item 1, Appendix I). As the company is one of the largest players in the natural gas and oil industry in the world, Gazprom is likely aware that many observers and societal trends do want to see actions taken to lessen any negative impact on the environment. A frequently occurring theme in Gazprom's communication, illustrated by item 2 (Appendix I), is to describe the company's operations as having a very helpful social impact, especially for Russian citizens (see also Item 3, Appendix I).

Gazprom's ambitious efforts to expand gas infrastructure in Russian regions contributes to their social and economic development and improves living standards.

Item 2 (2019), Appendix I

Portraying Gazprom as very beneficial for large groups of stakeholders supports its association with what the virtue *Care* entails. In this context, in the reports from 2006, 2008 and 2010, the term *gasification* is often used to explain the purpose of the company's expansions domestically, which simply means to increase Russian consumers' access to Gazprom gas (Item

26, Appendix I). This is connected to an interesting and recurring fashion surrounding how the company's business activities are portrayed, namely as "contributing to the energy and environmental security of Turkey and European countries" (Item 4, Appendix I). With such language, the company communicates that it is concerned about its consumers' and stakeholders' wellbeing and works hard to ensure their energy security. This is interesting not only from a business perspective but also in a political context. Gazprom uses this choice of words to portray itself as thoroughly standing for the virtues associated with *Care*, and distancing itself from the vices connected to *Harm*, as the practical result of some of its actions in the past has been for many of its stakeholders (see Chapter 1).

Gazprom employs more than 400 000 people, most of them Russians, and has a significant political role as one of the key players in the *National Champion Policy* discussed in Chapter 1. As the Russian government owns a majority of Gazprom's shares, the state has a motive to ensure portraying itself as a good employer, through Gazprom. Thus, elaborate social policies are not only good for Gazprom's reputation as a caring employer, but also have the potential to show Russian citizens that their government cares about them, which is good politics. In 2019's report, Gazprom describes its position about the government's social and labour policies, outlining how it "strictly complies with the requirements of Russian labour laws" (Item 5, Appendix I). In the following sentence, captured in the same item, Gazprom moves on to emphasize how it is compliant with international labour regulations. This is in line with an apparent strategic choice to highlight that Gazprom does not neglect its responsibility for its subsidiaries abroad, from both a social and ecological perspective. The communication portrays the company's management as putting the same pressure on its subsidiaries and operations abroad, to take similar precautions as the mother company does in its domestic operations (Item 6, Appendix I). As pointed out by Meyer et al. (2014), it is important for multinational corporations to show local stakeholders that they are responsible, to be seen as legitimate actors. Through emphasizing that subsidiaries and departments abroad are expected by the management to comply with the rules and regulations stipulated by the board of directors, Gazprom portrays itself as caring about stakeholders abroad and having a legitimate presence on foreign markets.

Charity is a recurring topic in Gazprom's communication. In large font the reader is informed that the company financed over 3.000 charity projects in 2019 (Item 7, Appendix I). Descriptions of its efforts to support vulnerable groups in society such as indigenous minorities,

disabled people and severely ill children (Item 8 & 9, Appendix I), creates an impression of Gazprom as a compassionate company associated with the virtue *Care*.

During the reporting year, the Group dedicated considerable resources to support disabled or orphaned children and financially disadvantaged or large families. On New Year's and Christmas eve, OAO Gazprom Held a charitable event for a thousand children from financially disadvantaged or large families, boarding schools and orphanages.

Item 24 (2014), Appendix I

Caring for orphaned children during Christmas is a good action that will resonate with people all over the world, and it promotes the company's reputation among broad groups of stakeholders. Other efforts might not be as effective internationally, but most possibly domestically. Goldman (2010) mentions that nationalism and religious institutions have increasingly strong positions in Russian society. This is communicated in every examined report, except for the one from 2006, highlighting Gazprom's financial support for promoting Russian history in the context of World War Two, sometimes called "the Great Patriotic War" (Item 10, Appendix I). The Russian Orthodox Church also receives financial aid from the company (Item 25, Appendix I). The purpose of emphasizing these topics is not to bolster the company's reputation among international stakeholders but in Russia where such issues have growing importance (Goldman, 2010).

5.1.2. Fairness

In the annual reports, the company's efforts to improve transparency are frequently highlighted. The amount of attention this subject receives makes it apparent that Gazprom believes it is important to portray the company and its subsidiaries as prioritizing transparency (Item 11 & 12, Appendix I).

The Company aims to further develop investor and shareholder engagement, enable their direct dialog with management, and increase transparency, including through better disclosure and better financial and non-financial reporting.

Item 11 (2019), Appendix I

Thus, exercising transparent procedures are closely linked to what the MFT describes as behaviour associated with the virtue *Fairness* (Trayner, 2017). Disclosing financial information with such procedures supports a company's trustworthiness that according to Barney and Hansen (1994), is both necessary for conducting trade efficiently and can be a source of competitive advantage on the market.

Detailed descriptions of the remunerations of the management, and whether any member of the board of directors holds a public office or owns shares in Gazprom, portrays the company as transparent (Item 13 & 14, Appendix I). By highlighting such measures, the company communicates a message that within the management there are no conflicts of interest and there is nothing that it wants to hide from the public eye. To reinforce this message, there is frequent communication detailing a variety of auditors examining the company's practices, both internal and external ones (Item 15, Appendix I). As internal auditors arguably do have a conflict of interest and could potentially be pressured by people with power within the company to be lenient in their examinations, the emphasis on external auditing reinforces Gazprom's message of being a transparent company.

5.2. Strengthen confidence in Gazprom among investors

5.2.1. Loyalty

Communication that speaks directly to investors by emphasizing economic information and practical details of Gazprom's plans to secure future profitability is categorized as *Loyalty*, as it portrays the company as being loyal to its investors. Such communication will effectively resonate with investors retaining a perspective influenced by the shareholder primacy theory discussed in Chapter 2. However, many modern business and communication scholars argue that taking the stakeholder theory to heart is the best business practice to maintain a strong market

position (Freeman, 2009; Stout, 2012), therefore this perspective cannot be neglected in this section. As Gazprom currently has a strong brand (Brand Finance, 2019), it explains why an overall theme in the reports is to portray that what is good for Gazprom is also beneficial for many groups in the society. By emphasizing efforts to care for large groups of stakeholders, as recommended by the stakeholder theory, the company indirectly communicates competitiveness that is beneficial for strengthening investors' confidence in Gazprom. In this context item 1 (Appendix II) from 2019's report, illustrates the company's strategy as it outlines the functions of the pipeline system Power of Siberia as not only providing gas to Russia's eastern regions, which is an infrastructural underdeveloped region of the country (Victor, 2008), while also facilitating exports to a market predicted to be of great value. Thus, the function of item 1 (Appendix II) could arguably be to convey the message of *Theme 1*, as it mentions improving the gas supply in the eastern regions, but as it appears in the context of expanding in "the world's most promising gas markets" it speaks more strongly to investors, rather than to any other group of stakeholders.

In 2019, Gazprom launched the first-ever Russian pipeline gas supplies to China, one of the world's most promising gas markets. Having been commissioned by the Company, the Power of Siberia gas pipeline became the mainstay of a new powerful system of gas exports and gas supply to Russia's eastern regions.

Item 1 (2019), Appendix II

Traditionally Europe has been Gazprom's main revenue creating market (Victor, 2008), but according to the reports from 2014 and 2019 its future as such is increasingly uncertain. Most importantly this is because Europe is diversifying its energy sources, both in terms of promoting renewable energy and using technologies that reduce waste (Item 2, Appendix II), but also by increasing gas supplies from other countries (Item 3, Appendix II). Instead, Gazprom promotes Asia, and especially China, as the future key market (Item 4, Appendix II), which according to their prognoses could see an increase in demand on imports of natural gas with 150%, and oil with 33%, between 2019 and 2040 (Item 5, Appendix II). The predictions of future demands for gas and oil are commonly followed by detailed accounts of existing and planned projects that will generate good profits, such as the Nord Stream (Gazprom Annual Report, 2006, 2008 & 2010), South Stream (Gazprom Annual Report, 2008 & 2010), TurkStream and Power of Siberia

(Gazprom Annual Report, 2014 & 2019), and Nord Stream 2 and Yamal-Europe Pipeline (Gazprom Annual Report, 2019). The message Gazprom strives to convey is that the company has many irons in the fire and a very diverse, robust, and expanding asset portfolio. Descriptions of such projects and economic performances are always very positively framed. Taking pride in carefully planned operations and highlighting good performance is logical, but it seems that framing situations positively in a relentless manner is a strategic choice.

Continuous progress is an important distinctive feature of *Gazprom*. By implementing new ambitious projects, entering new markets, launching new products, and introducing new technologies *Gazprom* confidently maintains its position at the vanguard of the global energy industry, building a foundation for sustained success over the coming decades. This is vividly illustrated by the *Company's* performance in 2014.

Item 10 (2014), Appendix II

Item 10 (Appendix II) from 2014's report, illustrates this strategy as 2014 saw Gazprom's share value decrease with 45.9%, and its gas production fall with 8.9% (Gazprom Annual Report, 2014). The company apparently refers to other indicators than its share price and gas production, as it describes its performance in 2014 as vivid, but which ones are not specified and remains unclear. As described in Chapter 1, events in 2014 inclined Gazprom's investors to lose confidence to a greater extent than was the case for significant competitors (Appendix IV). How the company portrays itself regarding such events is further examined in the following *Authority* section. The language used by Gazprom to associate the company with the virtue *Loyalty* is characterized by relentless positive framing of its economic outlook and strategic position, no matter the challenges of a situation. By communicating that it remains loyal to its commitments of generating profits to its shareholders (Item 6, Appendix II), the company strives to promote confidence among its shareholders, by always framing its performance as strong, as illustrated by item 5 (Appendix II).

In certain contexts, the company emphasizes its strong relations with the government. In a number of Russian regions, mainly in the sparsely populated regions of Siberia and the Far East, the relationship between Gazprom and its consumers is influenced by a state policy entailing governmental subsidies. The state regulates the maximum price that Gazprom may take from these consumers to a price below the domestic market price, and then reimburses the

company for some of the missing revenues. This arrangement is not monetarily profitable, even though it helps the company to retain market shares (Victor, 2008), and in 2014's report Gazprom describes how it "liaises" with the government to increase its potential revenues (Item 11, Appendix II).

OAO Gazprom constantly liaises with federal authorities to improve the existing approaches to state regulation of gas prices. The Company believes that gas supplies to different regions should be made equally profitable. In addition, proposals were submitted for shifting the gas industry to price and tariff regulation based on reasonable costs and include an economically sound standard rate of margin in wholesale prices.

Item 11 (2014), Appendix II

This is a sensitive subject for many Russians as these subsidies have been in place for many decades, in various forms, and many of the regions where they are practiced are poorer regions (Goldman 2010; Victor 2008). Advocating raising long-time consumers' prices is often unpopular among the concerned who might, after being in a business relationship with the company for an extensive period, expect it to exercise loyalty by keeping their prices low (Barney & Hansen, 1994). This is not part of Gazprom's agenda, which is captured in item 11 (Appendix II), as it entails that "different regions should be made equally profitable", which in effect means that villagers in Siberia should pay at least as much as residents in Moscow and St. Petersburg. As this agenda is controversial, Gazprom uses complicated and non-direct language to describe it, in sharp contrast to the simple and frank language used about its support for orphaned children (Item 24, Appendix I). By framing the situation as a result of the state's actions to "improve the existing approaches to state regulation of gas prices" Gazprom deflects part of its responsibility for the coming price hikes, using the government as a shield, while at the same time communicating a message of loyalty and future increases in corporate revenues to its shareholders (Item 11, Appendix II). In this context, Gazprom effectively portrays itself as having good relations with the state, something that Goldman (2010) describes as crucial for conducting business successfully in Russia, as it communicates loyalty to its shareholders.

5.2.2. Authority

Gazprom portrays itself as an authority by outlining its comprehensive plans to handle any difficulties. In response to political challenges that the company is facing, Gazprom communicates to investors that it is steps ahead of any such threats. In 2014's report, this is illustrated by the language used about its position regarding international sanctions (Item 12, Appendix II). After briefly describing the context of European and American sanctions against Russia, Gazprom portrays itself as having a comprehensive strategy that it will adhere to even if the situation gets worse, that will successfully navigate the company through the difficult situation and maintain its financial stability.

The Board of directors reviewed the information about the Company's financial strategy in the context of adverse developments in the global financial market. The geopolitical situation around Ukraine and the economic sanctions imposed against Russia by the United States and the European Union affected most of the Russian companies. In this context, OAO Gazprom believes it should stick to the course outlined in its current financial strategy, which supports the Company's financial stability and enables timely response to potential deterioration of the situation.

Item 12 (2014), Appendix II

The message to investors is that Gazprom is not particularly guilty, as it is not the only company being affected, although it retains firm control over the situation. This was in 2014, the year of the Crimean Crisis (see Chapter 1), and many observers expected further deterioration of relations between Russia and the EU and USA (Blakkisrud & Rowe, 2018). With such portrayal, Gazprom not only communicates that the current political situation is nothing to worry about, but also that if investors in the future sense that more sanctions will be implemented, neither those will have a negative impact on the company's performance and economic outlook. As the MFT virtue *Authority* stems from the idea that authority is something that facilitates social hierarchical interactions determining whom one should follow (Trayner, 2017), Gazprom, in line with this reasoning, strives to portray itself as being the authority that others should trust and listen to. This framing of its position on the market frequently recurs and in 2014's report the company explains its grand strategy to navigate the situation, to continue to sell gas, without requiring any political change. According to Gazprom, this can be achieved by building new pipelines bypassing Ukraine completely, a country that is described as "prone to systemic risks" (Item 13,

Appendix II), implying that the problem lies with Ukraine and not Gazprom.

In item 14 (Appendix II) from the same year, a slightly different approach that Gazprom uses to portray authority is captured, as it describes its risk management strategies entailing diversifying and expanding to different markets. In doing this, the company acknowledges that despite its effective countermeasures there is an increasing risk that the European gas market will not continue to be as profitable for Gazprom as it is today (2014), if “no progress is achieved in resolving the crisis in South-East Ukraine” (Item 14, Appendix II). By stating that “The situation in South-East-Ukraine prompted the EU, the United States, and other countries to impose limited economic sanctions on the Russian Federation and certain Russian companies” Gazprom implies that Russia and Russian companies in this situation are passive participants rather than active ones, but still the company is comprehensively informed and have countermeasures (Item 14, Appendix II). As this writing is followed by Gazprom emphasizing its prepared “Risk management/mitigation strategies” as effective responses for any eventualities, the company portrays itself as having authority (Item 14, Appendix II). This conveys the message of Gazprom being the one to listen to, which is in line with what the MFT describes as characteristic for the virtue *Authority*.

Item 7 (Appendix II) from 2019’s report, stands out because it lacks the confidence that normally characterises Gazprom’s communication regarding challenging situations. It describes the USA’s implementation of sanctions as disrupting the completion of the Nord Stream 2 as well as the TurkStream. These two pipeline systems have in previous reports been described as the solution to the Ukraine-related “systemic risks” (Item 13, Appendix II). The way forward is for once not described, and the only remedy mentioned is that “various alternative options are being explored to complete the construction” (Item 7, Appendix II). This clearly breaks with the company’s tradition of relentlessly portraying itself as being firmly in control. The standard portrayal of authority and framing of Gazprom’s ability to navigate crises, is more accurately illustrated by item 15 (Appendix II) from 2008’s report.

Gazprom is flexible in adjusting its current plans to the changing external conditions but our long-term strategy remains unchanged. Crises start and finish, yet Gazprom keeps moving forward!

Item 15 (2008), Appendix II

Gazprom has historically required foreign technology to be successful with several projects (Loe, 2018). Sanctions banning the company from accessing such technologies therefore constitute a serious threat to its attractiveness as an investment. Thus, portraying itself as an authority in the technological sphere, as a high-tech self-sustaining company, is prioritized. By emphasizing that the company “allocates significant amounts for its annual R&D” and describing its aim to be creating “sophisticated engineering complexes unrivalled in the world” (Item 8, Appendix II), Gazprom communicates that it will no longer depend on foreign technology for its success. In item 9 (Appendix II) from 2019’s report, the company emphasizes its support for Russian-based technology and that it will rely on domestic assets as its basis for future operations. This conveys a message of authority in the technological field and promotes a reputation of Gazprom being a good investment, as it portrays the company as a technological forerunner that is resilient to possible foreign punitive efforts.

5.3. Counter criticism (political, ideological and environmental)

5.3.1. Sanctity

Unreliability is a characteristic that is in opposition to what the virtue *Sanctity* entails (Trayner, 2017). In Gazprom’s annual reports, being a reliable partner is one of the key features that the company strives to associate itself with, and the word *reliable* appears frequently in the context of its commitments and deliveries. The company is often criticised as being an unreliable partner that cannot be trusted to fulfil its commitments (Goldman 2010; Newnham 2011), thus it strives to debunk this criticism by portraying itself as a reliable business partner.

Mission

Reliable, efficient and balanced supply of natural gas, other energy resources and their derivatives to consumers.

Item 1 (2019), Appendix III

In item 1 (Appendix III), showing the 2019 corporate mission, the word is placed in a significant spot being the first choice for beginning the description that encapsulates what the company is about. As the critique of being unreliable has historical pretexts (see Chapter 1) and

is often mentioned as a reason for Europe to stop doing business with Gazprom (Newnham 2011), which would exclude the company from its currently largest revenue generating market (Victor, 2008), the company is encouraged to portray itself as reliable. Highlighting Gazprom as reliable sometimes approaches desperation, as in 2014's report the company writes "Gazprom is responsible for uninterrupted gas supplies to Belarus, Armenia and Kyrgyzstan." (11, Appendix III). Considering that Gazprom exports gas to a much larger number of countries than three, this list is not impressive, but it is an attempt to portray the company as reliable.

Substantial communication is dedicated to portraying the company as acting against corruption. Both Gazprom itself and its majority owner, the Russian state, have frequently been criticised for corrupt practices (Goldman 2010). To counter this, the reports extensively describe the many regulations, Russian and international, the company adheres to in its corruption combating efforts (Item 2 & 3, Appendix III). Highlighting its compliance with international standards and regulations is a strategic choice used to portray Gazprom as genuinely acting in accordance with what the virtue *Sanctity* entails. Item 4 (Appendix III) from 2019's report, illustrates this well as it captures Gazprom emphasizing that its employees are covered not only by Russian labour laws, but also by international conventions. By pointing out that international standards regulate work conditions, wages, social benefits and more, Gazprom portrays itself as a legitimate actor according to widely accepted norms and implies that criticising its internal social policies is unwarranted. The same strategy is used to counter criticism regarding its ecological footprint on the environment. In this context, the company's participation in the United Nations Agenda 2030 for Sustainable Development is emphasized (Item 5, Appendix III). Highlighting commitments to internationally organised programs for safeguarding the future's environment is a strategy used to warrant criticism. Item 12 (Appendix III) from 2014's report, illustrates this strategy as it describes Gazprom's oil subsidiary, Gazprom neft, as benefiting from its compliance with a number of internationally recognized standards.

Gazprom neft Group benefits from an integrated management system compliant with OHSAS 18001, ISO 14001 and ISO 9001 international standards and covering both environmental security and occupational and health safety.

Item 12 (2014), Appendix III

In 2010's report, to reinforce the message that it wholeheartedly takes responsibility for its large environmental footprint, Gazprom points out the fines it has paid to the Russian government for its previous violations of environmental legislation (Item 14, Appendix III). The language used portrays it as being a very low amount and lower than the previous year. Gazprom strives to convey the message that its operations are meticulously checked for adhering to environmental regulations and while it was fined the violations were not significant. Regarding the level of compassion, Gazprom's communication in this field is mixed. In contrast to the standard statements of being in compliance with different standards, as illustrated by item 12 (Appendix III), Gazprom sometimes uses a more colourful language, with arguably *beautiful* wordings, to portray itself as a genuinely conscious company regarding the environment. In 2010's report it writes "Gazprom should take all possible measures to preserve the Earth's climate." and in 2019's report that "Gazprom's Environmental policy is based on the aspiration to maintain favourable environment for the benefit of present and future generations." (Item 15 & 6, Appendix III). Many multinational corporations, including Gazprom, are criticised for using CSR reports and ecological safeguarding efforts as public relations stunts rather than as genuine initiatives (Meyer et al., 2014). Communication like this effectively portrays the company as compassionate and wholeheartedly acting in accordance with what *Sanctity* entails.

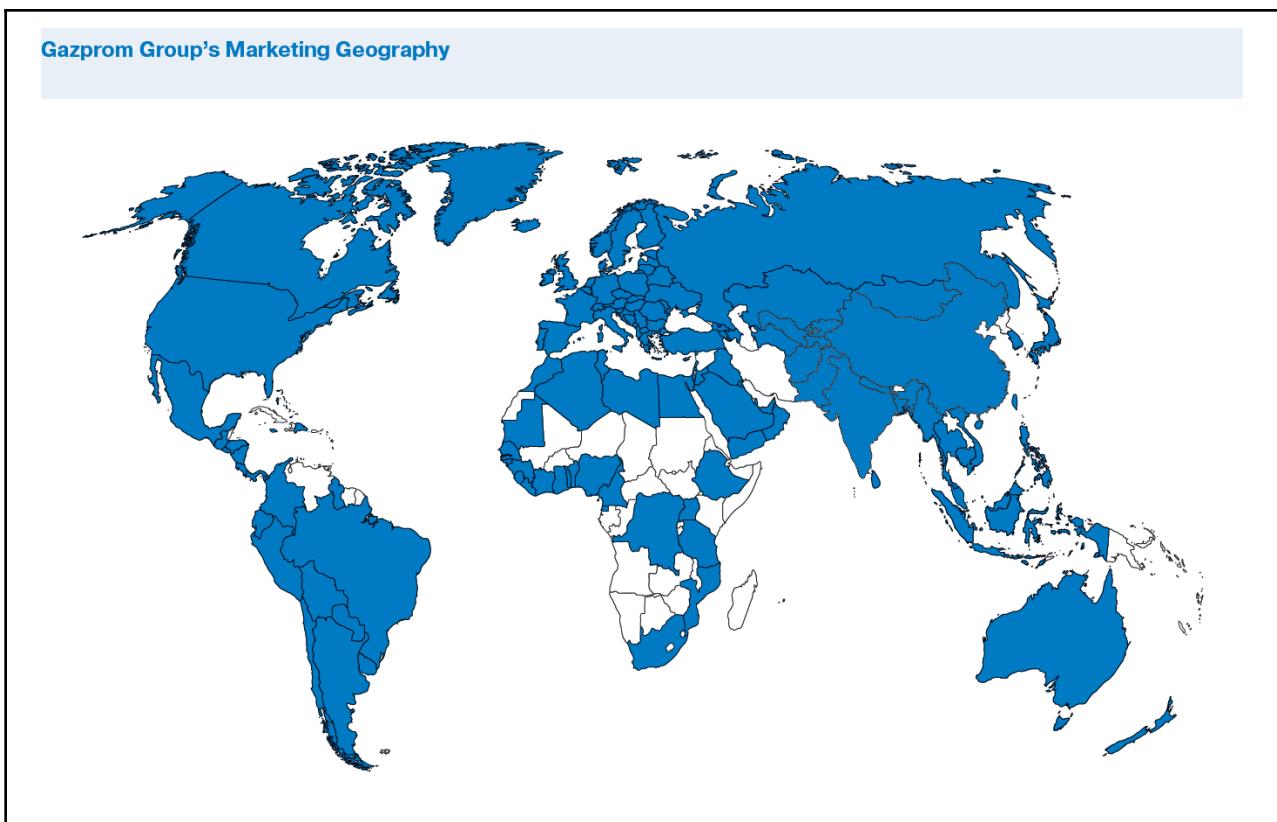
Gazprom is aware of the existing criticism regarding its corporate governance structure not living up to international standards, as outlined by Victor (2008). An outspoken, repeatedly mentioned goal is to improve shareholders' rights and improve its corporate governance system. Up to and including 2010, Gazprom emphasized its ambition to take its governance structure to international standards (Item 20, Appendix III). According to the analysis of the 2014 and 2019 annual reports conducted in this study, focus has increasingly shifted since 2010 from adhering to international standards to adhering to Russian national standards. The company's current perspective on this issue is best illustrated by item 7 (Appendix III) from 2019's report.

- Russian and international best practices.
PJSC Gazprom's Board of Directors believes that compliance
with the principles and recommendations set out in the Russian
Corporate Governance Code, is key to the Company's long-term
growth and stronger investment case.

It can be argued that Gazprom has already attained international standards for governance, but it might not be the case as any mention of compliance with international standards is wholly absent in 2019's report. Contrary to its previous ambition to adhere to international standards and norms, the company currently places greater emphasis on complying with domestic ones. In this regard, Gazprom does not appear to have a sufficient strategy to effectively counter criticism about its corporate governance system.

5.3.2. Freedom

Gazprom strives to portray its business model as self-sustaining and as economically independent of the Russian state for its survival. However, critics have argued that the company survives because of its governmental backing (Victor, 2008), but according to Gazprom it adheres to European norms of competition (Item 16, Appendix III). Foreign companies exercising monopolistic tendencies is a phenomenon rarely welcomed in free markets and is often viewed as destructive by local communities (Meyer et al., 2014), and critics have associated Gazprom with monopolistic behaviour (Victor, 2008). The company however, promotes a perception of distance between itself and such practices. In item 16 (Appendix III) from 2010, Gazprom highlights its adherence to anti-competition provisions stipulated by the EU in a manner that supports associating the company with the characteristics described by the MFT as illustrative of the virtue *Freedom*. Such framing of Gazprom's business practices supports its legitimacy and serves to counter anticipated criticism from stakeholders abroad, as people living in societies with free markets tend to view companies not being compliant with local business norms with suspicion (Meyer et al., 2014). By communicating its comprehensive recognition among international financial institutions, Gazprom portrays itself as compatible with a market characterized by freedom (Item 8, Appendix III). To reinforce the message of being compatible with free competition and that the mechanisms of a free market is beneficial for the company, Gazprom in 2008's report writes "Liberalization of the European gas market offers additional opportunities for Gazprom Group to increase the efficiency of its natural gas exports by obtaining additional profits" (Item 18, Appendix III). By using terms as *liberalization* in the context of acquiring profits, Gazprom communicates that freedom is a virtue venerated by the company.



Item 9 (2019), Appendix III

In item 9 (Appendix III) from 2019's report, Gazprom applies visualization to portray itself as an international company that is well served by the free market. The company implies a very successful market penetration, and competitiveness in an international context. Extensive descriptions of partnerships with foreign companies, portray Gazprom as fully integrated, and far from isolated, on the international energy market. The frequent mentioning of its many European business partners conveys a message of the company being a legitimate player that many actors are interested in cooperating with (Item 17, Appendix III). International involvement is a frequently discussed topic, reoccurring in many different contexts. Gazprom's complex history with Ukraine (see Chapter 1) is in 2008's report framed to convey a message of Gazprom being compatible with international systems (Item 19, Appendix III).

When exporting natural gas to European countries through Ukraine, occasional risks arise related to unauthorized withdrawals of natural gas intended for Western consumers. Such a situation complicates customs clearance procedures and therefore may necessitate turning to an international arbitration court.

Item 19 (2008), Appendix III

By mentioning the situation of Ukraine-related transit risks and pointing out that Gazprom might feel warranted to take the issue to an international arbitration court, the company conveys a message of confidence regarding its position on the free market. This illustrates Gazprom's communication strategy surrounding the situation in Ukraine and similar situations, which entails emphasizing its righteousness according to internationally recognized norms and practices, and it being a legitimate actor in a globalized business context.

5.4. Corporate reputation implications

In Chapter 3, corporate reputation was defined as the aggregated sum of the external and internal stakeholders' perceptions of a firm, formed over time. The internal stakeholders' perception depends on the corporate identity, which is formed by the corporate culture, but the culture cannot always be successfully comprehended from outside the company (Helm et al., 2011). Thus, the basis for this analysis of the internal stakeholders' perceptions, constitutes an assessment of Gazprom's portrayal regarding its corporate identity. This examination, in conjunction with an assessment of the image Gazprom strives to portray, which influences the external stakeholders' perception of the company, is the basis for this analysis of Gazprom's efforts to attain a strong corporate reputation viewed through the lenses of the MFT.

Gazprom portrays itself as very actively caring for its employees' interests. Internal programmes that provide health care, pension plans, housing and monetary aid for families with many children, also to employees working for subsidiary companies, are emphasized as integral parts of the company (Item 5 & 16, Appendix I). By claiming to have a competitive advantage on the labour market, because of its human resource initiatives, and pointing out that the best students in Russia are recruited by Gazprom, the company portrays its corporate identity as very comprehensively cultivated. To reinforce this message Gazprom describes its workforce as "the

most strategic tool” and that the company “puts the health and safety of its employees at the top of its agenda” (Item 16 & 17, Appendix I). Using such language, Gazprom communicates that it is an employer one should like to have, that is worthy of its employees’ loyalty and engagement. In the annual reports there is not much mentioning of any corporate values, which can be beneficial to emphasize as it supports the corporate identity and facilitates for deliberate norms and good behaviour among the workforce within the company (Helm et al., 2011). However, Gazprom does communicate about its *Code of Corporate Ethics* and it is portrayed as important and compliance with it is stated as a prerequisite for making a career within the company (Item 18, Appendix I). Portraying the company as combating corruption, especially on the management level, is a recurring theme and Gazprom highlights its “career enhancement programme on preventing and combating corruption” (Item 19, Appendix I). The message Gazprom strives to convey is that corruption on all levels is unacceptable. By emphasizing such codes of conduct and ethics programmes, including others as for example the energy saving programmes aimed at lowering wasteful use of energy (Item 20, Appendix I), the management portrays itself as actively leading the way by setting good examples.

Approaching corporate identity in these ways characterises an active reputation management strategy, which is a good approach to portray the company as having a comprehensively cultivated corporate identity. This can serve to positively influence the internal stakeholders’ perception of the company (Helm et al., 2011). At the same time this active approach, according to Helm et al. (2011), has the potential to devastate the internal stakeholders’ perception of the company, if Gazprom fails to deliver on its commitments, as it has promoted the association of the company with the high social standards that it has portrayed.

Many companies today use a strategy of personalizing the CEO to bolster their image (Helm et al., 2011). Such a strategy entails frequent highlighting of the CEO’s personal values and behaviour in positive contexts. By doing so, the image of the CEO is associated with the company’s image and the characteristics of this person become perceived by observers as representative for the organisation as a whole (Helm et al., 2011). Gazprom uses a different but similar strategy, supplementing the CEO with the board of directors. The signatory of the letters to the shareholders, that each annual report contains, are the CEO and the chairman of the board of directors, except for the one from 2019 that contains two letters with only one signed by the CEO. Apart from these letters the CEO’s opinion on matters is never stressed and his name

(Alexey Miller) is rarely mentioned. In these letters Gazprom often strikes a compassionate tone and in 2019 the CEO and chairman of the board of directors outline its priorities as being “to improve the country’s quality of life” and to promote “Green energy supplies taking low carbon footprint” (Item 21 & 1, Appendix I). Gazprom’s board of directors actively portrays itself as a socially and ecologically conscious and responsible group, and communication about the board frequently appears in this context. According to research outlined by Helm et al. (2011), the CEO’s profile can benefit the image of a company greatly, and is important for the external stakeholders’ perception, but as it focused on the influence that one important person may have the benefits of this strategy cannot be trusted to materialize in this situation. Even though its importance is great there are many people on the board of directors. Gazprom’s strategy to personalize the board and portray its management as morally conscious is not as purpose fulfilling as it could have been. Still, this approach might be able to slightly enhance the external stakeholders’ perceptions of Gazprom. However, not to the same extent as if the strategy had been to firmly focus on only the CEO and had portrayed Alexey Miller as having a strong moral character that was representative for the whole organisation. The reputation management strategy in this regard is active but could be improved.

Gazprom’s strategy to portray an image that supports a strong corporate reputation is diverse, and certain issues are more emphasized than others. Corporate governance is one issue where the approach is characterised by passivity and in 2019’s report the company avoids committing itself to international governance norms. When comparing earlier reports with later ones the strategy in this regard appears to have changed. This is in line with the greater trend of Gazprom emphasizing Russian norms and standards rather than international ones, as being crucial for their success. In 2006’s annual report, Gazprom writes “The adopted line to evaluate into a global energy company requires Gazprom to comply with the generally recognized world corporate governance standards” (Item 20, Appendix III). Thus, in 2006 Gazprom actively promoted international standards as key to its success, but in 2014 the company struck a different tone writing “The *Company* also strives to adhere, to the fullest possible extent, to national and international corporate governance principles” (Item 13, Appendix III). Then in 2019’s report, the language completely avoids committing the company to adopt international standards, as a way to improve its corporate governance system, and Gazprom writes “PJSC Gazprom heavily relies on the Russian Corporate Governance Code in enhancing its corporate governance system”

(Item 10, Appendix III). In sharp contrast to earlier years reports, the communication in 2019's report only mentions international standards in a subordinate role to Russian ones, as illustrated by item 7 (Appendix III), used as an example in the *Sanctity* section.

In contrast, the approach to building an image that supports a strong reputation in the fields of CSR, environmental sustainability and as being a good employer, is very active. Gazprom portrays itself as a very conscious and progressive company in these fields (Item 22, Appendix I).

Sustainable use of natural resources, improved energy efficiency of operations, and better environment in Russian regions through extending gas infrastructure to communities and energy and transport facilities.
Support for vulnerable groups; constructing and developing sports and social and economic infrastructure

Item 22 (2019), Appendix I

Frequent communication conveys the message of Gazprom making an effort to act ethically and the company puts the bar high regarding social and environmental issues. In 2008 it wrote "It is hard to estimate future expenses related to environmental risks and compliance with the environmental legislation. However, the *Group* monitors its activities in order to comply with the environmental standards in effect and implements environmental programs. A decision was made to toughen the corporate policy related to compliance with the environmental legislations" (Item 27, Appendix I). In 2019's report, Gazprom states that it has "The lowest products' carbon footprint among the world's largest oil and gas companies" and reinforces the message with a graph showing the company's and significant competitors' greenhouse gas emissions (Item 23, Appendix I). This is a very active and good approach to portray the company as prioritizing safeguarding the environment. It has the potential to positively influence external stakeholders' perceptions and support a good reputation in general society, while also speaking directly to investors that have taken the stakeholder theory to heart, as it portrays Gazprom as having integrated a contemporary morality perspective regarding its business practices. The charity efforts mentioned in this chapter's *Care* section further supports the perception of Gazprom as a compassionate company. However, as it puts the bar high in these regards, it must act this way consistently and accordingly, or risk undermining the reputation it strives to attain.

6. Discussion

Legitimacy theory emphasizes that organisations need legitimacy to continue to operate. Gazprom's current strong market position shows that despite its reputation as a tool for Russian petro-power, the company seems to navigate its challenges well. The answer to the first research question outlined in this paper (*How state-owned multinational corporations can portray themselves as legitimate actors in politically sensitive markets?*), seems to be that by building a reputation as a good company in some regards, a bad reputation in others can be compensated for. With a good reputation Gazprom may maintain its legitimacy, but in certain fields this may become increasingly hard. At the time of her research Victor (2008) described Gazprom's shareholders as tolerating the current governance structure as they expected it to be transformed as more transparent and democratic practices became the norm in Russia. As investors do want to see the company adhere to international corporate governance standards, the strategy of not committing to such is not sufficient for enhancing the external stakeholders' perception of the company. Avoiding committing to reforms that would support an improvement of the stakeholders' perception, and thus its reputation, is a passive reputation management strategy that is insufficient for creating a positive change to Gazprom's reputation. Without adhering to international corporate governance standards, the shareholders' influence will remain limited, and the strategic choices of the company will remain firmly in the hands of the Russian state. Washing away the tarnished perception of the company being the Russian state's tool for exercising petro-power (see Chapter 1), requires a more active approach to reputation management. However, Gazprom appears to have chosen a strategy that instead focuses on portraying the company as a forerunner in environmental matters, but if this will be sufficient in the long run for attaining legitimacy in the eyes of external stakeholders remains to be seen. Nonetheless, if Gazprom can replace the company Allseas offshore pipe-laying expertise, or sanctions are lifted facilitating for Allseas' return, then Nord Stream 2 can be completed (94% of the pipeline's distance is complete) and TurkStream as well (Gazprom Annual Report, 2019). If this happens Gazprom will be able to substantially increase its presence on the European market. This would allow for building more and stronger relationships with European stakeholders and facilitate for the company to cultivate its reputation, using its apparent strong CSR and environmental initiatives, to a public containing many important external stakeholders for the

company. By doing so Gazprom could attract more investors whom such initiatives resonate with, filling the potential gap investors who are more concerned with the corporate governance aspect might leave. By highlighting its focus on environmental issues and CSR, which are topics that an increasing number of stakeholders in general society prioritizes, Gazprom may attain the reputation and legitimacy it needs.

As adopting international governance standards is an issue dropped by the company, the answer to research question two (*How does Gazprom portray itself as upholding its fiduciary duty?*) can not be found in Gazprom's communication about its corporate governance system, but rather in its communication about how the company will secure its profitability. Gazprom has identified the rise of renewable energy sources, especially in Europe, as a potential threat to its future revenues. However, if its prognoses surrounding the increase in demand in Asia hold true and the company's efforts to expand deliveries of LNG (Liquefied Natural Gas) and plans of building a second Power of Siberia pipeline to China (in addition to the one active since 2019), materialize, this has the potential to supplement the decrease in demand in Europe. For attaining a comprehensive market position this strategy will entail reputation management efforts in Asia that might not be hindered by political challenges and critique of the company's role in for example Ukraine. Thus, future decline in revenues is not guaranteed, even if Europe is not the market providing it, and by emphasizing Asia as the new cash-cow Gazprom's pitch to investors may find a new avenue to remain strong. The answer to the issue of upholding the fiduciary duty appears to be to frame it as a challenge that should be seen solely in a financial context. However, as the possibility to gain influence over Gazprom's strategizing and material assets fades, and its attractiveness starts to exclusively rest on its abilities to generate profit, its position on the capital market risks becoming more vulnerable to economic slowdowns. A corporate reputation based on commitments to moral consciousness and strong profitability appears sensible but has much to live up to.

It takes many good deeds to build a good reputation, and only one bad one to lose it

- Benjamin Franklin

(Halpern & Murphy, 2009)

7. Conclusions

For a long time, it appeared as if Gazprom's management strived to serve and please two masters with different agendas, both the Russian state and shareholders wanting more influence over the company's strategizing, but now the board of directors seems to have reached the same conclusions as Brutus did in 44 BC: one must be creative. Dropping the long-stated goal of adopting international governance standards could be seen as a knife in the back to those investors who believed in the company's statements of striving to adopt such practices. However, Gazprom may find it sufficient to adhere to Russian governance standards and frame the board of directors' fiduciary duty as being solely about generating profits. By doing so, the company might find a new approach to attract a different type of investor and serve two masters with more aligned interests. Gazprom having strong CSR and environmental policies might come as a surprise to many, and it may be able to use this to its advantage, by emphasizing it and converting its efforts into legitimacy.

7.1. Suggestions for further research

The analysis of the image that the company's corporate communication strives to portray, would have benefited from including more mediums like Gazprom-Media and its TV-channel. Interviews with Gazprom employees may have provided an illuminating inside perspective of the corporate identity strengthening efforts. Access to internal Gazprom data would cast light on its strategies to attain a good corporate reputation and legitimacy. Further research might involve conducting a discourse or textual analysis on press releases using William Benoit's image restoration theory. Potentially this will cast light on Gazprom's approach regarding its reputation and legitimacy at the time of crises, like the current situation with the Russian opposition leader Alexei Navalny and the ongoing conflict in Ukraine.

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Appendix I

Items copy pasted from annual reports portraying Theme 1

Following items are retrieved from PJSC Gazprom's Annual Report 2019

Item 1

Green energy supplies taking low carbon footprint routes are fully in line with the interests of our customers.
Theme – 1
Category – Care
Code/s
Implements impactful environmental initiatives. Safeguards consumers' wellbeing.

Item 2

Gazprom's ambitious efforts to expand gas infrastructure in Russian regions contributes to their social and economic development and improves living standards.
Theme – 1
Category – Care
Code/s
Safeguards consumers' wellbeing.

Item 3

Gas infrastructure expansion across Russian regions, and developing their social and economic potential, paying taxes, and contributing to investment activity and improved business environment; job creation
Theme – 1
Category – Care
Code/s
Safeguards consumers' wellbeing. Safeguards employees' wellbeing.

Item 4

In 2019, the Group completed the construction of the TurkStream trunk gas pipeline's offshore section linking Russia and Turkey via the Black Sea, and the onshore transit section of the TurkStream pipeline running across Turkey to its border with Bulgaria. Pipeline gas supplies via the new route commenced **in January 2020**, contributing to the energy and environmental security of Turkey and European countries.

Theme – 1

Category – Care

Code/s

Safeguards consumers' wellbeing.

Item 5

PJSC Gazprom strictly complies with the requirements of Russian labour laws. The Company's local regulations are aligned with Conventions of the International Labour Organisation and international standards regulating employee pay, hours, working conditions, remuneration for work, social security, and holidays with pay.

Theme – 1

Category – Care

Code/s

Safeguards employees' wellbeing.

Item 6

Gazprom Group's subsidiaries operating abroad are also committed to minimising their environmental footprint in strict compliance with both local regulations and PJSC Gazprom's Environmental Policy.

Theme – 1

Category – Care

Code/s

Implements impactful environmental initiatives.

Safeguards consumers' wellbeing.

Item 7

Over **3,000**
charitable projects and initiatives financed
by Gazprom Group companies in 2019

Theme – 1

Category – Care

Code/s

Implements meaningful CSR activities.

Item 8

A significant amount of investments is allocated for construction and renovation of sports and social infrastructure facilities, participation in restoration projects aimed at preserving the historical and cultural heritage and implementation of programmes to support indigenous minorities of the Russian North.

Theme – 1

Category – Care

Code/s

Implements meaningful CSR activities.

Item 9

Financing treatment courses for people with disabilities and severely ill children

Theme – 1

Category – Care

Code/s

Implements meaningful CSR activities.

Item 10

A special emphasis is placed on preserving the historical memory of the Great Patriotic War.

Theme – 1

Category – Care

Code/s

Implements meaningful CSR activities.

Item 11

The Company aims to further develop investor and shareholder engagement, enable their direct dialog with management, and increase transparency, including through better disclosure and better financial and non-financial reporting.

Theme – 1

Category – Fairness

Code/s

Acts fair.

Acts transparent

Item 12

The new approach will improve sub-holdings' business process transparency and operational and investment performance control.

Theme – 1

Category – Fairness

Code/s

Acts fair.

Acts transparent.

Item 13

Remuneration of members of the Board of Directors for service on a governing body paid in 2019 (in accordance with Resolution of the Annual General Shareholders Meeting dated 28 June 2019, Minutes No. 1)				
Name	Position	Holding public or civil office	Total	Remuneration paid, RUB Including additional remuneration for additional responsibilities while serving on the Board of Directors, or serving on committees of the Board of Directors
Viktor Zubkov	Chairman of the Board of Directors	Holds no such office	32,234,760	5,926,500
Alexey Miller	Deputy Chairman of the Board of Directors	Holds no such office	31,247,010	4,938,750

Theme – 1

Category – Fairness

Code/s

Acts transparent.
Acts honest.

Management of the company absent of conflicts of interests.

Item 14

Name	Position	Shareholding in PJSC Gazprom, %
Members of the Board of Directors		
Viktor Zubkov	Chairman of the Board of Directors	–
Alexey Miller	Deputy Chairman of the Board of Directors, Chairman of the Management Committee	0.000958
Theme – 1		
Category – Fairness		
Code/s		
Acts transparent. Acts honest.		
Management of the company absent of conflicts of interests.		

Item 15

Financial and business operations of the Company are reviewed by an independent external auditor.
Theme – 1
Category – Fairness
Code/s
Acts fair. Acts honest. Acts transparent.

Item 16

The most important strategic tool of Gazprom is its personnel — a professional workforce aiming for the highest performance. The key drivers of the Company's consistently high profile as an employer include its responsible social policy, ample opportunities for fulfilling potential and upgrading skills.

Theme – 1

Category – Care

Code/s

Safeguards employees' wellbeing.

Item 17

Gazprom puts the health and safety of its employees at the top of its agenda by consistently improving its safety management system and monitoring risks and challenges to its stable operations.

Theme – 1

Category – Care

Code/s

Safeguards employees' wellbeing.

Item 18

A set of career enhancement programmes on compliance with the Code of Corporate Ethics of PJSC Gazprom, including Corporate Ethics at PJSC Gazprom, an online training course

Theme – 1

Category – Care

Code/s

Safeguards employees' wellbeing.

Item 19

Career enhancement programmes on preventing and combating corruption
Theme – 1
Category – Fairness
Code/s
Acts fair.
Acts honest.

Item 20

As natural gas consumed by trunk gas pipelines accounts for the largest share of the fuel and energy consumption mix of the subsidiaries covered by PJSC Gazprom's energy saving programmes, key energy saving and energy efficiency improvement initiatives, such as deploying energy efficient equipment, are focused on natural gas.
Theme – 1
Category – Care
Code/s
Implements impactful environmental initiatives.

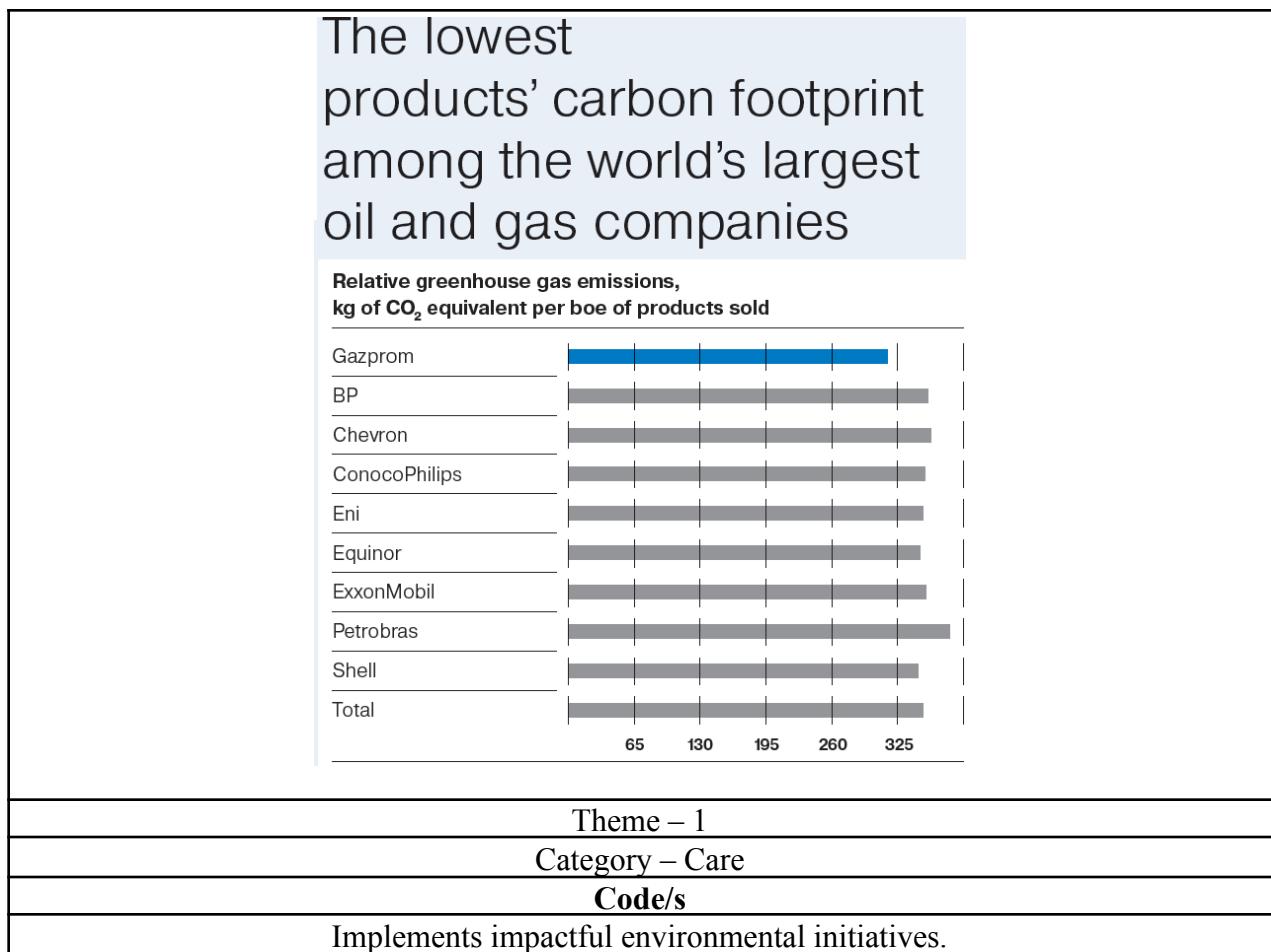
Item 21

The expansion of gas infrastructure is first and foremost focused on creating the necessary environment to improve the country's quality of life and boost its industrial output.
Theme – 1
Category – Care
Code/s
Implements meaningful CSR activities. Safeguards consumers' wellbeing.

Item 22

Sustainable use of natural resources, improved energy efficiency of operations, and better environment in Russian regions through extending gas infrastructure to communities and energy and transport facilities
Support for vulnerable groups; constructing and developing sports and social and economic infrastructure
Theme – 1
Category – Care
Code/s
Implements meaningful CSR activities. Implements impactful environmental initiatives.

Item 23



Following items are retrieved from PJSC Gazprom's Annual Report 2014

Item 24

During the reporting year, the *Group* dedicated considerable resources to support disabled or orphaned children and financially disadvantaged or large families. On New Year's and Christmas eve, OAO Gazprom held a charitable event for a thousand children from financially disadvantaged or large families, boarding schools and orphanages.

Theme – 1

Category – Care

Code/s

Implements meaningful CSR activities.

Item 25

In 2014, as part of its support for the Russian Orthodox Church, the *Company* provided funds to finance renovation and restoration projects pursued by the Church in a number of Russian regions, including on the Stauropegial Convent of St. John the Baptist, Saint Petersburg.

Theme – 1

Category – Care

Code/s

Implements meaningful CSR activities.

Following items are retrieved from PJSC Gazprom's Annual Report 2008

Item 26

Gasification of Russian regions is one of OAO Gazprom's top-priority areas.

Theme – 1

Category – Care

Code/s

Safeguards consumers' wellbeing.

Item 27

Gazprom's production activities are linked to the potential risk of causing environmental damage. This results in the risk of civil liability in case of damage and the need to take measures to eliminate such damage.

It is hard to estimate future expenses related to environmental risks and compliance with the environmental legislation.

However, the Group monitors its activities in order to comply with the environmental standards in effect and implements environmental programs. A decision was made to toughen the corporate policy related to compliance with the environmental legislations.

Theme – 1

Category – Care

Code/s

Implements impactful environmental initiatives..

Appendix II

Items copy pasted from annual reports portraying Theme 2

Following items are retrieved from PJSC Gazprom's Annual Report 2019

Item 1

In 2019, Gazprom launched the first-ever Russian pipeline gas supplies to China, one of the world's most promising gas markets. Having been commissioned by the Company, the Power of Siberia gas pipeline became the mainstay of a new powerful system of gas exports and gas supply to Russia's eastern regions.
Theme – 2
Category – Loyalty
Code/s
Fulfils commitments to shareholders. Remains loyal to its fiduciary duty. Safeguards strong return on investments.

Item 2

changed consumption pattern of the European market and the increasing relevance of the weather; displacement of natural gas with coal in power generation; the EU energy policy aimed at promoting energy saving technologies and standards to reduce all kinds of energy consumption, and at supporting projects involving renewables.
Theme – 2
Category – Loyalty
Code/s
Fulfils commitments to shareholders. Remains loyal to its fiduciary duty. Safeguards strong return on investments.

Item 3

The EU pursues a policy of diversifying its gas supply sources and increasing the share of natural gas exchange trade, which affects PJSC Gazprom as one of the main suppliers of natural gas to the EU countries
Theme – 2
Category – Loyalty
Code/s
Fulfils commitments to shareholders. Remains loyal to its fiduciary duty.

Item 4

<i>Gazprom</i> makes a strong focus on the regional diversification of its business. Enhancing market presence in the Asia-Pacific markets is a priority for <i>Gazprom Group</i> . According estimates, in the short and long term the region will be characterised by high gas consumption growth rates. At the same time, China gas market will account for more than half of growth.
Theme – 2
Category – Loyalty
Code/s
Fulfils commitments to shareholders. Safeguards strong return on investments.

Item 5

This strong energy demand will make Asia the world's largest energy importer: by 2040 the region's import of oil could increase by a third, coal — by more than 50%, natural gas — by 2.5 times from 2019.
Theme – 2
Category – Loyalty
Code/s
Fulfils commitments to shareholders. Remains loyal to its fiduciary duty.

Item 6

PJSC Gazprom's balanced dividend policy reflects the Company's commitment to achieve long-term growth targets while protecting the rights of shareholders and increasing shareholder returns.

Theme – 2

Category – Loyalty

Code/s

Fulfils commitments to shareholders.

Remains loyal to its fiduciary duty.

Safeguards strong return on investments.

Item 7

Following the signing of the National Defense Authorization Act for Fiscal Year 2020 by U.S. President Donald Trump on 20 December 2019, Allseas vessels left the pipe-laying area on the same day, as the bill contains sanctions against companies involved in the implementation of the Nord Stream 2 and TurkStream projects and laying pipeline at depths of over 100 feet. The offshore pipe-laying operations for the gas pipeline have been suspended, and various alternative options are being explored to complete the construction of the pipeline and put it into operation.

Theme – 2

Category – Authority

Code/s

Acts as a trustworthy leader.

Item 8

The Group allocates significant amounts for its annual R&D budgets, and R&D results are applied in its priority projects.

The Group's R&D efforts aim to develop and implement high-tech equipment and sophisticated engineering complexes unrivalled in the world, as well as to create advanced R&D solutions.

Theme – 2

Category – Authority

Code/s

Acts exemplary within the industry/market.

Is a technological forerunner.

Item 9

Gazprom aims for technology leadership in the industry. The Group is applying primarily domestic hi-tech equipment meeting the best world standards and invests in research and development. Engaging Russia-based R&D organisations is a significant part of this process.

Theme – 2

Category – Authority

Code/s

Acts exemplary within the industry/market.
Is resilient to sanctions.
Is a technological forerunner.

Following item/s are retrieved from PJSC Gazprom's Annual Report 2014

Item 10

Continuous progress is an important distinctive feature of *Gazprom*. By implementing new ambitious projects, entering new markets, launching new products, and introducing new technologies *Gazprom* confidently maintains its position at the vanguard of the global energy industry, building a foundation for sustained success over the coming decades.

This is vividly illustrated by the *Company's* performance in 2014.

Theme – 2

Category – Loyalty

Code/s

Remains loyal to its fiduciary duty.

Item 11

OAO Gazprom constantly liaises with federal authorities to improve the existing approaches to state regulation of gas prices. The *Company* believes that gas supplies to different regions should be made equally profitable. In addition, proposals were submitted for shifting the gas industry to price and tariff regulation based on reasonable costs and include an economically sound standard rate of margin in wholesale prices.

Theme – 2

Category – Loyalty

Code/s

Fulfils commitments to shareholders.
Safeguards strong return on investments.

Item 12

The Board of Directors reviewed the information about the *Company's* financial strategy in the context of adverse developments in the global financial market. The geopolitical situation around Ukraine and the economic sanctions imposed against Russia by the United States and the European Union affected most of the Russian companies.

In this context, OAO Gazprom believes it should stick to the course outlined in its current financial strategy, which supports the *Company's* financial stability and enables timely response to potential deterioration of the situation.

Theme – 2
Category – Authority
Code/s
Acts as a trustworthy leader.
Is resilient to sanctions.

Item 13

Timely measures have been taken to significantly reduce transit risks and improve the reliability of gas supplies to *Gazprom's* traditional export markets—Europe and Turkey. A project was launched to construct a new trunk pipeline under the Black Sea. The pipeline will supply 63 bcm of natural gas per annum, of which up to 47 bcm of gas will be delivered to European consumers. When completed, the project will allow the *Company* to fully abandon the transit route via Ukraine, which is prone to systemic risks.

Theme – 2
Category – Authority
Code/s
Acts as a trustworthy leader.
Is resilient to sanctions.

Item 14

The situation in South-East Ukraine prompted the EU, the United States, and other countries to impose limited economic sanctions on the Russian Federation and certain Russian companies. However, if no progress is achieved in resolving the crisis in South-East Ukraine or if the conflict worsens, the sanctions list and restrictive measures are very likely to be expanded.

Risk management/mitigation. Progressive expansion and diversification of sales markets.

Theme – 2
Category – Authority
Code/s
Acts as a trustworthy leader.
Is resilient to sanctions.

Following item is retrieved from PJSC Gazprom's Annual Report 2008

Item 15

<i>Gazprom</i> is flexible in adjusting its current plans to the changing external conditions but our long-term strategy remains unchanged. Crises start and finish, yet <i>Gazprom</i> keeps moving forward!
Theme – 2
Category – Authority
Code/s
Acts exemplary within the industry/market. Acts as a trustworthy leader.

Appendix III

Items copy pasted from annual reports portraying theme 3

Following items are retrieved from PJSC Gazprom's Annual Report 2019

Item 1

Mission	
Reliable, efficient and balanced supply of natural gas, other energy resources and their derivatives to consumers.	
Theme – 3	
Category – Sanctity	
Code/s	
Stands for what is morally right.	
Stands for reliability.	

Item 2

International anti-corruption regulations	
PJSC Gazprom has committed to	
— United Nations Convention against Corruption (ratified by Federal Law No. 40-FZ dated 8 March 2006)	
— United Nations Convention against Transnational Organized Crime (ratified by Federal Law No. 26-FZ dated 26 April 2004)	
— Criminal Law Convention on Corruption of the Council of Europe and non-member states (ratified by Federal Law No. 125-FZ dated 25 July 2006)	
Theme – 3	
Category – Sanctity	
Code/s	
Stands in opposition to detested behaviour.	
Stands for what is morally right.	

Item 3

Anti-Corruption Policy of PJSC Gazprom
Regulations on the Hotline for Fighting Fraud, Corruption and Embezzlement at Gazprom Group

Theme – 3

Category – Sanctity

Code/s

Stands in opposition to detested behaviour.

Stands for what is morally right.

Item 4

The Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Organization (ILO) on 18 June 1998

Theme – 3

Category – Sanctity

Code/s

Stands for what is morally right.

Item 5

Transforming Our World: the 2030 Agenda for Sustainable Development, the Resolution adopted by the UN General Assembly on 25 September 2015

Theme – 3

Category – Sanctity

Code/s

Stands for what is morally right.

Item 6

Gazprom's Environmental Policy is based on the aspiration to maintain favorable environment for the benefit of present and future generations.

Theme – 3

Category – Sanctity
Code/s
Stands for what is morally right.

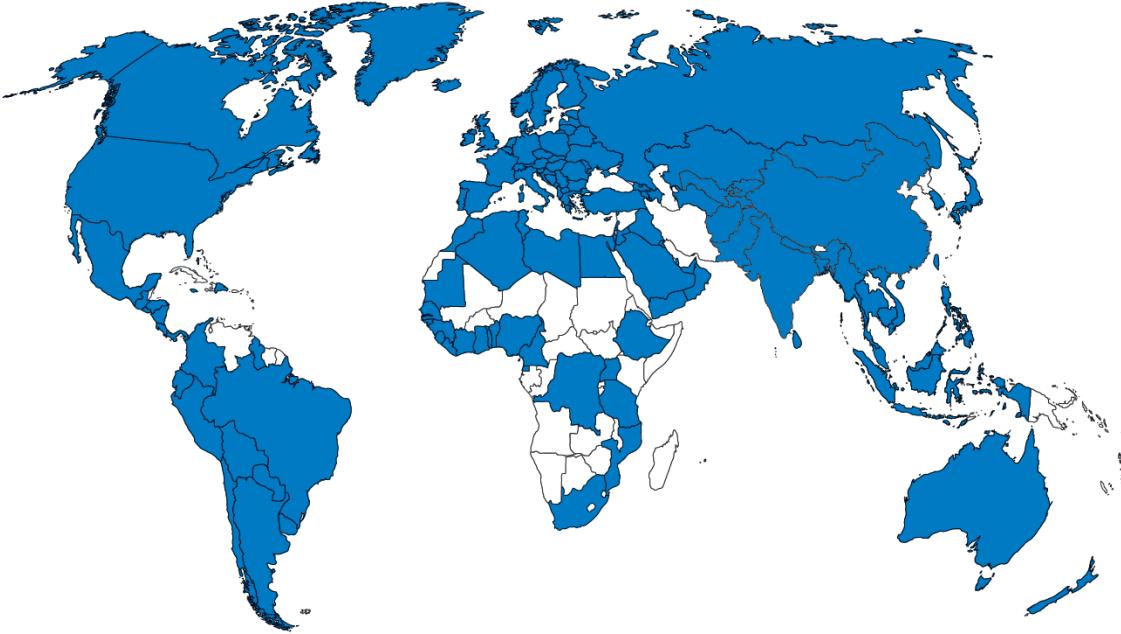
Item 7

<ul style="list-style-type: none"> — Russian and international best practices. PJSC Gazprom's Board of Directors believes that compliance with the principles and recommendations set out in the Russian Corporate Governance Code, is key to the Company's long-term growth and stronger investment case.
Theme – 3
Category – Sanctity
Code/s
Stands for good governance systems.

Item 8

<p>PJSC Gazprom has investment-grade credit ratings from Standard & Poor's, Fitch Ratings and Moody's credit rating agencies. The credit rating from Moody's is one notch above the sovereign rating of the Russian Federation. These ratings are a credible external recognition of the Group's high credit-worthiness and financial stability. Gazprom Group companies are reliable borrowers in the domestic and international capital markets, able to raise funds on favourable terms.</p>
Theme – 3
Category – Freedom
Code/s
Is integrated with international free market systems.

Item 9

Gazprom Group's Marketing Geography

Theme – 3
Category – Freedom
Code/s
Is integrated with international free market systems. Safeguards freedom to develop businesses on a free market.

Item 10

PJSC Gazprom heavily relies on the Russian Corporate Governance Code in enhancing its corporate governance system
Theme – 3
Category – Sanctity
Code/s
Stands for good governance systems.

Following items are retrieved from PJSC Gazprom's Annual Report 2014

Item 11

Gazprom is responsible for uninterrupted gas supplies to Belarus, Armenia and Kyrgyzstan. The Group is continuously expanding its underground gas storage facilities in European countries.

Theme – 3
Category – Sanctity
Code/s
Stands in opposition to detested behaviour. For reliability.

Item 12

Gazprom neft Group benefits from an integrated management system compliant with OHSAS 18001, ISO 14001 and ISO 9001 international standards and covering both environmental security and occupational and health safety.

Theme – 3
Category – Sanctity
Code/s
Stands in opposition to detested behaviour. Stands for what is morality right.

Item 13

The Company also strives to adhere, to the fullest possible extent, to national and international corporate governance principles. The Company offers its shareholders and investors alternative solutions to protect their rights and legitimate interests, as aligned with corporate profiles (vertical integration, business diversification and shareholding structure). Individual aspects of joint-stock company operations are fully governed by Russian laws making it unnecessary to detail them in internal regulations of OAO Gazprom.

Theme – 3
Category – Sanctity
Code/s
Stands in opposition to detested behaviour. Stands for good governance systems.

Following items are retrieved from PJSC Gazprom's Annual Report 2010

Item 14

Government inspections carried out in 2010 did not reveal any significant violations of Russian environmental legislation by *Gazprom Group*, and a total of RR1.8 million were paid as fines (which is 10 % less than in 2009). The insignificant amount of fines compared to the *Group's* scale of operations generally implies a high level of compliance with the requirements of environmental legislation.

Theme – 3

Category – Sanctity

Code/s

Stands in opposition to detested behaviour.

Stands for what is morally right.

Item 15

The Corporate climate policy follows provisions of the Russian Energy Strategy for the period until 2030 and the Environmental Doctrine of the Russian Federation, which require that *Gazprom* should take all possible measures to preserve the Earth's climate.

Theme – 3

Category – Sanctity

Code/s

Stands for what is morally right.

Stands for good governance systems.

Item 16

Gazprom follows the norms of the European competition legislation when carrying out its activities in the EU member countries. In particular, *Gazprom's* contracts for the supply of natural gas to buyers in the EU do not contain any ban on re-export or other anti-competition provisions.

Theme – 3

Category – Freedom

Code/s

Is against predatory monopolism.

Is integrated with international free market systems.

Item 17

European partners of *Gazprom* in research and development projects include some well known German companies E.ON Ruhrgas AG (E.ON Ruhrgas), BASF SE (BASF), Wintershall Holding GmbH (Wintershall Holding), Verbundnetz Gas AG, Siemens AG, EUROPIPE GmbH, as well as a Dutch N.V. Nederlandse Gasunie, a French GDF SUEZ, an Italian ENI S.p.A. (ENI), and Statoil ASA (Statoil) from Norway.

In the Asian-Pacific Region the science and technology cooperation actively develops with the Korean gas corporation KOGAS, China National Petroleum Corporation (CNPC), and the Japanese Agency of Natural Resources and Energy under the Ministry of Economy, Trade and Industry.

Theme – 3

Category – Freedom

Code/s

Safeguards freedom to develop businesses on a free market.

Following items are retrieved from PJSC Gazprom's Annual Report 2008

Item 18

Liberalization of the European gas market offers additional opportunities for *Gazprom Group* to increase the efficiency of its natural gas exports by obtaining additional profits from the sale of natural gas to end consumers:

Theme – 3

Category – Freedom

Code/s

Safeguards freedom to develop businesses on a free market.

Is integrated with international free market systems.

Item 19

When exporting natural gas to European countries through Ukraine, occasional risks arise related to unauthorized withdrawals of natural gas intended for Western consumers. Such a situation complicates customs clearance procedures and therefore may necessitate turning to an international arbitration court.

Theme – 3

Category – Freedom

Code/s

Is integrated with international free market systems.

Safeguards freedom to develop businesses on a free market.

Following items is retrieved from PJSC Gazprom's Annual Report 2006

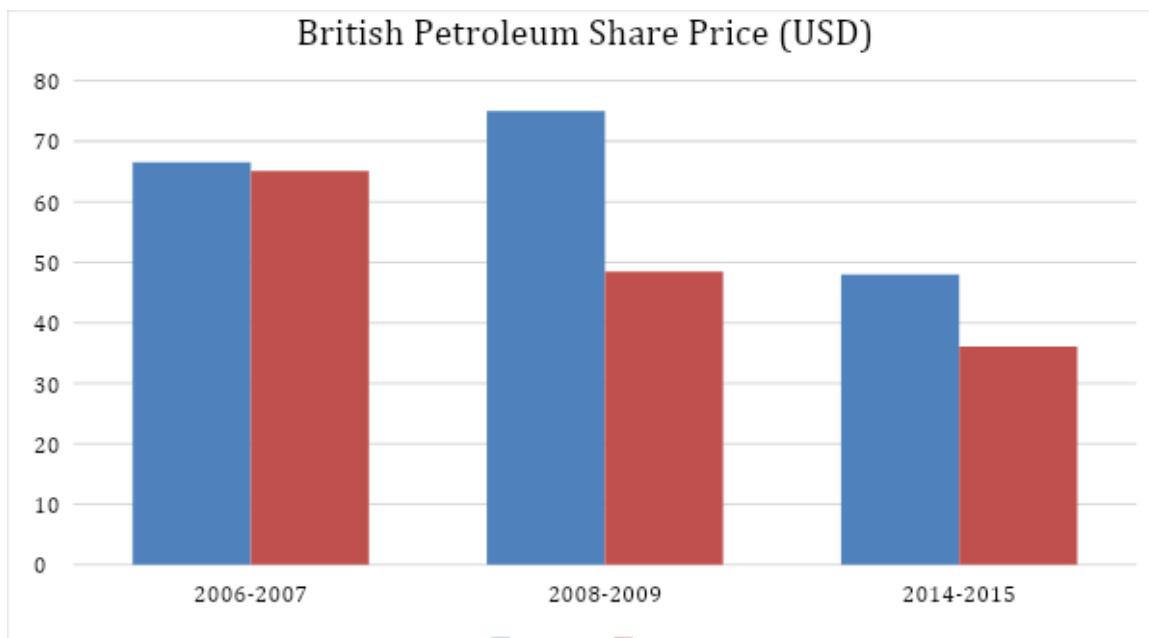
Item 20

The adopted line to evaluate into a global energy company requires *Gazprom* to comply with the generally recognized world corporate governance standards.

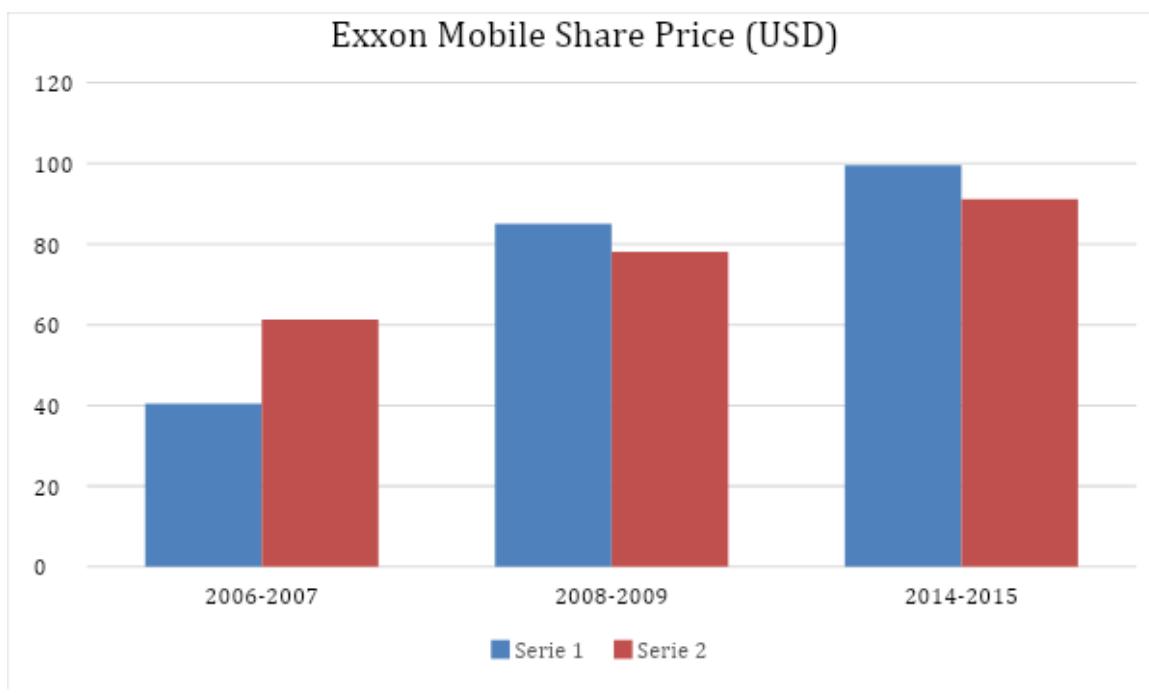
Theme – 3
Category – Sanctity
Code/s
Stands for good governance systems.

Appendix IV

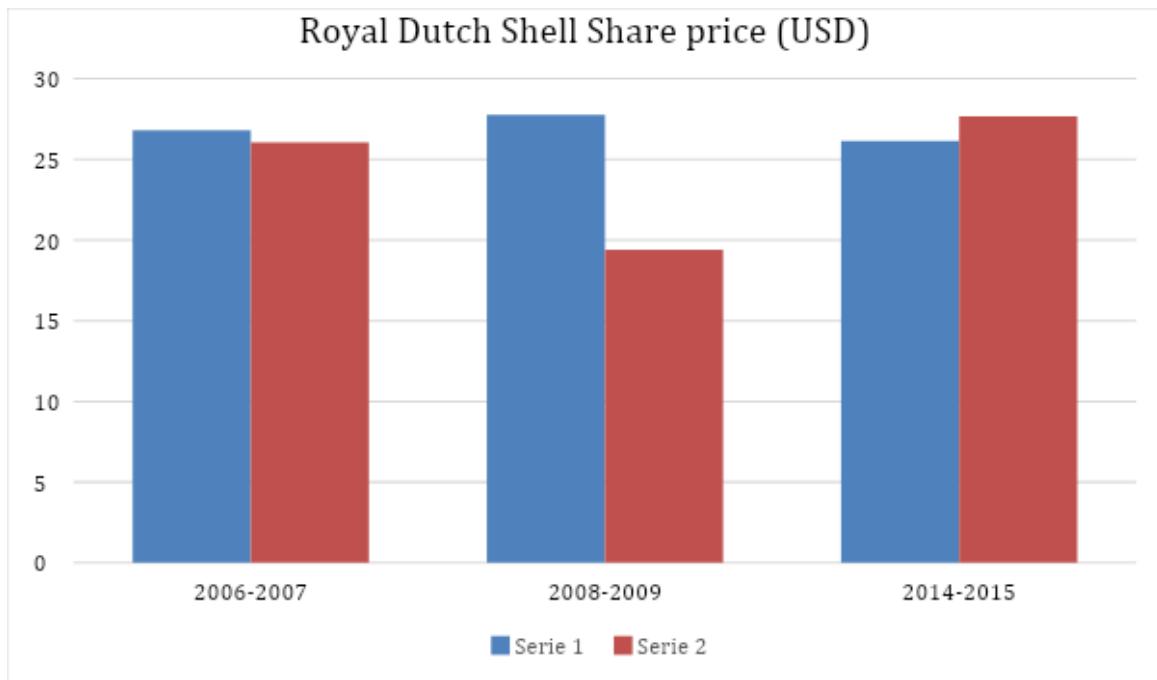
Economic data from competitors to Gazprom



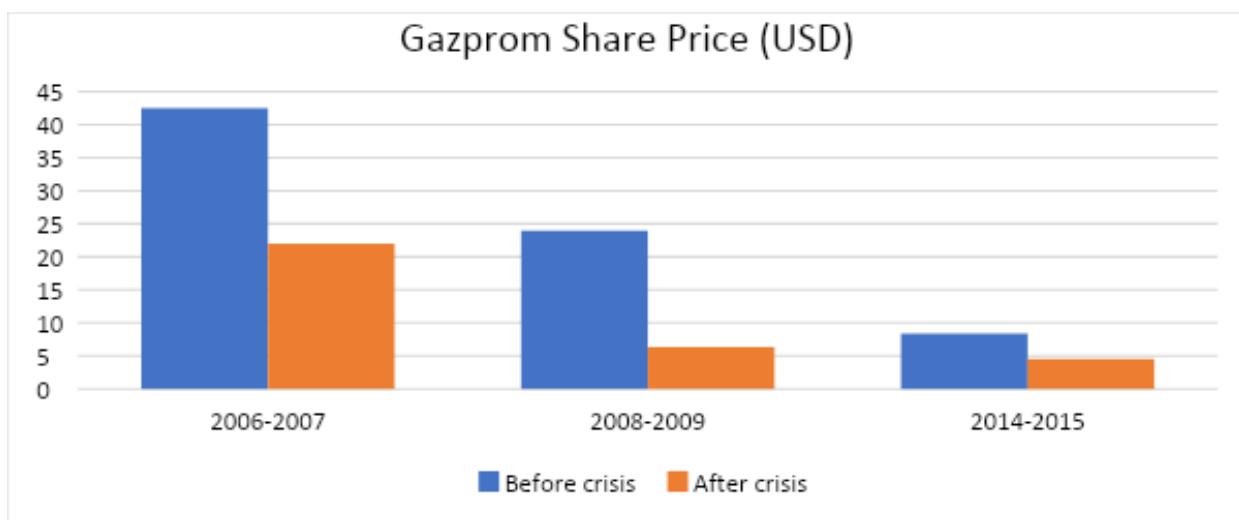
(Yahoo Finance, 2021)



(Yahoo Finance, 2021)



(Gazprom share price data for practical comparisons)



Appendix V

Thematic content analysis coding-templates

Theme 1	
Bolster the reputation among stakeholders	
Category: Care	Category: Fairness
Codes Implements – Meaningful CSR activities, impactful environmental initiatives. Safeguards – Consumers' wellbeing, employees' wellbeing.	Codes Acts – Fair, honest, transparent. Management of the company absent of conflicts of interests.
Theme 2	
Strengthen confidence in Gazprom among investors	
Category: Loyalty	Category: Authority
Codes Fulfils commitments to shareholders, remains loyal to its fiduciary duty, safeguards strong return on investments.	Codes Acts – Exemplary within the industry/market, as a trustworthy leader. Is – Resilient to sanctions, a technological forerunner.
Theme 3	
Counter criticism (political, ideological and environmental)	
Category: Sanctity	Category: Freedom
Codes Stands – In opposition to detested behaviour, for what is morally right, for good governance systems, for reliability.	Codes Is – Against predatory monopolism, integrated with international free market systems. Safeguards freedom to develop businesses on a free market.