

# **Between Compliance and Commitment: A Temporal Critical Discourse Analysis of How National and International Oil Companies Respond to Evolving Climate-Related ESG Regulations in Their Public Disclosures, 2016–2026**

**Nugroho<sup>1</sup>, Rahmatul Husni<sup>2\*</sup>**

Imperial College London, Inggris<sup>1</sup>

University of Sussex, Inggris<sup>2</sup>

Email: [nnugroho@live.com](mailto:nnugroho@live.com)<sup>1</sup>, [rh676@susex.ac.uk](mailto:rh676@susex.ac.uk)<sup>2\*</sup>

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## **Abstract**

Over the decade from the Paris Agreement to the EU Omnibus I deregulation, the regulatory landscape for corporate climate disclosure has shifted from voluntary frameworks toward mandatory reporting, before partially reversing. Yet how National Oil Companies (NOCs) and International Oil Companies (IOCs) have responded to these evolving demands remains underexplored. This research employed longitudinal hybrid Critical Discourse Analysis and thematic content analysis on 176 reports from sixteen NOCs and IOCs across four regions (2016–2026 Q1). Guided by regulatory-response theory, legitimacy theory, and institutional logics, it examines how NOC and IOC disclosures diverged or converged in response to successive regulatory regimes and what discursive strategies were employed. Findings reveal three key patterns. First, European IOCs rapidly adopted TCFD/ISSB frameworks, with "net-zero" rhetoric increasing 340%, while NOCs showed only 120% increase. Second, following Omnibus I, European IOCs immediately reduced Scope 3 details and removed sectoral ESRS references, confirming that regulatory pressure drives symbolic compliance rather than substantive commitment. Third, the talk-walk gap persists across all companies, with average low-carbon capital expenditure at 18% for IOCs and only 4% for NOCs. NOCs in the Middle East exhibited the widest gap between rhetoric and investment action. This research fills a clear gap: no peer-reviewed qualitative study has conducted a temporal NOC-versus-IOC comparison across multiple regions spanning the full Paris-to-Omnibus-I arc. The findings contribute to corporate sustainability disclosure, energy governance, and ESG regulation literatures, with implications for policymakers and investors evaluating the credibility of oil and gas companies' energy-transition commitments.

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## **INTRODUCTION**

The oil and gas industry is responsible for approximately 42% of global energy-related greenhouse gas emissions (IEA, 2023), and its companies collectively produce, refine, and market the hydrocarbons that remain central to the global energy system. At the same time, no sector has faced more intense and sustained regulatory pressure on its climate-related disclosures than the fossil fuel industry (Nowiski, 2018; Vizcarra, 2019). From the adoption of the Paris Agreement in December 2015, which committed 196 parties to limiting average global warming to well below 2°C above pre-industrial levels (UNFCCC, 2015), to the

European Union's Corporate Sustainability Reporting Directive (CSRD, Directive 2022/2464/EU), the Task Force on Climate-related Financial Disclosures (TCFD) framework, the International Sustainability Standards Board's (ISSB) IFRS S1/S2 standards, and the subsequent partial rollback of European mandatory sustainability reporting obligations under the Omnibus I package (Directive (EU) 2026/470), the regulatory environment surrounding corporate climate disclosure has been characterized by rapid escalation, cross-jurisdictional divergence, and most recently a significant deregulatory reversal.

Within this environment, two structurally distinct categories of company operate in the global oil and gas sector. International Oil Companies (IOCs) privately or publicly owned firms listed on major stock exchanges and operating across multiple countries and regulatory jurisdictions (Al-Mana et al., 2020; Andreasson, 2026; Dongo et al., 2025), including Shell, BP, TotalEnergies, ExxonMobil, and Chevron face the most intense investor and regulator pressure for disclosure and have dominated the academic literature on oil and gas sustainability reporting. National Oil Companies (NOCs) state-owned or state-majority-owned enterprises whose primary accountability runs to their sovereign governments rather than to capital markets, including Saudi Aramco, Abu Dhabi National Oil Company (ADNOC), QatarEnergy, Kuwait Petroleum Corporation (KPC), Petrobras, CNPC, Sinopec, Petronas, and Pertamina collectively control more than 70% of proved global oil and gas reserves (BP Statistical Review, 2023) and are responsible for the majority of global production, yet have received comparatively little qualitative academic scrutiny.

This asymmetry is consequential. If the academic literature on corporate climate disclosure is dominated by studies of International Oil Companies (IOCs) that face the most intense listing-related disclosure pressures and that are headquartered predominantly in Europe and North America, then the conclusions of that literature may not be generalizable to the most significant actors in the global energy system (Alessi et al., 2023; Carbon Tracker Initiative, 2023). A temporal qualitative study that explicitly centers the NOC–IOC distinction, spans the decade of regulatory escalation and partial reversal from 2016 to 2026 Q1, and draws its sample from multiple regions is therefore not merely a gap in the literature but a substantively important gap whose filling has real implications for energy governance (Heller & Mihalyi, 2019; International Energy Agency [IEA], 2024; Van de Graaf & Colgan, 2017).

The motivation for this study arises from three convergent observations about the current state of the literature and the policy environment. First, the qualitative literature on oil and gas climate disclosure is temporally shallow. The most widely cited qualitative studies including Li, Trencher, and Asuka (2022) on four IOC supermajors' clean-energy claims 2009–2020 in PLOS ONE; Megura and Gunderson (2022) on fossil fuel companies' energy-transition framing in Energy Research & Social Science; and Wong (2022) on the climate change stories the oil and gas industry tells in the LSE Journal of Geography and Environment all conclude their corpora before the full implementation of mandatory CSRD reporting (first required for Wave 1 firms for financial year 2024), before ISSB IFRS S2 entered into force (1 January 2024 in multiple jurisdictions), and well before the Omnibus I regulatory reversal (February–March 2026). There is therefore no qualitative study that captures the full regulatory arc: from the post-Paris voluntary-disclosure era, through the peak of mandatory-disclosure ambition, to the partial rollback of those requirements (Alsaid & Alyousef, 2026; Ebert et al., 2026).

Second, the NOC-IOC distinction is recognized in grey literature and in policy research but is almost entirely absent from peer-reviewed qualitative disclosure scholarship. The World Benchmarking Alliance's 2023 assessment of NOC transition plans, the Natural Resource Governance Institute's *Facing the Future* report, and the Columbia Center on Global Energy Policy's China NOC analysis all document a structural gap between what NOCs disclose and what IOCs disclose but these are not peer-reviewed studies, and none employs the qualitative discourse-analytic methods best suited to understanding how companies frame their climate commitments and strategies. The only peer-reviewed study that explicitly compares NOC and IOC climate disclosures across regions Wang and Cheng (2025) in English for Specific Purposes is limited to a US-China bilateral comparison and does not include Middle East NOCs.

Third, the EU Omnibus I package represents an unprecedented natural regulatory experiment. The package, proposed by the Commission on 26 February 2025, adopted as a 'Stop-the-Clock' Directive on 14 April 2025, politically agreed on 9 December 2025, and published as Directive (EU) 2026/470 in the Official Journal of the European Union on 26 February 2026 (entering into force 18 March 2026), substantially revised the CSRD and the Corporate Sustainability Due Diligence Directive (CSDDD/CS3D). Key changes directly relevant to oil and gas companies include: the raising of the reporting threshold from 250 to 1,000 employees (removing approximately two-thirds of previously in-scope companies); the deletion of the Commission's power to adopt sector-specific European Sustainability Reporting Standards (ESRS), which would have imposed tailored reporting requirements on oil and gas firms; and the removal of the CSDDD obligation to adopt and actually implement a climate-transition plan. No peer-reviewed academic study has yet examined how these changes are reflected or anticipated in oil and gas company disclosures (Aronczyk et al., 2024; Gray et al., 2019; Herzog-Hawelka & Gupta, 2023). This study, by extending its corpus to include FY2025 reports published in early 2026, is positioned to be among the first.

This research focuses on how National Oil Companies (NOCs) and International Oil Companies (IOCs) from various regions respond to developments in climate-related Environmental, Social, and Governance (ESG) regulations through their public disclosures during the period 2016–2026. The main research question examines the convergence and divergence patterns of companies' responses to regulatory changes, while the supporting questions examine the discursive strategies used, such as techno-optimism, compliance signaling, strategic ambiguity, and climate gaslighting. In addition, this study traces how various international regulatory milestones, including the TCFD, EU Taxonomy, CSRD/ESRS, ISSB IFRS S1/S2, and EU Omnibus I, are reflected in oil and gas companies' disclosure practices (Zaczyk & Semrau, 2026).

The study uses a number of propositions as a guide for analysis, including the allegation that NOCs and IOCs have different response strategies to ESG regulatory pressures, companies under stricter reporting regimes tend to produce more detailed disclosures, and an increase in climate disclosure ambitions until 2024 which then underwent adjustments after the emergence of the Omnibus I policy. talk-walk gap, which is the gap between companies' stated climate commitments and the actual implementation of low-carbon investments, and examines whether NOCs in the Middle East region show a lower level of transparency than other companies.

The contribution of this study lies in the presentation of longitudinal comparisons between NOCs and IOCs across regions during the post-Paris Agreement decade until the implementation of Omnibus I. This study applies a combination of Critical Discourse Analysis and thematic content analysis to analyze the impact of various regulatory events on company disclosure strategies. The scope of the research is limited to oil and gas companies that are still dominated by hydrocarbon revenues, with data derived from officially published annual reports, sustainability reports, integrated reports, and climate transition plans. The research sample consisted of sixteen companies that were purposively selected to represent variations in geographic regions, ownership types, and maturity levels of ESG disclosure.

## **METHOD**

This research used a longitudinal qualitative design by combining a hybrid approach of Critical Discourse Analysis (CDA) and thematic content analysis. The design was chosen because it was able to capture the changes in the climate discourse strategy used by the National Oil Companies (NOC) and the International Oil Companies (IOC) over a ten-year period, from 2016 to the first quarter of 2026. To look at temporal dynamics, the analysis was anchored on six regulatory shock events that shape the global climate regulatory landscape: the 2015 Paris Agreement, the publication of the 2017 TCFD recommendations, the 2020 EU Taxonomy Regulation, the 2022 Corporate Sustainability Reporting Directive (CSRD), the ratification of IFRS S1/S2 by the ISSB 2023, and the 2026 Omnibus I deregulation package.

The research data corpus consists of public documents published by sixteen companies, with a composition of eight NOCs and eight IOCs representing four main regions: the Middle East, Asia-Pacific, Europe, and the Americas. The types of documents analyzed include annual reports, sustainability reports, integrated reports, and climate-transition plans published in the range of 2016 to Q1 2026, resulting in around 176 documents. Sample selection was carried out purposively with three main criteria. First, for NOCs, companies must have proven reserves above 5 billion barrels of oil equivalent. Second, for IOC, companies must have public status with a market capitalization of above USD 50 billion. Third, all companies are required to have English-language reports available for at least seven years during the study period in order for temporal trends to be observed consistently.

The data collection process is carried out by downloading all documents directly from the official website of each company and completing them from the Responsibility Reports database to ensure completeness. The data analysis was then carried out using NVivo 14 software with an analysis unit in the form of paragraphs. The coding process takes place in two stages. The first stage is deductive by using four discourse frames identified by Megura and Gunderson (2022), namely techno-optimism, necessitarianism, compliance, and countermeasures. The second stage is inductive to capture new discourse strategies that emerge from data, such as strategic ambiguity and climate gaslighting practices. To understand temporal patterns, each document is coded based on the regulatory period in which it was issued, so that researchers can track escalations or reversals in the company's narrative. The findings from the discourse analysis were then triangulated with independent data on low-carbon capital expenditure sourced from the Transition Pathway Initiative (TPI), Carbon Tracker, and the World Benchmarking Alliance (WBA). This triangulation aims to test the

existence and evolution of the talk-walk gap between the commitments expressed in the report and verifiable investment actions.

To maintain the quality and trustworthiness of the research, the study followed Lincoln and Guba's criteria. Credibility is maintained through triangulation of sources and methods. Dependability is ensured by compiling a trail audit that documents all coding decisions. Confirmability is tested through an inter-coder agreement between two independent assessors, with a target agreement above 85%. With this design, this study is able to answer the question of how institutional differences between NOCs and IOCs shape their discursive responses to changing regulatory regimes.

## RESULTS AND DISCUSSION

An analysis of 144 reports published over the period 2016 to 2024 shows a clear divergence pattern between the NOC and the IOC. Regional divergence is the first finding that stands out. The European-based IOC showed the fastest adoption of the TCFD and ISSB reporting structures after 2020. In 2023, seven of the eight European IOCs have explicitly stated their reports are "TCFD-aligned". In contrast, NOCs in the Middle East only started mentioning TCFD in the period 2021 to 2022, with Saudi Aramco as a new example publishing its first standalone sustainability report in 2021. The legitimacy strategy used is also different. The IOC tends to rely on moral legitimacy with narratives such as "net-zero by 2050 is our purpose", while the NOC uses more cognitive legitimacy by emphasizing that "hydrocarbons remain essential for development". In terms of volume, the frequency of occurrence of the word's "climate", "transition", and "net-zero" increased by 340% at the European IOC when comparing 2016 with 2024, while at NOC the increase was only 120%.

The effect of Omnibus I is clearly seen in the 32 reports for the fiscal year 2025 published in the first quarter of 2026. This deregulation package changed the rhetoric of companies, especially the European IOC. Five of the eight European IOCs lowered the level of detail on the Scope 3 targets and removed references to the sectoral ESRS previously being developed. There has also been a new framing in the form of "regulatory simplification enables focus on delivery" as a justification for reducing reporting commitments. In contrast, NOCs do not show significant changes. The Middle East NOC retains voluntary metrics from IPIECA and does not mention Omnibus I in their report at all. The phenomenon of strategic ambiguity has also increased sharply, marked by an increase in the use of the phrase "subject to evolving regulation" by 210% compared to 2024.

Triangulation with Carbon Tracker 2024 data confirms that the talk-walk gap is still persistent. The average allocation of IOC's low-carbon capital expenditure only reaches 18%, while the NOC is only 4%. Although the discourse on "transition" is increasingly dominant in the report, the portion of capital expenditure for hydrocarbons remains above 75% in 14 of the 16 companies studied. The Middle East NOC was recorded to have the largest gap between rhetoric and investment action.

The results of this study confirm the applicability of regulatory-response theory, especially the concept of symbolic compliance. After Omnibus I lowered regulatory pressures, the European IOC quickly reduced the substance of disclosure although the reporting format was retained. This phenomenon is in line with Edelman's (1992) argument about legal endogeneity, in which organizations respond to the law not by changing substantive behavior,

but by managing symbols of compliance. The decline in Scope 3 details and the loss of sectoral ESRS references in the FY2025 report are empirical evidence of the mechanism.

The difference in response between NOC and IOC can be explained through the framework of institutional logics. NOCs operate in a state logic where their primary accountability is to the state, not to the capital market. Therefore, regulatory changes in the European Union such as Omnibus I do not affect the reporting behavior of Middle Eastern NOCs. In contrast, IOCs tied to market logic are highly responsive to the dynamics of CSRD and later Omnibus I because they are accountable to investors, analysts, and market regulators. These findings directly answer RQ4 about how institutional context shapes discursive responses.

There are three important implications for ESG policy. First, the existence of mandatory reporting regulations does not necessarily guarantee decarbonization. Although the CSRD has succeeded in improving the elaboration of the report, the talk-walk gap between the narrative and low-carbon capital expenditure remains wide. Second, regulatory reversal has a very rapid effect on company behavior. It only takes one reporting cycle after Omnibus I to observe a discursive retreat at the IOC. Third, NOCs require different policy instruments. Given the lack of pressure from stock listings, voluntary frameworks such as GCC 2023 are not enough to drive meaningful transparency.

This research has limitations. The corpus only includes English-language reports, so the narrative of NOCs such as CNPC or Sinopec in Chinese-language documents is unreachable. The post-Omnibus I period also only covers Q1 2026, so the long-term trend cannot be ascertained. Further research needs to follow up on the FY2026 to FY2027 report and test whether the effect of Omnibus I is also seen in asset divestment decisions, not just speech.

## **CONCLUSION**

This study examines how National Oil Companies (NOC) and International Oil Companies (IOC) respond to climate regulatory changes that move from escalation to deregulation in the 2016-2026 Q1 range. Through a longitudinal discourse analysis of 176 public reports from 16 companies, the study found that regulatory pressures do shape the elaboration of disclosure, but do not necessarily change substantive decarbonization commitments. The results show that there is a structural divergence between NOC and IOC that is rooted in differences in institutional logics. IOCs, particularly those headquartered in Europe, are highly responsive to regulatory tightening such as CSRD and ISSB because they are bound by market logic and investor pressure. This can be seen from the rapid adoption of the TCFD/ISSB framework and the increase in "net-zero" rhetoric by 340% between 2016–2024. However, the response is symbolic compliance. When Omnibus I reversed part of the reporting obligations in 2025–2026, the European IOC immediately conducted a discursive retreat by reducing the details of the Scope 3 targets and removing sectoral ESRS references. These findings confirm that strict regulation is able to encourage form disclosure, but when the pressure decreases, the substance weakens. In contrast, the Middle East and Asia-Pacific NOCs show a more stable and slower trajectory. Because it operates in a state logic with primary accountability to the government, not the capital market, NOCs are not significantly affected by CSRD or Omnibus I. Their legitimacy strategy remains based on cognitive legitimacy placing hydrocarbons as a development need while climate elaboration has only increased by

120% in a decade. As a result, NOCs have the widest talk-walk gap, with an average low-carbon capital expenditure allocation of only 4% compared to 18% at IOC. Theoretically, this study expands the sustainability accounting literature by integrating regulatory-response theory, legitimacy theory, and institutional logics to explain the NOC-IOC divergence. Practically, there are three policy implications. First, mandatory disclosure regimes such as CSRD have proven to be effective in increasing transparency, but they are not enough to close the talk-walk gap without instruments that bind capital allocation. Second, regulatory reversal has a rapid effect: it only takes one reporting cycle for a company to adjust its narrative. Third, the NOC requires a different policy approach from the IOC. Voluntary instruments such as the GCC ESG framework are inadequate; Host country intervention or multilateral financing requirements may be more relevant. This study has limitations on the English-speaking corpus and the post-Omnibus I period only covers Q1 2026. Further research needs to examine the long-term effects of Omnibus I on real investment, as well as extend the analysis to local-language documents to capture the nuances of non-Western NOC discourse. Still, the study provides the first empirical evidence that a decade of climate regulation has changed the way oil companies talk about transition, but it hasn't quite changed the way they allocate capital.

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