



Environmental, social or economic sustainability:

- what motivates companies to offset their emissions?

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Summary

Did you know that in 2008 the largest publicly listed companies in the world caused environmental damage for a total estimated cost of \$2.15 trillion, accounting for 35% of total global environmental costs caused by human activity? Or did you know that three million people die every year because of outdoor pollution made by vehicles and factories?

Most companies have some sort of environmental policy that aims to reduce waste and pollution, but there are few that aim to become a climate neutral business. Our study has the intention to find out why some companies are willing to do something extra for the environment by voluntarily compensate for their emissions through carbon offsets. Previous research has shown that there is a lack of understanding regarding the motivations to reduce emissions and that there is a need for studies to find out motivations for why companies buy voluntary carbon offsets, which leads us to our problem definition:

What motivates companies to buy voluntary emission offsets?

We developed four sub-purposes that helped us in our journey towards an answer to our research question. These were: identify incentives for emission offsetting, important aspects when evaluating which projects to support, if and how companies are communicating their offsetting activities and whether the possibility of buying emission offsets reduce incentives for companies to decrease their own emissions.

Our degree project is written on commission for Respect Climate, a sustainability consultancy that operates in the area of Scandinavia. They help their customers to reduce their emissions, make climate calculations and offset emissions. Our aim with our conclusions of our degree project is to help Respect Climate to market their services to potential customers.

As our degree project focuses on underlying motivations behind their customers' behavior, we have chosen to do a qualitative study. First we implemented two interviews with employees at Respect Climate, which acted as a foundation to our interviews with four of their business customers. Further, we chose to collect communication data from their customers' annual reports and websites in order to get a third dimension to our study.

Our conclusions have shown that the primary motivation for engaging in emission offsetting is doing something good for the environment, but other incentives within the social and economic aspects of the Triple Bottom Line are expressed as well.

THANK YOU!

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Abbreviations

AAU - Assigned Amount Units

B2B - Business to Business

CDM - Clean Development Mechanism

CER¹ - Certified Emission Reductions

CER² - Corporate Environmental Reports

CSR - Corporate Social Responsibility

EAR - Environmental Annual Reports

ETS - Emission Trading Scheme

EU ETS - European Union Emission Trading Scheme

GHG - Green House Gas

GS - Gold Standard

IETA - International Emission Trading association

NGO -Non Governmental Organizations

RMU - Net Removal Units

TBL - Triple Bottom Line

UNFCCC - United Nations Framework Convention on Climate Change

VCO - Voluntary Carbon Offset

VCS - Verified Carbon Standard

VCU - Voluntary Carbon Unit

VER - Verified Emission Reductions

VGS - Voluntary Gold Standard

WTP -Willingness to Pay

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1. INTRODUCTION

This chapter starts off by giving you an introduction to the issues that the world is facing due to the human impact on earth. We then present arguments for organizations' responsibility to make a difference and then continue onto presenting emission offsetting and the ongoing debate about it. We further discuss our choice of subject, the research gap, our problem definition and purpose of the study. The chapter ends with a table of definitions.

1.1 PREFACE

In 2000, a four-year project called the Millennium Ecosystem Assessment was established by United Nations which purpose was to look into humans' impact on the environment. Results showed that the world's ecosystem was degraded by 60% (Millennium Ecosystem Assessment, 2005a) and the extinction of species were 100 to 1000 times larger than the natural rate (Millennium Ecosystem Assessment, 2005b, pp.3-4).

The example above is only one of many consequences from the environmental changes that affect our planet. These severe damages have resulted in the search for new alternatives regarding lifestyles, consumption, production and new technology (Belz & Peattie, 2012, p.9).

Business activities of the last 200 years have unintentionally played a large role in the environmental problems that the world is facing (Shrivastava, 1995). In 2008 the 3000 largest publicly listed companies in the world caused environmental damage for a total estimated cost of \$2.15 trillion, accounting for 35% of total global environmental costs caused by human activity that year (Trucost, 2010, p.24). Aiming towards a more sustainable world, social and environmental aspects of business have become more central and sustainable development is now focused on how to achieve economic growth without the consequences of social and environmental crises (Belz & Peattie, 2012, pp.10-11). Still, in order to present benefits to the society, businesses need to take financial aspects into account. (Savitz & Weber, 2006, p.XI) However, if the economic objectives overtake the businesses concern about social and environmental issues, their corporate sustainability statements has little or no worth (Belz & Peattie, 2012, p.129). Elkington (1997) therefore argues that businesses today shouldn't only focus on the financial aspects of doing business, but should integrate the social and the environmental aspects as well. His framework Triple Bottom Line (TBL) consists of these three building stones and together they compose sustainability marketing.

Stephan Schmidheiny, chairman of World Business Council for Sustainable Developments (WBCSD), agrees and says that: *"Sustainability requires that we pay attention to the entire life cycles of our products and to the specific and changing needs of our customers"* (Elkington, 1994, p.91). This enhances Elkington's argument that businesses need to combine all the three aspects: social, economic and environmental in order to be a sustainable business. By having more pressure on being sustainable, Porter and Van der Linde (1995, pp.99-100) argues that businesses can improve innovation, raise awareness regarding resource inefficiencies and reduce uncertainty about investments at the same time as reducing social and environmental damage.

According to Savitz and Weber (2006, p.XIV) many companies today still believe that the financial aspect of business is the only way to measure success and that sustainability is not a matter of being responsible for the damages the company makes to the planet, but rather a matter of smart management. Research has found several benefits and opportunities for companies to engage in sustainability from different aspects. However, some research still implies that companies only engage in sustainability with a financial motive. Therefore, we want to investigate this to find out the motivations to see if there are other reasons why companies integrate sustainability work into their businesses. A company cannot solve every environmental and social issue by themselves, wherefore it is important for companies to focus on an issue that is important for them and works for their business (Porter & Kramer, 2006, p.6).

1.2 PROBLEM BACKGROUND

1.2.1 Carbon markets and carbon offsetting

“While market forces provide incentives to find ways to better manage the use of non-renewable resources that are clearly priced, it is proving more difficult to conserve resources that are unpriced or underpriced, such as oceans and the atmosphere.”
(Das Gupta, 2014, p.85)

According to The World Health Organization (WHO, 2014) outdoor air pollution made by vehicles and factories kills three million people worldwide each year. In the 1970's, the damage made by carbon emissions was greater than what the planet was able to repair. This is called ecological overshoot and occurs when the planet is unable to absorb all the carbon dioxide that is released each year and when the planet is unable to recreate all the renewable resources in the speed that humans consume them (Belz & Peattie, 2012, p.60). According to Global Footprint Network (2013) the overshoot in 2013 was reached on the 20th of August. The ecological overshoot will happen earlier each year if nothing is done to change the way we live. The Annual environmental cost of total greenhouse gas emissions was estimated to \$4,530 billion (7.54% of global GDP) in 2008, and \$1,444,864 million of these external costs were caused by the 3000 largest listed companies in the world (Trucost, 2010, pp.4, 6)

In order to deal with this issue, governments all over the world are trying to reach agreements on carbon emissions. Nations came together and developed a carbon emission-trading scheme (ETS), which was a result from the Kyoto Earth Summit from 1997, in order to restrict the amount of carbon emitted in each country (Emery, 2012, p.37). The first commitment period of the Kyoto Protocol started in 2008 and covered a five-year period until 2012. It included 37 industrial countries and the European Community. (United Nations, 2014a). The countries included get a certain amount of emission permits called Assigned Amount Units (AAUs). If they do not need to use all of them then emissions trading allows them sell them off to other countries that are over their targets. This is the flexible mechanism of the Kyoto Protocol that has led to the development of a new market, the ‘carbon market’ where carbon is tracked and traded as a commodity between countries. In addition to trading AAU permits under the Kyoto's Protocol's ETS there are also three carbon credit units equal to one ton of CO₂ that can be traded under the scheme: net removal units (RMU) from land use, land-use change and forestry activities; emission reduction units (ERU) from joint implementation projects; and certified emission reductions (CER¹s) from clean

development mechanism projects (CDM). (United Nations, 2014, b). A difference between AAUs and the different carbon credits that should be noted is that AAUs are the assigned permits to emit, or emission allowances given to each country, while RMU, ERU and CERs are credits generated from GHG abatement projects (Read further: United Nations, 2014, b). However, only weeks before the summit in 2009, commentators saw several issues with the protocol. First, by buying permits, one could argue that polluting the air is acceptable. (Emery, 2012, p.37). So it does not matter how much a company or country pollutes the air as long as they pay for it. They may see more value in paying for their emissions instead of reducing them. Another issue is that some countries avoid setting clear restrictions to the public due to political aspects. The politicians can, for example, set a reduction goal for fifty years from now, when they do not have the power over decision making anymore or might not be alive to avoid taking decisions that may harm their decision making in the present (Emery, 2012, p.37). The ETS has also been criticized for giving away permits for free. As much as 90% of the permits have been given away without anything in return which means that most of the carbon dioxide emissions are not reduced as a consequence. (Emery, 2012, p.49).

For the European Union (EU) to be able to achieve its emission reduction targets that they are committed to under the Kyoto Protocol, they have developed an international company level 'cap and trade' system (European Commission, 2008, pp.5-6). The EU ETS system is the largest emission-trading scheme and currently covers emission of carbon dioxide (CO₂) from energy intensive industries (such as oil refineries, steel works, production of iron, aluminum, metals, cement, lime glass, pulp, paper, cardboard, acids and bulk organic chemicals) as well as heat and power plants. It also covers emissions of Nitrous oxide from acid producing industries as well as Perfluorocarbons (PFCs) emitted from aluminum production (European Commission, 2014). The trading system also accepts credits from emission saving projects carried out within Joint Implementation (ERUs) and Clean Development Mechanism (CER's). While the European Commission (2014) claims that 45% of the EU's greenhouse gas emissions are covered by the ETS, there are obviously a large number of actors within the EU whose emissions are not included within the cap.

As a complement to the regulated carbon markets, individuals and those companies that are not included under cap and trade schemes can voluntarily pay organizations who specializes in emission offsetting projects to make emission reductions elsewhere, in order to act against their emissions contributing to global warming to find an environmental equilibrium. For example, if a company emits 20 tons of carbon dioxide into the air, they can pay for 20 tons worth of emission reductions. That means the money is invested in projects that plant trees that have absorbed the equivalent carbon emitted, or have built a wind energy facility that have reduced the amount of emissions generated from coal power plants or similar. (DiPeso, 2007, p.89). Voluntary emission offset (VCO) projects available range from investments in renewable energy projects, energy efficiency projects, destruction of industrial gases as well as re-vegetation and reforestation projects that either captures carbon that has been emitted or prevents or reduces carbon that would otherwise be emitted (Tolhurst & Embaye, 2010, pp.285-286).

The voluntary carbon offset market has developed as an independent alternative outside the regulated compliance markets. Projects can be produced and consumed by anyone, as there are no standards or regulations that the voluntary market has to adhere to. There

are however several certification programs developed for the voluntary market with rules that many project developers use to ensure the quality of their projects (The Environmental Audit Committee, 2007, pp.8-9). VCOs can both come from CDM projects or projects that are developed specifically for the voluntary market. In 2006, the value of traded carbon dioxide on the voluntary market came up to a number of 91 million dollars. (DiPeso, 2007, p.90). In 2012, this number increased to a value of 523 million dollars. (Peters-Stanley & Yin, 2013, p.V)

1.2.2 Ongoing debate about voluntary carbon offsets

Voluntary offsets have been praised for contributing to positive development beyond emissions, as many of the projects for carbon reductions also produces co-benefits such as conserving biodiversity, social development and poverty alleviation for communities in developing countries (Bumpus & Liverman, 2008, p.133; Lovell et al., 2009, p.2362). There are, however, several critical views regarding the VCO market. One of the most expressed criticisms is that there are no regulations or standards controlling the voluntary market (Polonsky et al., 2010, p.52-53; Dhanda & Hartman, 2011, pp.122,136; DiPeso, 2007, p.89). In response to this problem several certification programs have been developed that tries to ensure the quality of voluntary offset projects, namely the Voluntary Gold Standard (GS), the Verified Carbon Standard (VCS) and others. But there are still no compulsory standards that cover the entire market. (The Environmental Audit Committee, 2007, p.9)

Skopek (2010, p.2066) argues from an environmentalist perspective that voluntary carbon offsets threatens the willingness of people to avoid wastefulness by reducing the 'harm to the environment' into something you can measure in carbon and argues that even if the VCO market would succeed in reducing emissions it does not necessarily mean that it is good for the environment. He further states that *"it allows people to "do their part" without changing what they do..."* (Skopek, 2010, p.2066). What Skopek (2010, pp.2078-2079) is trying to point out is that the monetary attachment to something that previously only had social costs may change behavior adversely to what the monetary incentive was set in place to do, and that the market mechanism in this case revalues how people perceive what is good for the environment. Similar concern has been raised that the existence of a VCO market might lead to increased aggregate emissions because the option of offsets may incentivize polluting consumption when the consumer can claim that they have zeroed out their carbon footprint through offsets (Gans & Groves, 2012, p.244). Another criticism is based on ethical considerations that no individuals or companies should be able to buy the right to pollute by paying someone else to take responsibility for reductions that should be done by the individual or company itself. Dhanda & Hartman (2011, p.121) even accuse the current offset regime for contributing to global economic discrimination. Arguments voiced against this form of criticism include the claim that larger reductions can be made cheaper if they are allocated to developing nations, meaning that the benefit to the atmosphere can be greater at a cheaper cost than if companies and individuals try to reduce their emissions themselves (Bumpus & Liverman, 2008, p.148). Because emissions and climate change are global problems, it does not matter where reductions are made, as they will contribute to global reductions, according to Tolhurst & Embaye (2011, p.282). These critical views have also been blamed for overlooking the value of the co-benefits for developing nations that are produced when you 'pay someone' for reductions (Bumpus & Liverman, 2008, p.148).

Tolhurst & Embaye (2011, pp.280, 283) describes carbon offsetting as a CSR strategy that can be used to create competitive advantages for corporations as offset projects that aid in environmentally and socially sustainable development are closely linked with CSR objectives. However, they point out that these offsets should only be implemented as the next strategy after measures for internal reductions have been taken. Polonsky et al. (2010, pp.51, 53) have a positive view towards offsets environmental advantages but states that offsets run the risk of being used as a 'greenwash' tool, meaning that corporations use carbon offsets as a way to mislead consumers into believing their business practices are generally environmentally friendly. He further explains that the complexities and controversies around VCO's make them a tricky commodity to communicate to consumers.

1.3 CHOICE OF SUBJECT

Sustainability has become part of our daily lives. We are more conscious about what we eat, where our food comes from and where our garbage ends up. We recycle; take the bicycle to work instead of the car and more actively question where products come from. Still, there is a long way to go both for us as individuals, as well as companies to evolve and come up with new ways to engage in sustainable thinking. Both of us are very interested in sustainability and find it interesting to find out what motivates businesses to sustainable thinking from a marketing perspective.

Since we came in contact with Respect Climate, a company in this field that provides sustainability consulting services as well as voluntary emission offsets for companies in the Scandinavian market, we decided to write on commission for them. This guided the topic of our study into emission offsets, as the company wanted us to research the voluntary emission market in Scandinavia. After conducting a literature review we have adapted their initial research request into a problem that suit within the theoretical gap we've found in this field.

The marketing science institute's priority list argues that there is a need for new research within the area of the behavior of consumption. Further, they state that there is a need to find out why people buy and consume products and services. (Marketing Science Institute, 2014). Our study is based on the behavior of the businesses to find out the motivation behind why they consume emission offsets. Emission offsets are of particular interest because it is an uncommon intangible good, which means that consumer behavior differ from behavior in relation to conventional goods. Due to this we argue that our choice of subject is important and very relevant to write about in present times.

1.4 RESEARCH GAP

Despite the growth in the voluntary market, research has so far mainly been focused on the regulated carbon market while research on the voluntary market is scarce (Skopek, 2010, p.2066). In a report produced by The Environmental Audit Committee (2007, p.51) they state that there is a lack of understanding in regards to what motivates people to reduce emissions and how offsetting effects reduction behavior. According to MacKerron et al. (2009, p.1373) no evidence had previously been found regarding what motivates consumption of VCO or which factors determines consumers' willingness to pay for carbon offsets. In their exploratory study, therefore, they examine private consumers' willingness to pay (WTP) for offsets of leisure air travel and which factors

increases their WTP for certain emission offset projects. Mair (2011) further examined air travellers' voluntary carbon offsetting behavior among respondents who travelled in business and suggests future research into reasons and motivations for purchasing carbon offsets.

As suggested by the previous research presented above, the main focus within research on VCO consumer motivations and behaviors has been on individual consumers, particularly in offsets for air traveling. There is thereby a lack of research on consumer motivations for VCO consumption outside the airline industry. There is further a particularly large gap in what motivates companies outside 'cap & trade' systems to voluntarily buy emission offsets, as none of the previous research we've found has been addressing the issue in a business to business context. This in spite of the fact that businesses make up 80% of the voluntary offset consumers while only 5% are individuals. There is a considerable difference between businesses buying offsets as opposed to individuals. Carbon offsets are intangible products that for an individual consumer only contribute to intrinsic benefits, whereas companies buying VCO's may use them as competitive advantage. (Lovell et al., 2009, p.2358). The Environmental Audit Committee (2007, p.14) also stresses the importance of future research to understand the reasons behind why businesses use VCO's and what motivates them to do so. The only study that to our knowledge has researched this is Peters-Stanley & Yin (2013, pp.46, 50) who in a large survey aimed at VCO suppliers around the world asked "what motivated offset buyers in 2012", but responses and conclusions from this survey are based on analysis of market trends and the VCO suppliers' knowledge or best guess about their customers rather than first hand responses from offsetting businesses.

Further, Polonsky et al. (2010, p.54) argues that the biggest challenge for marketers today is how to communicate the complex information revolving around emission offsets in a way that creates meaning for consumers. We therefore argue that there is a need for research that examines what motivates VCO purchases and what kind of information or criteria determines which emission offsets are purchased, in order for marketers to effectively market emission offset projects in a meaningful way.

1.5 PROBLEM DEFINITION

From our problem background and research gap we have formulated the following question:

What motivates companies to buy voluntary emission offsets?

1.6 PURPOSE

In order to increase the knowledge about how to market emission offsets in a B2B context, the purpose of the study is to examine what motivates businesses to buy emission offsets. In order to do this we need to identify incentives for businesses to offset and what is important for them when evaluating which offset projects to support. We also need to examine if, and in that case, how companies are communicating their offsetting activities to their stakeholders, and whether the possibility of buying emission offsets reduce incentives for companies to decrease their own emissions. The aim is to use the conclusions of the study to help Respect Climate improve their marketing in order to attract new business customers.

1.7 DELIMITATIONS

As we have chosen to write on commission for Respect Climate, which is located in Sweden with customers within Scandinavia, we are going to delimit our work to the region of Scandinavia. Our respondents will be Respect Climate's customers, meaning that we are excluding businesses that have chosen other offset suppliers. We will also delimit our work to the voluntary market of emission offsets because we want to find out the underlying motivations behind why companies voluntarily buy offsets, which means that we are excluding the compliance market in our study.

It is not within the aim of our study to evaluate whether buying voluntary emission offsets is a good sustainability strategy, nor will we evaluate if emission offsetting is a sustainable way of reducing global emissions.

1.8 DEFINITIONS

<p>Additionality: Refers to whether an offset project produces something more than what would have happened anyway, whether it creates additional carbon savings than what would have been saved under 'business as usual' (The Environmental Audit Committee, 2007, pp.7, 18)</p>

<p>Cap and Trade: <i>"An approach to controlling pollution emissions that combines market and regulation. An overall emissions limit (cap) is set for a specific time period and individual parties receive permits (either through grant or auction) giving them the legal right to emit pollution up to the quantity of permits they hold. Parties are free to trade emission permits, and there will be gains from trade if different parties have different marginal pollution abatement costs."</i> (The World Bank, 2010, p.354)</p>

<p>Carbon footprint: <i>"The amount of carbon emissions associated with a particular activity or all the activities of a person or organization."</i> (The World Bank, 2010, p.354)</p>
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<p>Carbon neutral: <i>"Making or resulting in no net release of carbon dioxide into the atmosphere, especially as a result of carbon offsetting"</i> (Oxford dictionary, 2010)</p>

<p>Carbon offsetting: <i>"The counteracting of carbon dioxide emissions with an equivalent reduction of carbon dioxide in the atmosphere"</i> (Oxford dictionary, 2010)</p>
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<p>Climate compensation : A synonym to 'emission offsetting' that is a more commonly used expression in Sweden (read definition of emission offsetting)</p>
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<p>Co-benefits: <i>“The benefits of policies implemented for various reasons at the same time, acknowledging that most policies designed to address greenhouse gas mitigation have other, often at least equally important, rationales (e.g., related to objectives of development, sustainability, and equity).”</i> (Metz et al., 2007, p.812)</p>
<p>Corporate Social Responsibility (CSR): <i>“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis.”</i> (Commission of the European Communities, 2002, p.5)</p>
<p>Ecosystem: <i>“A system of living organisms interacting with each other and their physical environment..., the extent of an ecosystem may range from very small spatial scales to the entire planet Earth ultimately”</i> (Metz et al., 2007)</p>
<p>Emission Permit: <i>“A non-transferable or tradable entitlement allocated by a government to a legal entity (company or other emitter) to emit a specified amount of a substance. A tradable permit is an economic policy instrument under which rights to discharge pollution - in this case an amount of greenhouse gas emissions - can be exchanged through either a free or a controlled permit-market”</i> (Metz et al., 2007, p.814)</p>
<p>Emission Trading: <i>“A market-based approach to achieving environmental objectives. It allows those reducing GHG emissions below their emission cap to use or trade the excess reductions to offset emissions at another source inside or outside the country. In general, trading can occur at the intra-company, domestic, and international levels”</i> (Metz et al., 2007, p.814)</p>
<p>Greenwash: <i>“Disinformation disseminated by an organization so as to present an environmentally responsible public image”</i> (Oxford dictionary, 2010)</p>
<p>Scope 1: A category of GHG emissions which includes all direct GHG emissions (The Greenhouse Gas Protocol, 2012b)</p>
<p>Scope 2: A category of GHG emissions, which include <i>“Indirect GHG emissions from consumption of purchased electricity, heat or steam.”</i> (Greenhouse Gas Protocol, 2012b)</p>

Scope 3: A category of GHG emissions which include *“Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.”* (Greenhouse Gas Protocol, 2012b)

Sustainability: Development that *“meets the needs of the present without compromising the ability of future generations to meet their own needs”* (World Commission on Environment and Development, 1987, p.37)

Sustainable marketing: *“Sustainable marketing is a holistic approach whose aim is to ensure that marketing strategies and tactics are specially designed to secure a socially equitable, environmentally friendly and economically fair and viable business for the benefit of current and future generations of customers, employees and society as a whole.”* (Emery, 2012, p.24)

Triple Bottom Line: The Triple Bottom Line is divided into economic, environmental and the societal consequences of business actions. By combining these three parts of sustainability companies can develop corporate strategies that create a win-win-win situation for the company. (Elkington & Trisoglio, 1996, p.763)

1.9. PRESENTATION OF RESPECT CLIMATE

In this section, we will give a short presentation of Respect Climate and its owners.

In our study we are collaborating with a company that provides climate services. This company is called Respect Climate, a privately owned company that was started in 2013 by South Pole Carbon Asset Management Ltd and Respect Sustainable Business (Respect Climate, 2013a).

With experiences from MyClimate, The World Bank, UNFCCC and McKinsey & Co, South Pole Carbon Asset Management Ltd. was started in 2006 and is headquartered in Zürich with 12 offices worldwide. The organization works with development of premium offsets projects e.g. Gold Standard and Social carbon credits and is now one of the world’s leading organizations within premium carbon offsetting. They also consult organization about how to reduce their emissions. (Respect Climate, 2013c; South Pole Carbon, 2014)

In 2000, Respect Sustainable Business was started by Anita and Gordon Roddick, Per-Uno Alm and Kaj Embrén (Respect Climate, 2013c). Anita Roddick, most known for being the founder of The Body Shop where she combined business with sustainability work, is also the basis for many of the environmental marketing principles of today (Ottman, 1993, p.67). Respect Sustainable Business provides climate services that focus on strengthening brands and businesses through systematic sustainability work (Respect Climate, 2013c).

Today, Respect Climate is one of the leading businesses within climate services in Scandinavia (Respect Climate, 2013a; Lundin, personal communication, March 4, 2014). Respect Climate provides their customers strategic advice, climate calculations, action plans for carbon neutrality (Respect Climate, a) and offsets project within wind-, water-, biomass-, biogas- and energy efficiency (Respect Climate, 2013a; Respect Climate, 2013b). In time of writing they have about 100 carbon offset customers located in Sweden, Norway and Finland and they are focusing on generating customers in the Nordic countries (Lundin, personal communication, March 4, 2014)

Respect Climate offers all offset projects that are available from South Pole Carbon as well as projects from some other project developers within their offset portfolio (Lundin, personal communication, March 4, 2014). They have chosen to include energy efficiency, renewable energy and forestry projects but decided to exclude all projects within large-scale waterpower and industrial gas. All projects are third-party audited. (Olejak, personal communication, March 28, 2014). Their customers can offset through Certified Emission Reductions (CER¹s) or Verified Emission Reductions (VERs) from Gold Standard, Clean Development Mechanism, Gold Standard Clean Development Mechanism and VCS certified projects (Respect Climate, 2013b). (Read further about emission reductions and certification standards in section 3.5 *About Voluntary Carbon Offsets*)

2. SCIENTIFIC METHOD

In this chapter we will start by introducing our pre-conceptions and how they might affect our study and then discuss our epistemological view and choice of research design and theory. Lastly we will put our source criticism forward and criticism towards our use of theories.

2.1 PRECONCEPTION

Researchers' frame of reference: their prior experiences, knowledge and values will unavoidably influence what the researchers see and how they process information (Bryman & Bell, 2011, p.30). The researchers' preconceptions can affect the subjectivity of the study. Subjectivity can affect our ability to look at our subject critically and influence the choices we make during the process, which should try to be avoided (Bryman & Nilsson, 2011, pp.43-44). Ejvegård (2003, p.19) says that it can be difficult for researchers to see their own subjective views, wherefore it is important to bring in other researchers who have different views on the subject.

We acknowledge that it is impossible to erase our personal frame of references' influence on this thesis and therefore want to present our pre-understanding within the subject to help the readers make their own critical evaluation of how it may have affected our choices throughout the study.

We are both business administration and economics students, one of us focusing her master studies on marketing. She has taken a course in marketing ethics where sustainability issues have been discussed. This has influenced her interest in sustainability within businesses and helped us in our choice of theories. We do not see any implications of her previous education within sustainability as emission offsetting has not been part of the course and will therefore not affect the objectivity in our approach to emission offsetting. The other researcher of this study has an international focus in her studies with her master focusing on marketing and management. Our choice of subject has been affected by our personal interest in sustainability and our educational backgrounds in business and marketing. Our choice of research question has further been influenced by the fact that we are writing on commission for a company that sells emission offsets. However, our research problem has been formed after extensive literature review in the field, which guided us to a theoretical gap from which our final research question has been formulated. It should also be noted that we are not receiving monetary support from the company, but they have supported us with their time for interviews and helped us get in contact with their customers.

Bryman and Nilsson (2011, pp.43-44) describes that our views and feeling about the research topic may affect our choice of methods, research design, implementation and usage of data. Further, they argue that it is easier for researchers that use a qualitative research design to develop an angled or subjective view on the subject or the participants that was not present before (Bryman & Nilsson, 2011, p.44). It is possible that our interest in sustainability and our personal attitudes about its importance as well as our belief that firms are partly responsible for sustainable development may have influenced our choice of theoretical framework. Neither of us had any wider knowledge about the concept of voluntary emission offsetting prior to the study, nor any attitudes about their benefits or disadvantages. We believe this has helped us keep an open mind

towards the study at hand, and helped us gather conflicting views from different authors in a balanced manner.

In order to prevent subjectivity in our study, we will have our preconceptions and their possible subjective effect in mind and continuously reflect upon it while conducting our study. In addition, we try to bring in as many different authors point of view as possible throughout our problematization and theoretical chapter in an aim to keep a critical and objective approach to the subject at hand.

2.2 RESEARCH PHILOSOPHY

Since the aim of our study is to *understand* what motivates businesses to buy emission offsets and what is important for them when evaluating which offset projects to support, it requires interpretations of subjective firms' decision-making process. Our ontological and epistemological approach in this study is thereby interpretive in nature as we are trying to understand it in the specific context since there is no single answer to our problem. We believe that the context within which our respondents are; their industry, their branding strategies, their consumer base, and the people who work within and outside of their organization; undoubtedly affects why and how they choose to offset their emissions. Interpretivist approach *"allows the focus of research to be on understanding what is happening in a given context. It includes consideration of multiple realities, different actors' perspectives, researcher involvement, taking account of the contexts of the phenomena under study, and the contextual understanding and interpretation of data"* (Carson et al., 2001, p.5). It revolves around interpretive understanding of human behavior rather than focusing on explanation of human behavior (Bryman & Bell, 2011, p.16). Because our role as researchers is to interpret the actions of others, this reduces the objectivity of our study. In our study we acknowledge the necessary involvement of us researchers in knowledge generation, but we also aim to tone down our influence on the study as we still believe that objectivity can and should be increased by a self-critical position held by the researcher. Thus, we allow subjective views to emerge from respondents but aim for objectivity in our approach to data. Another disadvantage with using interpretivist approach is that our results will not be generalizable to other situations, as every business situation is unique. However, due to the fact that the business world is in constant change, the problem with generalization may not be a problem, because the generalization might been lost in the future anyway. (Saunders et al., 2007, p.107).

According to Saunders et al. (2007, p.107) some researchers argue that in the field of marketing and organizational behavior, the interpretivist approach is highly appropriate to use. Kapoulas & Mitic (2012, p.364) describe how the interpretivist approach to marketing research can contribute to gain understanding of the truthfulness of observations and assumptions and build new knowledge. There are many assumptions in theory about why businesses engage in emission offsetting but little empirical data supporting those assumptions (as explained in section 1.4 Research gap) with our interpretive outlook on knowledge we think that we can assess what causes businesses to buy voluntary emission offsets by gathering subjective motivations from our respondents.

2.3 RESEARCH APPROACH AND DESIGN

In order to get a well-conducted study, most researchers agree that both quantitative and qualitative research designs are needed (Tjora & Torhell, 2012, p.16). Since our study focuses on the understanding behind what motivates companies to purchase emission offsets, though, we have chosen to conduct a qualitative study of Respect Climate and their customers. Tjora & Torhell (2012, p.16) describes that a qualitative research design differs from the quantitative because it highlights understanding, rather than explanation, which goes in line with our interpretivist research philosophy. Further, a qualitative research focuses on the empirical findings in form of words instead on the theoretical and hypothesis driven study and is usually inductive rather than deductive (Bryman & Bell, 2011 p.386). Deduction involves creating a theoretical framework before gathering empirical data to test a theory or hypothesis while induction is guided by the empirical data that leads to construction of theories about what has been found (Carson et al., 2001, p.12). However, Tjora & Torhell (2012, p.17) states that a qualitative study accepts a combination of theoretical and empirical findings. This is in line with our study as we will find our answers when combining our theoretical framework with our results from interviewing customers of Respect Climate. Carson et al. (2001, p.12) similarly argues that interpretive studies benefit from a balance between inductive and deductive approaches. Our study is relatively structured and moves from deduction to induction in the sense that we are developing a theoretical framework out of which we build our research instrument (the interview guides), our empirical data will then be analyzed in relation to our theoretical framework and generate new insights within the field inductively. Through this approach we think that our study will benefit from existing theories but at the same time allow for development of some new and useful theoretical knowledge, as explained by Carson et al. (2001, p.12).

Qualitative research is particularly appropriate in the field of marketing according to Carson et al. (2001, p.64) who states that interpretive qualitative research methods better aid marketing decision making than other research methods when you need in-depth understanding of phenomenon in managerial or consumer contexts. Qualitative studies can observe real organizational activities and how people experience them, which is important when you want to study marketing activities by organizations. These activities cannot be studied in arranged sections isolated from their context (Carson et al., 2001, pp.65-66). Qualitative research is on the other hand often questioned for its subjectivity and lack of reliability, generalizability and transparency (Bryman & Bell, 2011, pp.408-409). Because of these limitations of qualitative research methods their academic contributions are often criticized (Kopulas & Mitic, 2012, p.365) but we chose to conduct a qualitative study when we realized that obtaining real underlying motivations from firms would be tricky, if not impossible through quantitative methods. Responses to a questionnaire would be limited to the options we make available for the respondents to choose. Thereby, there would be a great risk that our conclusions would be too influenced by the questionnaire design and we would miss the true underlying motivations for firms to buy emission offsets. Tjora & Torhell (2012, p.20) rejects the idea that qualitative studies are more subjective than quantitative. Quantitative studies are more objective in the analysis due to the fact that the statistical analysis methods will not be affected by the person who conducts the analysis. This means that anyone who conducts the same study will receive the same results. However, they argue that quantitative studies are still subjective due to the researchers' choice and use of the theoretical perspectives and in her interpretation of the empirical data. Further they

argue that qualitative interview studies allows for other answers to arise than those that the researcher predict and include as options in surveys (Tjora & Torhell, 2012, p.21).

To better aid our research problem, we have chosen to conduct a qualitative study through semi-structured interviews on two levels. First, two interviews with people from the offset provider Respect Climate will be conducted to gain their perspective on the voluntary offset market, on marketing issues revolving around it and on their customers. Responses from this interview will then be used together with our theoretical framework to construct an interview guide for interviews with some of Respect Climate's customers. This approach will help us get closer to the problem at hand from the providers perspective first, before parting out how to examine it in the customer interviews. In addition to our interviews we will also analyze if and how the companies are communicating their emission offsetting to their stakeholders by going through their website communication, annual reports and environmental reports. We will thus get a form of triangulation of data from three different kind of sources.

This qualitative method is with its imperfections better suited for our study than a quantitative one. To deal with the numerous issues challenging the perceived value of qualitative studies we will acknowledge its weaknesses and refrain from the temptation to generalize our findings (as proposed by Kopulas & Mitic, 2012, pp.361, 365). Further we will aim to increase transparency by clearly describing the entire process, including respondent selection and analysis approach as suggested by Bryman & Bell (2011, p.409). By providing rich amounts of details of what is being studied readers can make their own judgment of whether findings are *transferable* to other situations, which is arguably a better assessment of the trustworthiness of qualitative research than generalizability (Bryman & Bell, 2011, p.398)

2.4 CHOICE OF THEORIES

We have chosen to use Elkington's model Triple Bottom Line as a base to our theoretical framework. In order to set the model into context, we start by describing what 'sustainability' is from different theoretical point of views and specifically how it relates to business, we also discuss how it relates to and somewhat differs from CSR to clarify our theoretical choices. Then, we use the TBL model to describe the benefits and downsides for companies to engage in sustainability where we integrate other researchers' point of view into Elkington's model in three different parts. We have chosen to use Elkington's model because he was the first to describe sustainability as it is seen today which reflects on the three parts that sustainability revolves around: social, economic and environmental. In the second part of our theory chapter, we use the same principles of integrating other researchers' results into the model, but this time our focus lay on the description of the benefits and downsides for companies to engage in emission offsetting with regards to the three bottom lines. Elkington's model does not explicitly describe carbon offsetting as part of his model. However, he claims that every organization should combine social, economic and environmental aspects into their decision making and in this part we show how emission offsetting can be related to these three sections of the Triple Bottom Line. This theoretical part will be used in our analysis of what incentives businesses have to offset to see whether they view offsetting in relation to any or all of their bottom lines and whether this guides their choices of offsetting projects.

In addition to the Triple Bottom Line, we have also chosen to include theories about why companies should communicate their sustainability work, including carbon offsetting and what they should think about when marketing their sustainable actions. This theoretical part will be used to inquire how companies are communicating their offsetting and analyze whether this is in accordance with theoretical suggestions. These theories may also help us in our aim to help Respect Climate improve their marketing strategies. This could help them motivate current as well as new customers to engage in emission reduction and offsetting due to the benefits that are associated with sustainability marketing. We have chosen to include theories about communicating emission offsets as our study will further build upon the limited theories in this area. As discussed previously, there has not been much theory formed with regards to how to overcome marketing issues regarding emission offsets but some smaller studies have formed some ideas on how to market emission offsets to individuals. We have chosen to include these studies as although they are not directly applicable in marketing towards businesses, we can use these to investigate if the same attributes are important for businesses, and thereby important to communicate when marketing offsets to businesses or not. Or if other attributes are more important for businesses when choosing emission offsets.

2.5 SOURCE CRITICISM

In order to give a fair view of the reality, we have chosen to bring in both criticism and strengths to the topics we deal with in our study from a variety of sources. We have used sources from scientific articles that we have found through Business Source Premiere. While searching for scientific articles we have used search words like emission offsetting, communication, voluntary emission offsets, voluntary carbon offsets, sustainable marketing, sustainable development, carbon offsetting and others. When we found relevant scientific articles, we also used their reference lists to find more relevant articles on the subject. We have also used scientific books and sources from frequently cited reports that have been produced by trusted institutions and some environmental organizations. These organizations might give a subjective view to our study. In these cases we have tried to follow up and look at other sources to see if they have come up with the same conclusion and also bring in sources that have a different point of view. When writing the chapter about Respect Climate we have used their own website and asked questions to an employee via email to get information. As we are only describing facts about the organization in this chapter, we do not think this will affect the objectivity of our study.

Our aim has been to avoid secondary sources as much as possible, however, there have been some cases we have not been able to use the original source due to limited access, wherefore we have chosen to stay with the secondary source. In order to avoid referencing an incorrect message when using secondary sources we have tried to find other sources that cite or refer to the original source and see if the message corresponds or not.

We have chosen to base our study on previous studies about sustainability and voluntary emission offsetting. As our subject is relatively un-researched and has not been discussed in this way before, there is a risk that we have missed out on important aspects of our subject and that we have gotten previous researchers subjective view in our study. However, this can also be beneficial because it entitles us to be more critical and think of new ways to look at the problem. Because of the limited amount of sources

with information about the voluntary markets size and similar it was sometimes difficult to find more than one source's statement, and sometimes hard to find up-to-date information. Some of our sources about the voluntary carbon offset market are quite old. The market has had time to mature and change a lot since their publications, which means that our theory chapter may give the wrong view of what it looks like today. It should also be noted that some of the scientific articles are produced in the US, which means their descriptions may not apply well to the European or Scandinavian market. However, we still had to use these sources due to the lack of recent publications about the voluntary carbon offset market in Europe and Scandinavia.

The fact that we are using Elkington's model Triple Bottom Line, which is a well-known model in the field of sustainability, gives us credibility. However, in previous studies we have not seen Elkington's model being used on emission offsetting before, which might be outside the frames of the Triple Bottom Line. Moreover, using a frequently used model like Triple Bottom Line might affect us to not see other ways of looking at our problem. As his model is divided into three sections of social, economic and environmental this might affect us not to see other motivational factors behind why companies engage in emission offsetting that is not included in any of these sections.

3. THEORETICAL FRAMEWORK

In this chapter we will describe our theoretical framework which is based on Elkington's model 'Triple Bottom Line' that consists of three aspects of business sustainability; social, environmental and economic. Under each of these parts, we will discuss several factors concerning companies' engagement in sustainability and communication of sustainability work. In the second part of our theory chapter we will describe voluntary carbon offsets and their market. We will also discuss the benefits of and criticisms to emission offsetting based on the Triple Bottom Line and lastly present theory about communicating emission offsets.

3.1 CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

3.1.1 Corporate Social Responsibility

"CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis." (Commission of the European Communities, 2002, p.5). CSR has not always been about doing good. The old purpose of CSR was about how to bring in social responsibility in order to grow the business. Kotler and Lee (2005, pp.10-11) describes that businesses should engage in CSR because it will lead to increased sales and market share, strengthen the position of the brand and corporate image, reduced costs and increased ability to attract investors and employees. The social and environmental good was rather a co-benefit, rather than the overall purpose of companies' actions. The new CSR, as we see it today, has during the last years moved closer to sustainability (Emery, 2012, p.13) and is more frequently described as the term sustainability (Hawkins, 2006, referred in Emery, 2012, p.13). A distinction can however be made where some CSR activities include philanthropy and community volunteering which create value in the short run but does not generate long term social or environmental sustainability (Bansal & DesJardine, 2014, p.72). As our paper does not include philanthropy and community volunteering, we have chosen to focus our paper around theories about sustainability rather than CSR, but want to highlight that these concepts are closely linked and often used interchangeably in scientific literature as they have many common traits.

3.1.2 Sustainability

In 1972, the United Nations had a conference in Sweden about the Human Environment. This is often recalled as the international starting point of sustainability (Emery, 2012, p.20) Sustainability was described by World Commission on Environment and Development (WCED) (1987, p.37) as development that *"meets the needs of the present without compromising the ability of future generations to meet their own needs"*. There are limitations imposed by the social organization, environmental resources and technology as well as the planet's ability to deal with the effects of human impact on the environment. Sustainability is thus an ongoing process of improvements in resource consumption, investments, technological development and institutional change that are made in line with present as well as future needs. Sustainability, as the definition implies, is not limited to environmental concerns but includes assuring the essential needs of all people and assuring that the poorer population today get their fair share of resources required to maintain sustainable growth (WCED, 1987, p.37).

Das Gupta (2014, p.85) describes how growing consumption demand spurs some of the innovative development in how firms manage their use of non-renewable resources that have a set market price (e.g. oil), but states that non-renewables that does not have a price attached to them (e.g. the atmosphere and oceans) are trickier to conserve sustainably under market forces as there are no market incentives to reduce use or impact on these resources. In the past few years though, the environmental degradation has resulted in bigger concerns and increased awareness about sustainability issues. Governments, customers, communities and other stakeholders are becoming more involved in sustainability issues, wherefore it is important for companies and other organizations to take their demands into consideration when doing business today. (Kataria et al., 2013, p.46). Bansal & DesJardine (2014, p.71) has adapted WCED's definition of sustainability into business sustainability as *"the ability of firms to respond to their short-term financial needs without compromising their (or others') ability to meet their future needs."* They emphasize the importance of consideration of time in general strategic decision-making and describe how short-termism can lead to negative outcomes for firms and society. They argue that if investment decisions are made with a longer-term perspective they tend to naturally align business interest with societal interests. Sustainability challenges decision makers to manage resources across time (Bansal & DesJardine, 2014, pp.73, 76)

There will be social consequences for every action a company takes, and it can either be positive or negative. These interactions from within the company to the society are called inside-out linkages and can have different impacts depending on location and time. If a company is unsuccessful in determining the development of events, it may not survive in the industry. (Porter & Kramer, 2006, pp.5-6) An example of inside-out linkage could be a company, which have reduced the firm's emissions (Davidson, 2009, p.24) and therefore made less negative impact on society's health. Apart from this, there are also events from the society that affect companies and are called outside-in linkages. These can be divided into four parts; the quantity and quality of available business inputs, the rules and incentives of govern competition, the size and sophistication of local demand and the local availability of supporting industries. Porter and Kramer (2006, p.6) argue that these four contexts can be CSR opportunities for companies. An example of outside-in linkage could be a law regulating industrial emissions (Porter & Kramer, 2006, p.9), which can give several opportunities for businesses. Reducing emissions can, except for the benefits to the society and environment, also bring benefits back to the company in form of reduced costs or increased profits (Savitz & Weber, 2006, pp.22, 28). Porter and Kramer (2006, p.5) say that there has been too much focus on the individual sides of social responsibility, instead of the interaction. Instead they praise the principle of shared value, which incorporates benefits for both sides. Prahalad (2005, pp.3-4) agrees and states that companies can create more innovative products and grow markets by integrating the society into their business and by doing that create a win-win situation.

When selecting which social issue to support, Porter and Kramer (2006, p.10) says that: *"Typically the more closely tied a social issue is to a company's business, the greater the opportunity to leverage the firm's resources – and benefit society"*. An example of a company which integrated social responsibility that is tied their core business is PETsMART. PETsMART sells animal equipment and have started to raise money for homeless animals and are offering space for animal adoption as part of their socially

responsible activities (Kotler & Lee, 2005, p.53). Moreover, Porter and Kramer (2006, p.10) say that in order to contribute to the society and at the same time benefit the company, the firm must select a strategy that combines inside-out and outside-in dimensions (principle of shared value) that differentiates the company from its competitors and gives the firm a unique position in the industry. An example of this was the Toyota Prius, which was the first car model to combine environmental benefits with competitive advantage. The car model pollutes only 10% of what conventional cars do and has given Toyota a unique position among customers. (Porter & Kramer, 2006, p.10)

As seen in the example above, companies and society need to work together towards the common goal of a sustainable world. Firms responsibility is to achieve this through sustainable business development which can be achieved through three parts; social equity, economic sustainability and environmental sustainability. Together they form what is called the Triple Bottom Line. (Emery, 2012, pp.20-21)

3.2 TRIPLE BOTTOM LINE

Is capitalism sustainable? This question underlies the development of Triple Bottom Line. In his book *Cannibals with forks*, Elkington (1997, p.VII) describes current revolutions that are changing the business playing field and will lead ‘corporate cannibals’ to reach for ‘the fork’s three prongs’: economic prosperity, environmental quality, and social justice. *“In other words, companies should operate in ways that secure long-term economic performance by avoiding short-term behavior that is socially detrimental or environmentally wasteful”*. (Porter & Kramer, 2006, p.4)

Organizations operate through different forms of capital: financial capital, including market place, operating licenses and legal and economic infrastructure; Human or social capital, ranging from worker commitment to community support; and natural resource capital, which includes energy sources, air, water and similar. (Savitz & Weber, 2006, p.X). The difference between a sustainable and unsustainable organizations according to Savitz & Weber (2006, p.X) is that sustainable organizations generate interest and utilize interest from their capital sources while other organizations simply consume their capital. They further argue that although this is possible to do in the short term, businesses that realize that business interests intersect with environmental and societal interests will have a greater chance of being successful in a long-term perspective.

Porter and Van der Linde (1995, p.97) stated that companies’ feelings towards environmental goals of a firm are two-sided. On one side, they want to set up environmental goals that benefit the society, but on the other hand they want the firm to do well. This stresses the problem that companies are experiencing today, should they do great things for the society and put financial burden on the company or should they put the environment aside and keep the firm running? Elkington (1997, pp.22-23) says that, even if there will be companies that will not be successful in being sustainable, there will be others who will be presented with great opportunities in new markets and will build better relationships with their stakeholders, the society and the planet.

Sales, profit, market share and customer satisfaction are financial areas where the performance of conventional marketing often are measured by, and when a company have a short-term mind-set on these objectives, the environmental and social issues may be lost. (Belz & Peattie, 2012, p.129) Therefore, Elkington (1998, referred in, Emery,

2012, p.22) suggested that in order to measure the organizations overall performance, you need to bring in the planet and social objectives too. Within TBL it is thus argued that the fulfillment of obligations to all the firms' stakeholders should be measured, calculated, audited and reported in the same way as conventional financial reporting is (Norman & MacDonald, 2004, p.243)

As mentioned in our introduction, industrial emissions made by organizations kill three million people each year. Still, companies may be the planet's only hope to achieve sustainability. Stuart Hart, the director of the corporate Environmental Management Program, University of Michigan (cited in Elkington, 1997, p.71) says that *"...corporations are the only organizations with the resources, the technology, the global reach, and, ultimately, the motivation to achieve sustainability."* Although some businesses will argue that 'saving the world' is not their responsibility, they still need stable markets to operate within and they are the ones the with financial, technological and managerial resources to lead sustainable development successfully (Elkington, 1997, p.20)

3.2.1 Explanation of how Triple Bottom Line works

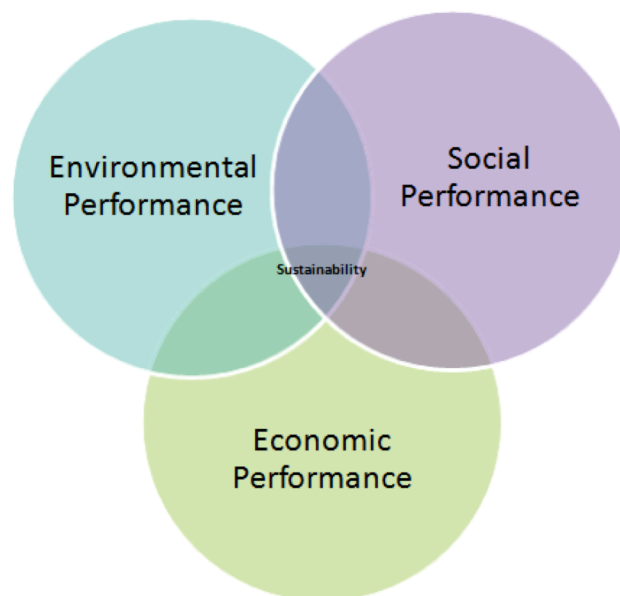


Figure 1. Triple Bottom Line (adapted from Carter & Rogers, 2008, p.265)

The Triple Bottom Line model above illustrates how economic performance can share common ground with social and environmental performance, where financial stakeholder's interests are shared by nonfinancial stakeholder's interests. This area in the model is referred to as the "sustainability sweet spot" where profitable actions produce benefits for the common good. Firms can find these areas where business interest overlap with environmental and social interests when developing new processes, entering new markets, creating new business models or methods for management and reporting. For example, firms can find this sustainability sweet spot by producing new products and services that are environmentally sustainable (as when GE went into wind energy) and financially profitable (GE's wind energy business revenues quadrupled between 2002 and 2006). (Savitz & Weber, 2006, p.22-23).

3.2.2 Criticism towards TBL

Norman & MacDonald (2004, pp.251-252, 254) criticize the very concept of TBL as being misleading in its nature. They argue that it is impossible to balance social and environmental bottom lines against financial as they state that there is no way to quantify the prior two in a way that is comparable to the latter. Milne and Gray (2013, p.24) criticize the way that many corporations use TBL as a synonym to corporate sustainability and claim that TBL becomes a near-sighted way for businesses to show concern without any real ecological understanding. They primarily criticize Triple Bottom Line reporting and how it is used in practice, stating that many organizations that claim to be sustainable or working on their sustainability in their reports found these claims on incomplete TBL reporting. This means that these claims become a way for businesses to officially relieve their problems without dealing with the underlying cause. *"...such claims may amount to little more than soothing palliatives that, in fact, may be moving us towards greater levels of un-sustainability."* (Milne & Gray 2013, p.24). Ehrenfeld (2004, pp.1-2) criticize TBL and other 'Corporate Sustainability' ideas in a broader sense, stating that although these measures may lead businesses to do 'less harm than they might' and reduce the pace of unsustainable environmental and social development, the global problems are still growing at alarming rates. By focusing on 'reducing unsustainability' firms tend to overlook the real roots of unsustainable development, such as the continuously increasing consumption.

3.2.3 Environmental sustainability: addressing the environmental bottom line

The ecological objectives within TBL regard the product- and consumption processes impacts on the environment and includes the usage of materials, water, emissions, effluents and waste (Belz & Peattie, 2012, p.130). In other words, it regards a company's utilization of and impact on natural resource capital. The objectives will reveal the need to manage the environmental issues that arises in the product- and consumption processes (Belz & Peattie, 2012, p.130)

Natural capital can be 'critical', in the sense that it is essential to the ecosystem because it is responsible for necessary environmental processes that cannot be substituted by manufactured capital, for example water, air, minerals, or the ozone layer. Or it can be renewable (e.g. crops, fish or forests that can be regenerated), repairable (through desert reclamation etc.), replaceable or substitutable (through renewable substitutes such as solar energy replacing non-renewable fossil fuels etc.) (Elkington, 1997, p.79; Ekins et al., 2003, p.3). Regarding to the environmental bottom line, there are several aspects that companies need to think about when developing their environmental goals. Elkington (1997, p.80) suggested some questions businesses should ask with regards to their use of natural capital when forming their environmental objectives: *"What forms of natural capital are affected by our current operations — and will they be affected by our planned activities? Are these forms of natural capital sustainable given these, and other, likely pressures? Is the overall level of stress properly understood and likely to be sustainable? Is the "balance of nature" or the "web of life" likely to be significantly affected?"* Ekins et al. (2003, p.13) stresses the importance of considering regeneration rates when utilizing renewable natural capital and the importance of maintaining regeneration through sustainable harvesting, replanting and avoidance of technologies that may harm the ecosystem that is essential for a specific natural resource. The consumption of non-renewable capital needs to be limited and matched by the rate of new discoveries of it, meanwhile transition to or development of renewable substitutes should be supported (Ekins et al., 2003, p.14)

Firms are held accountable for their environmental impact by different entities; from regulations, environmentalists and media (Elkington, 1997, p.80). Hence, not taking responsibility for the environmental bottom line may cause legally related costs, or bad PR from environmental campaigning against the firm. The increased transparency in today's society, with 24h news coverage, the Internet and social media enlarges the vulnerability of businesses reputation and has increased stakeholder power. The power of modern media together with new legal strategies have worked together to attack large companies within certain industries with huge lawsuits for the external consequences of their activities (Savitz & Weber, 2006, pp.51, 61). After explosions of a deep-water oilrig that resulted in oil spills in the Mexican Gulf in 2010 BP, who were one of the operators experienced this. In 2011 they had 600 private civil lawsuits against them as a result of the accident from individuals, corporations, insurance companies and governmental entities (BP, 2011, p.32). Companies who respond to the threat by listening to stakeholders environmental concerns about their operations may turn this vulnerability into a strength as in the case of British Aerosol Manufacturers' Association (BAMA). They were put under pressure from an environmentalist organization that threatened to conduct an advertising campaign to inform the public about how chlorofluorocarbon (CFC) propellants used in aerosols were depleting the ozone layer. As a response, six members of BAMA launched new products without CFCs together with their own educational marketing campaign about CFCs. The rest of the industry soon followed suit and thus reverted the environmentalist campaigning against them, turned the situation around and maintained their aerosol sales. (Bartlett, 2007, pp.11-12)

Corporate environmental reports (CER²s) and environmental annual reports (EAR) have increasingly been published voluntarily by companies since the 1990s. But how this reporting is conducted and which indicators they use vary greatly between firms, making it difficult to benchmark firms against each other. Some reporting companies have started to use standards such as emissions per produced unit, though, making it easier to compare firms' environmental impact. Indicators that show the connection between the environmental impact and social impact, however, that highlights how some people are particularly disadvantaged by environmental problems are generally lacking in reports. (Elkington, 1997, pp.82-84). These companies are thereby failing to see the intersection between the environmental and the social bottom line.

3.2.4 Social sustainability: addressing the social bottom line

The social objectives in Triple Bottom Line include health, safety and well-being of the society (Belz & Peattie, 2012, p.131). Further, it includes people's skills and education, together comprising the Social capital (Elkington, 1997, p.85). The aim of the social objectives is to include people on both sides of the organization, inside and outside. Issues addressed inside the organization could be employment of disadvantaged groups, training and education and safety regarding product development. Issues on the outside could be product safety, community relations, human rights, and donations to charities. (Elkington, 1997, pp.87-88)

Incorporating CSR and sustainability into businesses can add value to the company in other ways than what is shown through a company's accounting. Savitz & Weber (2006, p.37) argue that empowering employees by giving them higher wages, better work environment, training etc., can increase employee satisfaction, which in turn can lead to

large cost reduction for the company. Training, unemployment insurance and productivity are some of the areas where these cost reductions comes from. Further, to get a productive workforce, Porter and Kramer (2006, p.5) argue that it is essential for the company to educate their employees, give them equal opportunities and health care. This, including safe products and good working conditions can lower the company's costs in form of decreased accidents.

Savitz & Weber (2006, p.35) further argues that integrating sustainability into the company can improve the relationship the business has with its customers and the whole society. According to Elkington (1997, p.85) the sustainability of a corporation is highly reliant on the extent of trust that exists in the relationship between the firm and their external stakeholders. Porter & Kramer (2006, p.6) agrees that companies must have good relations with the society. They say that in order for a company to survive, it is crucial that companies analyze and evaluate the risks that may affect the society. For example, the head of scenarios for Shell, Albert Bressand says *"We are prisoners of the market...there are people who can remove our license to operate"*. Since Shell is constantly in contact with and depend on the people working with oil and gas projects, the company's survival would be in danger if Shell would do something to upset the society. (Esty & Winston, 2009, p.12)

Positive impacts made by companies on the society could be companies that build relationships with students at the university, employment of minorities or disadvantaged groups, reduced waste and carbon emissions that pollutes air and water etc. (Porter & Kramer, 2006, p.8). A company who has been successful in finding the 'sustainability sweet spot' between social and economic sustainability is PepsiCo, which were able to increase market share by 13% in 2004 by purchasing Tropicana and Quaker Oats. The growth (2.5 times higher than PepsiCo other brands) contributes to improve the health of the society by giving them the opportunity to eat better (Savitz & Weber, 2006, p.25).

3.2.5 Economic sustainability: addressing the economic bottom line

"Environmental missteps can create public relation nightmares, destroy markets and careers, and knock billions off the value of a company. Companies that do not add environmental thinking to their strategy arsenal risk missing upside opportunities in markets that are increasingly shaped by environmental factors".

(Esty & Winston, 2009, p.10)

Even if Elkington's model Triple Bottom Line lay focus on integrating sustainability into the business, the economic objectives are still important, as the company will not survive without them. The economic objectives include: profits, market share, revenues, customer value and satisfaction. (Belz & Peattie, 2012, p.129). In other words, it revolves around the sustainability of a company's financial capital. The difference in TBL is that these objectives must be seen in relation to the other two dimensions. Externalities, such as social or environmental costs need to be considered when evaluating economic options. (Elkington, 1997, p.76). To foster economic sustainability businesses further need to consider long-term sustainability of their economic indicators; sustainability of demand, costs, pricing, profit margins and innovations (Elkington, 1997, pp.76-77).

According to Savitz & Weber (2006, p.35), there are a lot of financial benefits connected to sustainability. They argue that sustainability is a driving factor for innovation and new technologies. Customers and businesses that see an added value in sustainability, drives businesses to come up with new ways to produce, develop more innovative products, move into new markets and create new relationships with stakeholders. Further, products and markets that once were unprofitable or impossible to make, may now be successful due to a new mind-set. In turn, this can improve the current customer-relationship, how the brand is perceived and attract new customers. They describe that companies can find a 'sustainability sweet spot' where profit hunting and the aim for common good shares common ground and serves the interest of each other (Savitz & Weber, 2006, p.22).

Some projects may have a direct impact on income. Consumers that value sustainability may purchase more products or are prepared to pay higher prices for sustainable products and services. Changing resources or how the products are made can also result in reduced costs. (Godfrey & Hatch, 2007, referred in Piercy & Lane, 2009, p.337)

Savitz & Weber (2006, pp.37, 75) continue saying that being perceived as the sustainability leader of the industry is another benefit. This in turn, can alter consumers' perception of a company's reputation (Savitz & Weber, 2006, p.37). To make consumers perceive the company as reliable and trustworthy it is important that the company's marketing sends out accurate information. But it is also important to send out information that the consumer is concerned about and that answers customers' expectations and preferences (Piercy & Lane, 2009, pp.352-353). If consumers' perceptions of the company are not similar to the company's actions and reputation, their strategies may backfire and have the opposite effect (Piercy & Lane, 2009, p.352).

Gertner (2013, p.1) states that: *"the firm is effective only as long as its process, services and manufacturing firms focus on providing advantages that prioritize maintaining their customers' satisfaction and loyalty"*. Further, she argues that sustainability can strategically position a company that gains competitive advantage and give the customer a unique proposition.

According to Ottman (1993, p.8), environmental issues have gotten more power in peoples consumptions patterns and argue that consumers are more concerned over the environmental consequences of products than before. Moreover, she argue that people no longer only regard the quality of products in their decision process, but also consider the environmental issues that are attached to the product. As a consequence of this, a growing number of consumers rather buy products from companies that have social and environmental objectives, than of those without. According to a Walker research (1994, cited in Wasik 1996, p.11) 78% of consumers *"are currently avoiding or refusing to buy from certain companies because of negative perceptions of them."* Even if research has shown that people want to reward companies for acting sustainable and are prepared to pay more money (5-10% more) for ethical products, the market indicates otherwise. In fact, many brands that produce ethical product have a very small market share. (Piercy & Lane, 2009, p.340). Piercy and Lane (2009, p.253) say that many companies are not aware of their customers social and environmental concerns. One reason for this could be that instead of getting an understanding of what customers want and innovate a unique ethical proposition for them, companies may choose to get inspiration from competitors and make a product that does not fit the consumer's needs (Sanford et al.,

2011, p.56). When the customer will not find a product that satisfies his/her needs he/she will look elsewhere and maybe decide to go for a non-ethical product that satisfies most of her needs. Another reason for this could be no or incorrect information about companies sustainable actions. Ottman (1993, pp.75, 78) claims that there is a need for educating consumers about sustainability due to misperception about environmental issues, in order for them to do rational purchase decisions. So in order for companies to draw benefits from sustainable actions through added customer value, they first need to communicate the relevant information to them.

3.3 COMMUNICATING SUSTAINABILITY

When using sustainability as a strategy, it is not enough to only act sustainable, but also to communicate it correctly to consumers in order to add value to them and for the company. When communicating sustainability, the message needs to be clear, accountable and show that the firm is continuously improving its environmental and social behavior (Ottman, 1993, p.65). According to Belz & Peattie (2012, p.216) credibility and trust are one of the main key factors when it comes to communicating sustainability marketing. By communicating their environmental performance, the firm can improve their credibility and their relationship with their customer (Ottman, 1993, pp.65-66). In addition to improved credibility and customer-relationship, companies can improve brand image, increase sales and product value by communicating the firm's environmental performance (Ottman, 1993, p.125). However, the credibility of a firm can be damaged if the message is weak (Belz & Peattie, 2012, p.216). Communicating sustainability works best when the benefits are tangible, meaningful for customers and can be communicated in a clear message (Ottman, 1993, p.126). In addition to this, the firm needs to address the company's whole approach regarding its actual environmental performance. This includes manufacturing, distribution, packaging and disposal. (Wasik, 1996, p.114). Further, Wasik (1996, p.116) says that: *"The best way to achieve the public's confidence is to market a complete environmental effort through special annual reports, outside audits, Eco labelling, partnering with environmental/public interest groups, and communicating with stakeholders."* However, 93% of consumers feel that they do not get enough information about companies CSR actions (University of Applied Sciences Wiesbaden and 2hm & Associates 2008, referred in Taubken & Leibold, 2011, p.130). Research has shown that 52% of consumers that have bought an environmentally friendly product *"learn about a product's environmental attributes from material printed on product packaging"* (Abt Associates, cited in Wasik, 1996, p.158). Due to that many products come in packages, this could be an opportunity for companies to market their environmental performance, but it could also be an environmental issue because it contributes to garbage waste (Herbert Myers, referred in Wasik, 1996, p.159). It is therefore essential that companies use recyclable packaging in order to be successful when marketing its environmental performance on product packages.

3.4 SUMMARY

The table below shows a summary of the core studies used in the section about sustainability.

Author	Year	Context	Key result
Elkington	1997	Sustainability	Triple Bottom Line: All businesses need to integrate the environmental, social and economic perspectives in order to be a sustainable company.
Porter & Kramer	2006	CSR	Both Inside-out and outside-in linkages are needed in order to grow a successful sustainable business (p.10).
Savitz & Weber	2006	CSR Sustainability	Sustainability sweet spot: business interest overlap with environmental and social interests (pp.22-23). Larger chance for businesses to be successful in the long term if they integrate environmental and societal aspects in their economic interests (p.X). A company's sustainability actions can improve reputation and how the brand is perceived, but also creates new relationships with stakeholders (pp.35, 37).
Porter & Van der Linde	1995	Sustainability	Companies stand before two-sided goals where they on the one hand want to set up environmental goals that benefit the society, but on the other hand they want the firm to do well (p.97)
Gertner	2013	Sustainability	A company can gain competitive advantage through strategically positioning themselves as a sustainable business (p.1).
Kataria et al.	2013	Sustainability	Governments, customers, communities and other stakeholders are becoming more involved in sustainability issues, wherefore it is important for companies and other organizations to take their demands into consideration when doing business today (p.46).
Belz & Peattie	2012	Sustainability Communication	When communicating sustainability, the message needs to be clear, accountable and show that the firm is continuously

			improving its environmental and social behavior (p.216).
Wasik	1996	Sustainability Green Marketing Communication	Communicating sustainability works best when it shows the company's whole approach to sustainability, from manufacturing to disposal (p.116). <i>"The best way to achieve the public's confidence is to market a complete environmental effort through special annual reports, outside audits, Eco labelling, partnering with environmental/public interest groups, and communicating with stakeholders"</i> (p.116).
(Abt Associates, cited in Wasik)	1996	Sustainability Green Marketing Communication	Printed material on a product's packaging is a key source from where consumers learn about a products environmental attributes (p.158)
Ottman	1993	Sustainability Green Marketing Communication	Consumers' interest in environmental issues has become more important during the last years (p.8). Need to educate consumers about sustainability (pp.75, 78). Communicating sustainability works best when it is meaningful for consumers (p.126).
University of Applied Sciences Wiesbaden and 2hm & Associates 2008, referred in Taubken & Leibold	2010	CSR Communication	93% of consumers feel that they do not get enough information about a company's CSR issues (p.130).

Table 1. Overview of core studies used in the section about sustainability.

3.5 ABOUT VOLUNTARY CARBON OFFSETS

The voluntary offset market is a non-regulated market, which operates outside of compliance markets (Bisore & Hecq, 2012, p.12). Voluntary offsets are sold as carbon credits that are produced by carbon reducing or capturing projects to individuals, NGO's, companies or public entities. Credits are sold by some project developers directly, through offset providers or offered as an add-on option for goods and services by some companies. These credits can be used as a way to offset individual activities that causes carbon emission, or more long term processes such as production or energy consumption that causes emissions. (The Environmental Audit Committee, 2007, p.5). Projects within the voluntary market are more often focused on bringing social and environmental co-benefits, rather than only providing cost-effective projects, which is a

difference from the compliance market (Estrada et al., 2008, p.4). As the EU ETS market does not include emissions from households, transports, small to medium businesses and similar (Sterk & Bunse, 2004, p.2), the voluntary carbon offset market works as a complement that can offset these sources of emission as well (Bisore & Hecq, 2012, p.12)

The voluntary carbon offset market traded 101 million tons of carbon offsets in 2012, for the value of \$523 million. Europe's traded value accounted to \$205 million (51% buyer share of market value) and Sweden accounted for \$3 million of these (Peters-Stanley & Yin, 2013, pp.V, 53, 54).

To make carbon a tradable commodity the offset projects' outputs need to be quantified into units of carbon. This is done by calculating the difference between emissions in a 'business-as-usual' scenario compared to emissions after implementation of the project to generate the amount of carbon reduced as a result of the project. (Bumpus & Liverman, 2008, pp.134-135). Calculating reductions or savings accurately though is complicated, and there is an issue of how permanent the reductions or savings from certain projects will be (The Environmental Audit Committee, 2007, p.18)

The voluntary market is independent from the legally bound market but voluntary customers can still buy offsets from CDM projects that are conducted within the compliance market as well as projects that are produced especially for the voluntary market. (The Environmental Audit Committee, 2007, p.9).

An important feature of offsets that is widely discussed is 'additionality'. Additionality in this context refers to whether the project activities lead to something that would not have been done without the offset project (Bisore & Hecq, 2012, p.6). Additionality can be separated into environmental additionality; which means that projects reduce emissions below what they would have been without the project, and investment additionality; which means the project would not have been performed without the finance from offsets (Bumpus & Liverman, 2008, pp.135-136). How additionality is determined varies depending on whether the offset project is certified or not. Non-certified projects does not have any formal requirements to prove additionality which means that sometimes additionality is not tested at all (The Environmental Audit Committee, 2007, pp.10, 17). DiPeso (2007, p.89) states that without additionality payments for VCO's will not do anything to battle climate change.

In addition to reducing carbon, different kinds of voluntary offsets may create different co-benefits. MacKerron et al. (2009, p.1373) groups these co-benefits into biodiversity co-benefits, human development co-benefits and low-carbon technology/market developing co-benefits. As the voluntary emission offsets market is not regulated, the offset providers decide their own criteria from which they choose which projects to provide for the buyers (Bisore & Hecq, 2012, p.15). Every offset project differs from each other in the co-benefits they produce. They also differ in which technology they use, as well as the location of the project. (Bisore & Hecq, 2012, p.21).

3.5.1 Different kind of offset projects

Renewable energy projects usually focus on investments in solar energy, wind power, biofuel and hydroelectric power and many of them are based in developing countries. By developing renewable energy sources in these countries the offsets are also claimed

to create sustainable development co-benefits in addition to its positive climate impact (Tolhurst & Embaye, 2012, pp.284-285). Renewable energy projects have been criticized for the difficulty to properly calculate their reduction of carbon in an accurate way. There has also been criticism of whether these project create additionality, or whether they would have been conducted anyway for other interests (DiPeso, 2007, p.92). 34% of the transacted volume of voluntary carbon offsets in 2012 came from Renewable energy projects (Peters-Stanley & Yin, 2013, p.20).

Another type of project is energy efficiency projects. They aim to reduce the demand for dirty energy and includes projects for efficient energy production; development of combined heat and power systems; better urban transport systems; efficiency standards for buildings, appliances and vehicles; and energy efficient lighting and cooking stoves. Energy efficiency projects are mainly conducted within industrial sectors. Efficient cooking stove projects, however, are largely based in developing nations and produce several co-benefits for the local community in terms of human development and health (by reducing people's exposure to smoke) (Tolhurst & Embaye, 2012, p.285). 8% of the transacted volume of voluntary carbon offsets in 2012 came from general energy efficiency and fuel switch projects, 9% specifically came from household device projects (such as cook stove projects) (Peters-Stanley & Yin, 2013, p.20).

Land-use and forestry offset projects include re-forestation and re-vegetation activities and leads to carbon absorption. Deforestation in tropical countries lead to about 20% extra carbon release each year. Re-planting in these developing areas somewhat counterbalances the released carbon and also leads to biodiversity co-benefits as it may help protect endangered species (Tolhurst & Embaye, 2012, p.286). Forestry projects are commonly criticized because their long-term benefits are difficult to ensure. The estimated offset will not be realized if the forest does not reach maturity and if the planted forest dies or burns down than the absorbed carbon will be released into the atmosphere again. (Polonsky, 2010, p.52; DiPeso, 2007, p.91). Similarly, some forest protection projects have simply moved deforestation from the protected area to another unprotected area, leading the same amount of carbon to leak out anyway. Another issue with these forms of projects is that they in some occasions have unintended negative impact on the local community, as when a reforestation project dwarfed a local water supply. (The Environmental Audit Committee, 2007, p.17). 32% of the transacted volume of voluntary carbon offsets in 2012 came from Land-use and forestry projects (Peters-Stanley & Yin, 2013, p.20).

3.5.2 Certification Standards

Clean Development Mechanism (CDM)

The Clean Development Mechanism (CDM) standard is developed under the Kyoto Protocol and controlled by the United Nations Framework Convention on Climate Change (UNFCCC). They include projects that reduce, sequester or avoid emission of GHGs included in the Kyoto protocol (excluding nuclear energy projects, and only allowing sequestering projects within forestation). Projects have to be conducted in countries that are not bound by the Kyoto protocol (Kollmuss et al., 2008 p.51). CDM demands and assesses additionality through strictly regulated criteria, and has about 60 different established methods for calculating different projects carbon reductions (The Environmental Audit Committee, 2007, p.7). Although there are no specific environmental or social guidelines for CDM certification, it is required by the Kyoto

protocol that they support sustainable development in these developing nations. However, social and sustainable criteria are not set by CDM but by the host country themselves, which means that some countries may avoid strict criteria as they are afraid that project developers will avoid their country if they do. (Kollmuss et al., 2008, pp.51, 53). There has been criticism expressed towards CDM projects actual additionality and contribution to sustainable development too in spite of their strict regulation in a critical field study by Swedwatch that investigated a water power plant project in Rampur, India. They found evidence that indicated that the project might have been conducted anyway without CDM offsets (i.e. no additionality) and reported poor working conditions at the construction site as well as negative consequences for the local population and the environment around the plant. (Cosnier, 2012). In 2012 CDM certified projects had less than 1% of the voluntary offset market share (Peters-Stanley & Yin, 2013, p.XI).

Gold Standard and CDM Gold Standard

The Gold Standard (GS) has been developed by WWF together with a couple of non-governmental organizations (NGOs) and certifies both CDM projects and voluntary projects (Kollmuss et al., 2008, p.54). The CDM GS was constructed as an extension of the CDM standard that in addition includes criteria that assess the environmental, social and economic sustainability development fostered by the projects through a scoring system. The CDM GS only include renewable energy and end-use energy efficiency projects. (The Environmental Audit Committee, 2007, p.7). In 2012 CDM GS had less than 1% of the voluntary offset market share (Peters-Stanley & Yin, 2013, p.XI).

The Voluntary GS certification has been developed for the voluntary emission market, it is similar to the CDM GS but developed to support smaller voluntary projects. Criteria ensuring additionality, transparency, durability and environmental efficiency must be fulfilled. The quality of project monitoring and verification are evaluated before projects are quantified into Voluntary Emission Reduction Units (VERs). (The Environmental Audit Committee, 2007, p.9; Rouse, 2008, p.390). Projects must be based in developing countries and locals have to be involved in the projects that should contribute to knowledge transfer of renewable energy and energy efficiency technologies. The projects should also ensure that it contributes to biodiversity conservation and sustainable use of natural resources. (WWF, n.d.). In 2012, GS certified offsets claimed 13% of the voluntary market share (Peters-Stanley & Yin, 2013, p.XI).

The Verified Carbon Standard (VCS)

The Climate group and the International Emissions Trading Association (IETA) has together created the Verified Carbon Standard (VCS) certification. The certification is supposed to make sure that voluntary projects create real emission reductions that are quantifiable, additional and permanent. Projects that meet the criteria of VCS can create, verify and register Voluntary Carbon Units (VCUs), which are tradable verified units that are managed in a registry by the Bank of New York. (The Environmental Audit Committee, 2007, p.9). There are no boundaries to type of project or project location within VCS, neither any restrictions on the project size and they are not requiring any environmental or social co-benefits as long as the VCS projects follow local regulations. (Kollmuss et al., 2008, p.58). In 2012, VCS certified offsets had 37% of the voluntary market share (Peters-Stanley & Yin, 2013, p.XI).

3.5.3 Accounting emissions

To be able to offset through VCO's companies need to be able to quantify the emissions they cause. The Greenhouse Gas Protocol (GHG Protocol) is the most commonly used emission accounting tool for businesses worldwide. (The Greenhouse Gas Protocol, 2012a). They have categorized emissions into three different types, which encompass different emissions based on their source. Scope 1, which includes all direct emissions. Direct emissions refer to emissions from sources that the reporting entity owns or controls. Scope 2, which additionally includes indirect emissions caused by energy consumption, heat and steam. And Scope 3, which include all other indirect emissions in the value chain. Indirect emissions refer to emissions that the reporting entity does not have ownership or control of but which are caused by their activities. (The Greenhouse Gas Protocol, 2012b)

3.6 EMISSION OFFSETTING: ADDRESSING THE TRIPLE BOTTOM LINE

3.6.1 Using VCO's to address the environmental bottom line

Carbon emissions are one of the main environmental consequences from organizational operations and hence a large part of firms environmental bottom lines. Measuring and reducing emissions are ways for companies to address their emission issues, but in addition investing in voluntary carbon offsets can be a second step to further reduce aggregate carbon emissions.

Environmental benefits by reducing carbon emissions results in better indoor and outdoor air quality, conserving biodiversity, improved water quality, protection of the ozone layer and reduced soil degradation (Hamilton & Akbar, 2010, p.5). Except from the benefits resulting from reduced carbon emissions, there are other co-benefits connected with emission offsets. Organizations engagement in emission offsetting communicates a message to the public to think about their own environmental choices and encourages individuals to take actions against their own pollution and waste. It also sends a message to governments about the demand for stricter environmental actions (Rousse, 2008, p.395)

One major criticism to emission offsetting is that companies may decide to pay for their emissions instead of reducing them (The Ecosystem Marketplace, 2008, p.9). Even if this is the case, there is still a move forward because without the offsetting, the damage made by emission would be greater. Among the environmental benefits from emission offsetting is that air and water becomes less polluted and the extinction rate of species slows down (The Ecosystem Marketplace, 2008, p.10). Another environmental benefit contributed by emission offsetting is enhancement of other ecosystem services like better soil quality (Pagiola et al., 2005; Wunder, 2008, referred in Benessaiah, 2012, p.4).

3.6.2 Using VCO's to address the social bottom line

Although developed countries have produced most of the emissions that impacts global warming, the consequences of them are largely affecting people in underdeveloped countries in the global south. Droughts, flooding, heat waves and storms have already increased in these regions as an effect of climate change, where there are limited financial and technical resources to deal with it. Agricultural productivity will also decline as an effect of global warming which will have the largest impact on people in

underdeveloped countries that are more reliant on it (The World Bank, 2010, pp.XX, 1). Firm's emissions have unavoidable negative social impact on people outside the organization. Taking responsibility for climate change by reducing and compensating for carbon emissions can thereby be part of companies' social objectives to address their social bottom line. Investing in VCO projects that create other social co-benefits such as development and poverty alleviation in less developed countries (MacKerron et al., 2009, p.1373) further enhances the social motivations for emission offsetting. Pagiola et al. (2005) and Wunder (2008) (referred in Benessaiah, 2012, p.4) further states that emission offsetting can create co-benefits for developing countries through job creation, increased revenues and community organization.

Emission offsetting can also contribute to better health for people in developing countries. Cooking in many developing countries is normally done on wood fires, which creates serious health problems for many families. As much as 2.2 million people die every year by indoor pollution. By purchasing emission offsets that contributes to building energy-efficient cooking stoves, this number can both reduce carbon pollution and decrease number of deaths caused by this problem. (Tolhurst & Embaye, 2012, pp.285-286)

Other projects, for example tree planting, can contribute to better living standards for people in developing countries by securing income and food intake (Tolhurst & Embaye, 2012, p.286). However, reforestation can also result in unforeseen consequences. One example of this is when a forest was planted in Uganda as a result from emission offsetting and the family who lived on that land was evicted to make room for the trees (Zizola, 2007, referred in Piercy & Lane, 2009, p.344).

Emission offsetting, from a social perspective, can also be positive for companies because it can increase employee pride and provide better relations to the public (The Ecosystem Marketplace, 2008, p.2). Employees get the opportunity to education and feel better about themselves because they work for a company, which provide not only financial results for the organization, but also social and environmental benefits for the society. (The Ecosystem Marketplace, 2008, p.10)

3.6.3 Using VCO's to address the economic bottom line

According to Elkington (1997, p.20) the world financial markets are urging for change too as they are increasingly recognizing the threat of environmental issues. Especially insurance companies are pushing industry and government action as effects of pollution turns into financial costs for insurers (due to natural disasters etc.). Recognizing the threat of global warming can therefore be seen as a recognizing the long-term threat of financial costs that may impact the firm as a result of climate change. Reducing and compensating may hypothetically thereby have long-term financial benefits for companies. An example of a company that have been financially successful in reducing their emission is British Petroleum. They were able to save about \$560 million by reducing their GHG emissions in their production processes through investing in alternative energy sources (Savitz & Weber, 2006, p.28).

Tolhurst & Embaye (2010, p.281) describes that carbon offsetting can be a less costly choice for companies when they lack technological or financial capabilities to reduce their own emissions further. Using VCO's may thereby be a financially sustainable option (that still addresses the other two bottom lines) in cases where internal reductions

costs are too high, as companies still need to consider whether the costs associated with reductions are sustainable for the company.

According to The Ecosystem Marketplace (2008, p.2) there are several reasons for companies to engage in emission offsetting from a financial perspective. First, it enables companies to look inside the company to find areas where the company can reduce costs regarding waste and carbon emissions, but also find areas in the production process where the company will be able to increase input. Secondly, it enables companies to do a scanning of the industry to gain more knowledge and to find new ways to differentiate their products and brands. By doing this, it increases brand loyalty among potential customers. Thirdly, it gives companies an opportunity to think sustainably and accomplish their sustainability goals when it is impossible for them to reduce their internal emissions. It also gives them the opportunity to be in forefront and prepare them for future regulations regarding emissions. (The Ecosystem Marketplace, 2008, p.10). Tolhurst and Embaye (2012, pp.283-284) say that emission offsetting contribute to improve business credibility and reputation among different stakeholders. Further, they say that employees can be more motivated to innovate in their work.

3.7 COMMUNICATING EMISSION OFFSETS

Polonsky et al. (2010, p.52) have identified several potential marketing issues that the carbon offset market face. One problem is that there are no standards regarding emission offsets that are globally accepted. In practice, this means that companies can be making the same claim based on different standards of measuring carbon emissions and emission reductions. Another issue is that what is covered in the offset is usually not described clearly, leaving the emission offset consumer confused regarding how much they have offset in relation to how much emission they have produced. The timing of actual environmental improvements in relation to the time the emission is produced is another issue that is difficult to tackle. Some projects, including plantation of trees will mean a substantial time lag between when the offset is purchased and when the reduction actually takes place. These form of projects may be misleading as well, as the reduction only takes place if the trees actually reach maturity, and because of the time-lag they may not be informed of whether the project was successful or not. (Polonsky et al., 2010, pp.52-53).

It can be confusing to consumers whether one type of offset is better for the environment or the society in general than another, at the same time as it is a problem too complex and scientific for consumers to evaluate. Additionally, if marketers use carbon offsets as an irresponsible marketing tool, turning it into 'greenwash', it may prevent more environmentally engaged companies from associating their business with offsets (Polonsky et al., 2010, p.53)

When marketing to individual consumers, emphasizing co-benefits may increase willingness of consumers to buy offsets according to MacKerron et al.'s study (2009, p.1379). They also concluded that it does not matter which type of co-benefits. The same study showed that once individuals were informed about offset certification schemes, they were willing to pay much higher prices for offsets that were certified. This indicates that increasing information about offset certifications may lead to increased willingness to pay in this context. An interesting result was that people who were not prepared to pay for offsets stated that their incentive to buy offsets would increase if they believed others were offsetting too, or if it was made an obligation.

3.8 SUMMARY

The table below shows a summary of the core studies used in the section about voluntary carbon offsets.

Author	Year	Context	Key result
Rousse	2008	Voluntary emission offsetting	By engaging in emission offsetting, companies sends a message to governments to take action and make stricter rules and laws regarding the environment. It also sends a message to the public to take their own actions against climate change (p.395)
The Ecosystem Marketplace	2008	Voluntary emission offsetting	Emission offsetting can be positive for companies because it can increase employee pride and provide better relations to the public (p.2) Emission offsetting gives employees the opportunity to education and to feel better about themselves (p.10) Emission offsetting can be a way for companies to be sustainable when it is impossible for them to reduce their internal emissions (p.2). One major criticism to emission offsetting is that companies may decide to pay for their emissions instead of reducing them (p.9).
Skopek	2010	Voluntary emission offsetting	Emission Offsetting allows people to engage in sustainability issues without having to reduce their own waste and usage of resources (p.2066).
Pagiola et al., 2005, and Wunder, 2008, referred in Benessaiah	2012	Voluntary emission offsetting	Emission offsetting can create co-benefits for developing countries through job creation, increased revenues and community organization (p.4).
Tolhurst & Embaye	2012	CSR Emission Offsetting	Emission offsetting can contribute to better health for people in developing countries (pp.285-286) Emission offsetting can improve credibility and reputation among different stakeholders (pp.283-284) Emission offsetting should only be implemented after an internal reduction of a company's own emissions (pp.280, 283).

			Emission offsetting can be a less costly choice for companies when they lack technological or financial capabilities to reduce their own emissions further (p.281).
MacKerron et al.	2009	Voluntary emission offsetting	Projects with co-benefits increase individuals' willingness to buy them and individuals who were informed about offset certification schemes were willing to pay higher prices for certified projects (p.1379).
Polonsky et al.	2010	Emission Offsetting Marketing Issues	One risk with emission offsetting is that some companies may mislead consumers into believing that their business is environmentally friendly by using 'greenwash' (pp.51, 53). Communicating emission offsetting can be difficult due to its complexities (pp.51, 53).

Table 2. Overview of core studies used in the section about voluntary carbon offsets.

4. PRACTICAL METHOD

In this chapter we aim to explain the practical methodology of our study. The chapter starts with a figure over our research strategy process, then continues with a description of our conceptual framework and delineation of our data collection process and analysis. It ends with a discussion about the study's quality criteria.

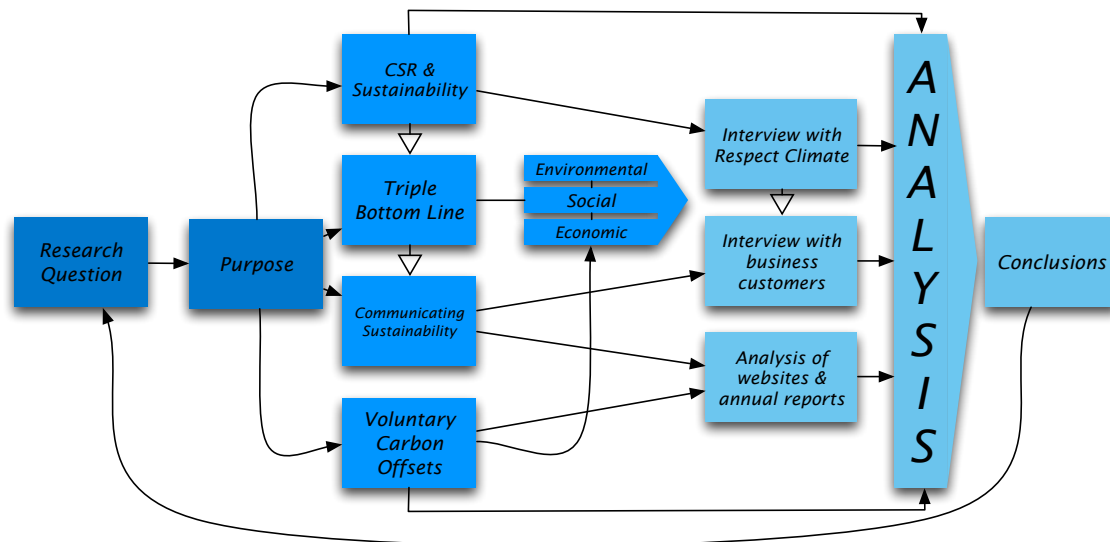


Figure 2. Research Process

4.1 CONCEPTUAL FRAMEWORK

Our data collection involved three steps. One step was to conduct a semi-structured face-to-face interview with Respect Climate's CEO and a climate and sustainability consultant to gain some industry insight into our theoretical problem. From this interview we could then evaluate and edit our interview guide for Respect Climate's customers as we had gained some insight into what problems customers might face in their communication of emission offsets. After completing this step, we could move into the next step, which was to conduct semi-structured phone and Skype interviews with four of Respect Climate's business customers. The third step was to go through our interview respondents' website communication and annual reports to see if, and in which context they are communicating their emission offsetting. This step was performed in order to examine if and how companies are communicating their offsetting activities, which is one of the purposes of our study. This step gave us a third dimension in our data collection for this purpose. From these three steps we were able to collect the data needed to answer our four purposes, which were later used to give recommendations for a marketing strategy for Respect Climate. Our approach is illustrated in the figure below.

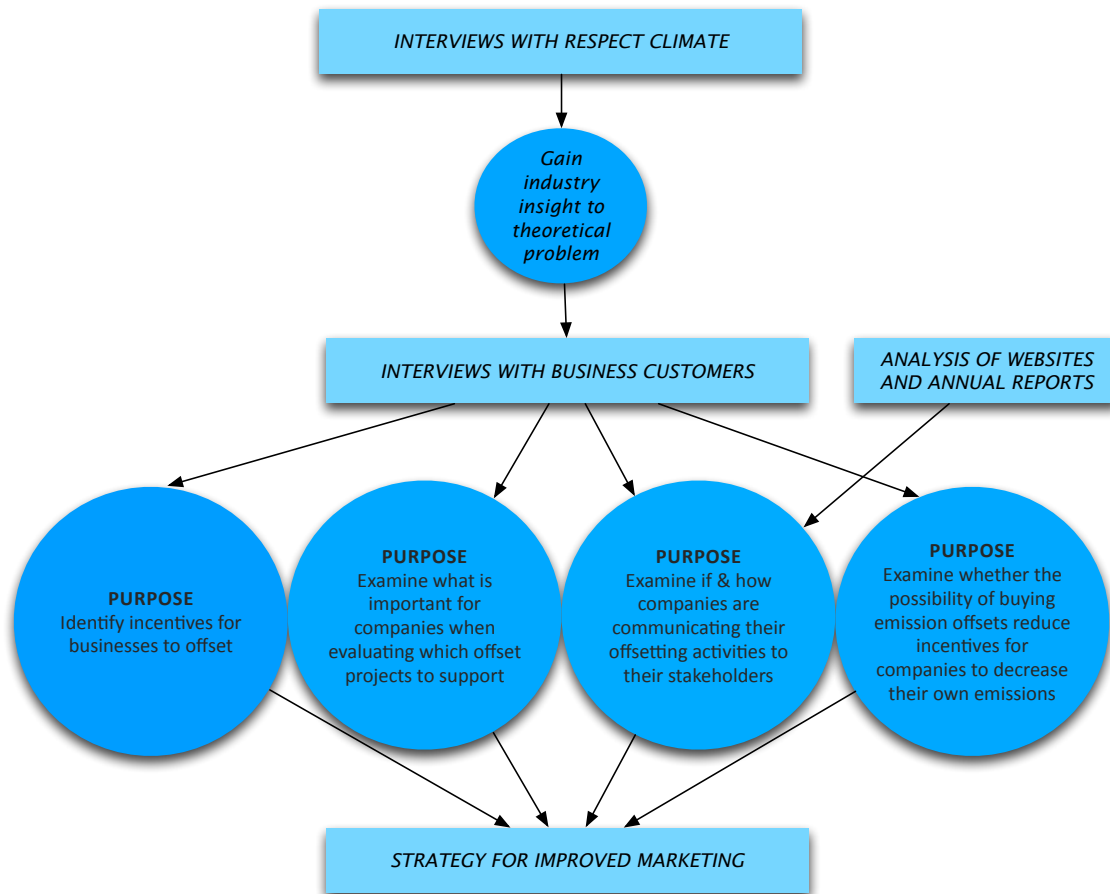


Figure 3. Conceptual framework

4.2 COLLECTION OF PRIMARY DATA

4.2.1 Preparations

The interviews with the respondents from Respect Climate was intended to extend our knowledge about the organization, the industry and how emission offsetting works in reality. It would also work as a foundation for the interview guide with their business customers. Question 1-6 in our interview guide were questions about Respect Climate and emission offsetting which we had not fully understood, or had not been able to find answers to in the scientific literature used in our theoretical framework. Question 7-13 are questions that are related to our theory chapter within the areas of social, environmental and economic incentives for engaging in emission offsetting and communication. After completing the interviews with Respect Climate we made smaller changes to the interview guide with their customers, as we had gained more knowledge about the problems that they might experience related to communicating emission offsetting. Some of the questions in our interview guide with Respect Climate's customers were derived from theories used in our theory chapter. These questions can be seen in table 2 below. The theories that supports these questions are mostly from academic articles, but also drawn from books and reports.

Interview questions	Theory
Q3. How does your business activities affect the environment?	Elkington, 1997, p.80
Q6. Why do you buy emission offsets?	Purpose; Kataria et al., 2013, p.46
Q8. Have you implemented any internal measures to reduce the company's own emissions?	Purpose; Tolhurst & Embaye, 2010, p.281
Q9. How do you choose your emission-offset projects?	Purpose; MacKerron et al., 2009, p.1379
Q10. Did you experience any difficulties in choosing which offset project to support?	Polonsky et al., 2010, p.52
Q13. Do you communicate your emission offsetting?	Purpose; Ottman, 1993, pp.75, 78 ; Herbert Myers referred in Wasik, 1996, p.159; Elkington, 1997, p.85; Wasik, p.116; Polonsky et al., 2010, pp.52-53
Q15. Do you think that your sustainability work has affected the company in any way?	Ottman, 1993, pp.65-66; The Ecosystem Marketplace, 2008, p.2; Tolhurst & Embaye, 2010, pp.283-284
Q17. Does your competitors buy emission offsets?	MacKerron et al., 2009, p.1397
Q18. Have your competitor's emission offsetting affected your choice to buy emission offsets?	MacKerron et al., 2009, p.1397

Table 3. Interview questions

4.2.2 Access and interview procedure

All the interviews were recorded with a computer program called Audacity and two mobile phones. We made several recordings in case of problems with one of the programs used and to make sure that we would be able to listen to and transcribe all the interviews afterwards. We also chose to write down words and phrases that the respondents said which seemed particularly important for the study.

Interview with Respect Climate

In a phone call with one of Respect Climate's employees we together decided that we would interview two of the four employees working in their office. These two people had the most knowledge about emission offsetting as this is their main responsibility at the firm. The interviews with Respect Climate took place at their head office in Stockholm the 28th of March. Before the interview, we sat down with both Jens Olejak, CEO, and Fredrik Lundin, Climate and sustainability consultant, to give them a

summary of how far we had come in our theses writing and give them the opportunity to comment on our work so far. They also held a small presentation about Respect Climate where they explained their organization to us. Then the interviews took place. We started interviewing Lundin, whose main responsibility is climate calculations. This interview took 28 minutes to complete. We then adapted our interview guide quickly based on things that came up during the first interview before we continued to interview Olejak. Olejak has more knowledge about offset projects and handle a lot of the communication with customers wherefore this interview took a lot longer time to complete. Olejak's interview took 58 minutes. Since Lundin and Olejak have different expertise conducting two interviews gave us a lot of insight into the industry and into practical problems facing the voluntary emission offset market.

Interviews with business customers

In order for us to study the customers' of Respect Climate, we needed to get in contact with them. We prepared a short email with some information about us and stated that the subject of our study was sustainability and emission offsetting, leaving out any other information about the interview. We did not tell them about specifics because it would have given them the opportunity to think about which questions we might ask them and prepare answers before the interviews took place. By leaving out these things, we hoped to get more honest answers from the respondents as they were unable to prepare for what to say. The email was then sent to Lundin at Respect Climate, who had the opportunity to look through the text and add his contact information at the bottom of the email. He then sent this email to Respect Climate's business customers. As we only gained one respondent through this email, it was later followed up with phone calls from Lundin to see which of their customers that were interested in participating in our study. We aimed at getting five to six respondents from a total of 45-50 business customers, but only four business customers were willing to participate in our interviews. Our respondents are from very different industries, which gives our study a broader point of view. The interviews took between 25 and 38 minutes.

4.2.3 Sample criteria & sample selection

In our study, we have chosen to use a non-probability sampling method. According to Bryman and Nilsson (2008, p.179) a non-probability sampling is sample, which has not come from a random selection and where some respondents have a bigger chance of being part of the sample. Our sample criteria for the qualitative interviews was that respondents had to be representatives for business customers of Respect Climate, who have been involved in the purchase of, or decision making regarding purchase of emission offsets from Respect Climate. As mentioned earlier, Lundin handled all the contact with potential respondents and then gave us the contact details of the respondents who were interested in being part of our study. As we did not have the power of selecting randomly, but were handed respondents who were available, our sample is a convenience sample. Bryman and Nilsson (2008, p.194) describes this as a sample where "*people who at the moment happen to be available for the researcher*". It should also be noted that since Lundin chose which customers to contact, we do not know how many he contacted in total and we also do not know how he chose which customers to call. Therefore we do not know how the sampling of respondents has affected our study.

4.2.4 Interview respondents

Mobility Motors Sweden AB

Mobility Motors is a Swedish car retailer, which operates in three cities in southern Sweden (Mobility Motors, n.d., a). They sell new and used cars, car parts and have workshop services. Their net turnover in 2012 was more than 618 million SEK and they had about 93 employees during the same year (Mobility Motors, 2013, p.2). Mobility Motors offset all scope 1, 2 and 3 emissions through Respect Climate (Kemnert, personal communication, April 30, 2014) as well as the emissions from their customers first 1500 miles in the cars they sell. The respondent for our interview representing this company is their Environmental and Sustainability Manager Marianne Kemnert.

White Arkitekter AB

White is a company working within the architecture industry with offices in Sweden, Denmark, Norway and United Kingdom and have managed projects in over 50 countries around the globe (White Arkitekter, n.d., a). White Arkitekter AB's net turnover in 2012 accounted to more than 747 million SEK and by the end of the year they had 636 employees (White Arkitekter, 2013, p.5). According to themselves, they have been successful due to their focus on social and environmental sustainability (White Arkitekter, 2013, p.2). White offset all their travelling emissions through Respect Climate. The respondent from this company is Camilla Lystrand, Project Manager and Travel Manager who's responsible for White's emission offsetting.

Elanders AB

Elanders is a global company acting within the three areas of print & packaging, e-commerce and supply chain with their head office located in Sweden (Elanders, n.d., d). They help their customers to evolve and to make their processes more efficient (Elanders, 2014). In 2012 their net turnover was more than 1 924 million SEK and they had more than 1500 employees (Elanders, 2013, p.16-17). Elanders offset their emission according to Scope 1 and Scope 2. The respondent from Elanders is their Environmental and Quality Manager Lena Manner

Svenska PostkodLotteriet AB

PostkodLotteriet is a lottery with about 200 employees located in its head office in Stockholm. In 2013 their turnover amounted to 3 519 million SEK. All the profits from the lottery are distributed to different non-profit organizations. They have sister organizations in two other European countries and together they are one of the largest private donors to nonprofit causes. (PostkodLotteriet, n.d., d). PostkodLotteriet offset all their emissions according to Scope 3. The respondent from this organization is their Sustainability Manager Annsie Kumlin.

4.2.5 Interview limitations

During our first interview, we noticed a problem caused by the use of the Swedish word of singular "you" (in Swedish: "du") in two of our questions. The respondent was reluctant to answer questions as a person when he was interviewed as a representative for the company. The use of the Swedish word of plural "you" (in Swedish: "ni") would probably have prevented this limitation and we took this lesson with us to the other interviews.

During one phone interview there were a lot of disturbances. The respondent sometimes did not hear our questions and because we could not always gather her response during the interview it became difficult to ask relevant follow up questions. These disturbances also affected the transcription process as some words and sometimes sentences were difficult to hear, which has made small parts of the interview fall out. But most of these parts were understandable in their context and could still be analyzed. As both of us were participating during all the interviews, but only one with the responsibility to ask questions, the other had the opportunity to write down important aspects that was mentioned by the respondents during the interviews. This gave us a small safety net in case of problems with the recordings. It also made it easier for us to see which parts of the interview that had fallen out in the recordings. After one of the interviews with Respect Climate's customers, we noticed that two of our recordings did not work. One recording only recorded our voices, while the other had not even started recording. Luckily, at this occasion, we had used three different recordings, which allowed us to transcribe the interview as usual.

4.2.6 Ethical considerations

Trost (2010, p.123) underlines the importance of ethical considerations when conducting qualitative interviews, not only during the interviews but also in the first contact with respondents and regarding storage of the material from interviews. It is important to have the respondent's informed consent and to inform that they do not have to answer all questions and that they can discontinue the interview whenever they want. (Trost, 2010, pp.123-124)

We have kept these ethical considerations in mind throughout our data collection process. In our first email we clarified that we were writing a thesis in collaboration with Respect Climate and informed them that they could choose whether they wanted to be anonymous. Before each interview we informed the respondents that the interview would be recorded, transcribed and that the material from the interview will be used in a thesis that will become available online. After informing them about this, we asked whether they wanted themselves and/or the company anonymized in our thesis and informed them that the audio recordings will be deleted after we are done working with them. None of the respondents wanted to be anonymous. We then told them that if there are any questions they do not want to answer then they do not have to. On one occasion a respondent chose not to answer one of our questions. During another interview a respondent wanted to save a question and answer it later via email and the same respondent also chose to interrupt the interview before it was finished since she had to attend something else. Although all their choices affected the quality of our interviews negatively we accepted their wishes on ethical grounds.

4.3 ANALYSIS METHOD

To ensure that large amounts of qualitative data generate some significance, researchers must find an analytical path through the collected material (Bryman & Bell, 2011, p.571). Our path is through Template Analysis, which is a technique where textual data is organized and analyzed thematically. The first step involves identifying themes in the textual data (in our case, the interview transcripts) and to create a list of codes out of these themes that becomes the 'template' for the analysis. The template should also show the relationships between the themes as the researcher perceives it. In template analysis it is common to define some themes in advance and later adjust the template if

other themes arise while the researcher is reading the text (Cassell & Symon, 2004, p.256).

Our analysis is guided by theory in the sense that we defined themes corresponding to our theoretical framework in our initial template. Carson et al. (2001, p.83) describes this as a common approach for interpretivist researchers with interview data as they are commonly based on known topics that derive from literature frameworks, research problem and aim of the study. But when themes outside the theoretical framework appeared in the interviews that were still of significance for the study they were included as well and we revised our coding template.

Cassell & Symon (2004, p.257) argues that template analysis is particularly appropriate when you want to compare different groups perspectives in a specific context. Therefore, this technique is highly appropriate in our study as we have collected different companies' perspectives on emission offsetting, both from the offset provider and offset buyers. There is no clearly described guideline for template analysis, it rather refers to related group of techniques of thematic analysis methods (Cassell & Symon, 2004, p.257). Thus, it should be noted we are only using the practice of template analysis as a loose guideline for our analysis approach. Our analysis method is first of all adapted to best serve the purpose of the study. Cassell & Symon (2004, p.257) describes this as one of the advantages of template analysis that it allows a more flexible approach tailored to the study at hand.

Our practical approach to the analysis was through color coding, where each theme was assigned a color and the text is categorized by coloring different parts; phrases, sentences or paragraphs that belong to a specific theme with its theme color. In the next step our theme-structured data was analyzed thoroughly. Comparisons were made and contrasts drawn between the coded data and in relation to and compared with our theoretical framework. As our first two interviews were held with Respect Climate and as these were used as the foundation for our interviews with their customers, we chose slightly different themes for these two interviews. The themes used while color-coding Respects Climate's and their customers' interviews can be seen in table 4 below.

Analysis Themes for interviews with the employees at Respect Climate	Analysis Themes for interviews with Respect Climate's customers
Respect Climate's communication	-
Difficulties with communicating emission offsetting	Their sustainability actions for reducing their ecological footprint
Environmental motives for customers to buy emission offsets	Environmental motives to buy emission offsets

Social motives for customers to buy emission offsets	Social motives to buy emission offsets
Economic motives for customers to buy emission offsets	Economic motives to buy emission offsets
Other motives (not mentioned in our theory chapter) for customers to buy emission offsets	Other motives (not mentioned in our theory chapter) to buy emission offsets
Customers criteria when selecting which projects to support	Criteria for selecting which projects to support
How their customers communicate emission offsetting	How they communicate emission offsetting

Table 4. Color themes

4.3.1 Empirical findings and analysis limitations

As all our interviews were held in Swedish and were later transcribed into the Swedish language, we had some difficulties when translating the relevant parts of our empirical chapter into English. As some Swedish words does not even exist in the English vocabulary, we had some difficulties with finding correct translations. It was especially difficult to translate quotes, as the sentence structure differs between these two languages. We translated such quotes to our best knowledge.

Another problem that arose during analysis was that there were some cases in our audio recordings where we were not able to hear what the respondents said due to background noise and low voices. These places have been left blank in our transcripts, which might affect our empirical findings and analysis as we have not been able to get the respondents full answers in these sections of the interview.

4.4 DATA COLLECTION FOR COMMUNICATION ANALYSIS

To be able to examine if and how companies are communicating their offsetting to their stakeholders we chose to go through their public communication. Because of time limitation we were unable to go through all communication, instead we limited our observations to website communication and annual reports (including environmental reports when such were available). We chose these two mediums as they are usually directed towards different stakeholder groups. Website communication is usually aimed towards customers and potential customers while annual reports are directed primarily towards shareholders and other stakeholders. Since our aim is to examine if and how companies are communicating emission offsetting we think it is important to see if th.is communication is put into the context of sustainability in their communication. While

going through company websites and reports we were therefore looking for three broad themes: CSR, sustainability and environment to see if a fourth or fifth theme: emission offsetting or climate neutrality, was mentioned in their context or if it was mentioned in any other context. The term 'climate compensation' is more commonly used in Sweden for all kind of offsetting activities.

4.4.1 Website communication

We started by observing if any of our themes appeared on the front page of the website, then moved on to look for sub-sections that were named Sustainability, Environment or CSR. We analyzed how these companies were communicating their sustainability work in these sections, specifically to see if they mentioned offsetting in this context and how this, in that case, was communicated. We only went through sections of the website that we assumed to be relevant for our analysis, but this means that there is a risk that some relevant communication have been missed.

4.4.2 Annual report and environmental report communication

We gained access to some annual reports and one environmental report through the company websites, but most were found through the database Retriever Business. Since 2013's reports were still unavailable when we started our analysis, we had to use reports from 2012 instead. This affects our study negatively since it is possible that companies have changed how they communicate emission offsetting and may also have changed their offsetting activities since 2012. We read through the entire reports looking for our five themes to see how the companies were communicating their sustainability work in their annual reports and whether offsetting or climate neutrality was mentioned.

5. EMPIRICAL DATA

This chapter aims to show the results of our qualitative study. The first part of this chapter displays our interviews with Respect Climate and the second part shows our interviews with their customers.

5.1 RESPECT CLIMATE

Jens Olejak, CEO, Respect Climate & Fredrik Lundin, Climate and Sustainability Consultant, Respect Climate

During the interviews we asked Olejak and Lundin to describe what happens after a company has decided to buy emission offsets through Respect Climate. Lundin explains that companies sometimes contact the company to start buying offsets as a first step, but often they turn to them with a question. They might say “*we want some sort of climate work*” or “*we want to become a climate neutral company*” or “*we want to do carbon calculations*” with a long-term goal to offset those emissions that they calculate. He explained that the first step is usually to do climate calculations together with the customer based on the GHG protocol. If they want to be a part of any of their action programs or have a more strategic work then an action plan or climate strategy is formed for that organization. Lundin exemplifies how this can be done by setting a certain reduction goal within a set time frame, in relation to some key figures that have been developed. “*And then after that you offset*”. Lundin explains this step as very dependent on the customer and whether they have a lot of knowledge. If they have a particular need or specific requirements, then Respect Climate try their best and utilize their contacts to find a project that meets those requirements and present it to their customer. But companies usually do not really know what they want, he continues. In those cases it all starts with a small education period where they explain how emission offsetting works and then gives them a selection of suggested projects which the customer choose from. After they have bought the offsets, the reduction units are maculated so that they cannot be re-sold.

Olejak answers that if the companies decide to buy emission offsets then they try to decide together with the customer which project they can identify with, see what is best for them. After that decision has been made then they will invoice the company. Once they have paid, Respect Climate maculate the reduction units from the registry system and sends a receipt to the customer. The receipt proves that the reduction units have been removed from the system. “*...which is very important so that you cannot offset twice with the same rights. The maculation means that they, so to speak, never again can be used*”, he adds. Olejak explains that the registry for the voluntary reduction units ensures the traceability in the projects.

Customers set up a calculation periods from a month, a quarter or a year (Lundin). Usually they offset retroactively once a year for their emissions from the previous year. But some customers, like Mobility Motors, offset during the year for their customer program Helping You Shift (Olejak). And if you have a product then you offset the production cycle of a certain number of products. It is also possible that some customers only want to offset a production share that they have bought from someone else and will not buy again, and in that case it becomes a one-off offsetting. But their customers usually offset continuously (Lundin). Customers that are a part of their program for climate neutrality buy both consultancy and offsets from Respect Climate. The program

includes calculations, offsets and help with communication. They have about 45-50 climate neutral customers and about 100 customers that either calculate only, or only offset through them. If they only buy offsets then it means that they have done the calculations themselves. Then they cannot become Climate Neutral through Respect Climate's program or use their logo (Olejak).

Respect Climate reach out to new customers through their existing network of a couple of thousand potential customers and contacts that they have gotten in touch with throughout the years. They get in touch through cold-calling, by meeting people in different appropriate forums, through seminars, fairs, Miljöaktuellt's Sustainability Days, Almedalen, network meetings where they invite different speakers and at events where they invite people for discussion. They also market themselves through Twitter, Facebook, the web page and LinkedIn to some extent. Respect Climate does not see the point of advertising so they do not use ads (Olejak, Lundin). Olejak adds that he would like to reach out more through the website and that they are looking at how they will be able to drive more website traffic.

We asked Lundin whether they meet any obstacles when they try to market carbon offsetting. He answers that there is never any negative comments or reactions on Facebook or Twitter but people may sometimes come up to them on Sustainability days and ask *"What do you think about this that people say that offsetting is about buying oneself free? Or to buy a letter of indulgence?"* Lundin states that although this can be seen as a form of resistance he sees it more as an interest and that people want to form a discussion. He adds that he has never been in a situation where he has not been able to convince people to think that offsetting is good, but that does not necessarily mean that they want to offset. We asked him if there are any difficulties in how to communicate offsetting on the website and in social media. *"Absolutely! There's a lot"*, he answers and continues *"... it is a very complicated subject that a lot of people think they know very well while they in reality don't know it at all"*. He explains that it demands certain understanding of the climate issue, climate politics, how market driven mechanisms work, the Kyoto protocol and how charity works. *"It is very hard to, to summarize the knowledge needed in a very small way at the same time as you are trying to make a person who thinks that they already know everything learn something more"*. He adds that it is absolutely their biggest difficulty.

We phrased the question differently for Olejak and asked if they experience any obstacles while they are trying to sell emission offsets. Olejak explains that there is a vast ignorance within emission offsetting and what it entails. *"You don't see the clear connection to that it really is a project that's in place which only takes place because of offsetting"*. Later in the interview he comes back to this topic again and says that the biggest challenge they stand before is to explain the complicated process behind emission offsets and to deal with the misunderstandings about how it works. *"...it's always this [...] information gap. It's the absolute greatest challenge!"* He continues to answer our question by explaining that another obstacle is that people confuse them with charity, which they are not. *"We act on commercial grounds, so we have to cover our costs and turn a profit"*. The money does not go to the project in full, you pay for a result: one ton of reduced emissions but the price setting on that ton is free. This has resulted in discussions about overpricing and transparency. He explains that in people's minds they are in a borderland between charity and a market-based mechanism, people have a hard time separating it. The fact that they in their work make sure that projects

creating low carbon economies are developed in developing nations, which also help the people in those nations, makes people confuse them with charity. *“Then you always have to keep on struggling with it [...] if you don’t keep your tongue in your mouth then it becomes so that people get a negative image of what offsetting is because they don’t understand the difference”*. Olejak expresses that it is not an obstacle but a major challenge that they have. He turns back to the ignorance about emission offsetting and explains that people think it is better to do something at home than somewhere else and says that *“...you have to explain that first there are two aspects, you should do something here and something abroad because [...] it is a global problem...and with one invested crown you can make larger reductions elsewhere than here”*. He explains that what is okay is that you should do both, but people usually see it as either or, which is a big challenge for Respect Climate. The expression ‘climate compensation’ (which is the Swedish expression for emission offsetting) is an obstacle too. He explains that it has a negative connotation for some because they understand it as if you compensate for something so that you can go on acting as normal. *“That’s not the case, but somehow it has become a perception that some has and then maybe it is better to sometimes use [...] descriptions like that [...] you support a project. Support the development with projects.”* We later asked whether there are any environmental problems that emission offsetting could cause. Olejak mentioned that negative media revolving around large scale waterpower and industrial gas projects (which are excluded from Respect Climate’s portfolio) that have had negative environmental impact, have sometimes rippled over other projects. But the storm has settled now. Another challenge is that people confuse the voluntary market with the regulated compliance market and question why they have to pay more when they can buy CER¹’s on the stock market cheaper. *“...when you buy a CER on the stock market then you don’t know what kind of CER it is that you’re buying [...] you have no idea what project it is. It can be an industrial gas project, it can be large scale water-power, it could be a biogas project [...] but you don’t know that”*. Olejak says that businesses cannot market themselves with those CER’s because they do not know what they are.

Lundin says that they are trying to work around these difficulties by educating the market as much as possible. By trying to find easier ways of phrasing they aim to make people understand that emission offsetting is good and that it is an active action. *“And we are doing that in different ways, by for example by explaining that offsetting is about building low-carbon, sustainable economies in developing nations [...] and by focusing as well on that [...] the climate issue is a global issue and [...]one crown can accomplish a lot more in a developing country versus what it does in Sweden”*. Olejak says that they are trying to get around the challenges he mentioned through their participation in different articles and at seminars and they are considering giving out a small book about emission offsetting. He also said that he has advised one or two customers to highlight that they are supporting climate projects to make people understand what they are doing quicker.

We asked Lundin who it is that spreads the negative criticism about voluntary emission offsetting. He explains that because it is a small market there are very few or no journalists that writes about it, except for a few articles now and then which are not very well written. *“...but there’s no like international...like conspiracy that is out to get the market in that sense [...] however there is some criticism”*. The negative criticism out there, according to what Lundin has noticed, usually comes from journalists who have misunderstood the system. The system is very complicated which makes it easy to

misunderstand. He adds that some companies have different attitudes to emission offsetting but most seem to think that it is a relatively good thing or does not raise their voice about it in society. So it is more common that negative criticism comes from journalists.

According to Olejak their customers usually offset according to scope 1, 2 and 3 but add that Scope 1 is uncommon since their customers generally do not have very high Scope 1 emissions. Lundin stated that the most usual activity that their customers offset is travels, then Scope 1 and Scope 2. He explains that the most common way is that companies start to calculate their emissions according to scope 1 or 2 and then, depending on the complexity of the business, they move towards Scope 3. *“But for service companies travels are usually a big part and therefore you usually calculate travels”*. We asked whether there are any companies that offset more than their own emissions. Olejak states that he has rarely experienced anyone buying double as many offsets than what they emit. Lundin says, on the other hand, that he has experienced companies offsetting more than their emissions and exemplified one company that offset their employees’ vacation travels. We asked why he thinks they chose to offset others emissions as well. *“...because they think it adds something... because they see that it has a good, a good climate impact. [...] it has a lot to do with [...] I think [...] external and internal communication [...] but for many, in my case it seems to be a matter of conscience”*

Lundin states that there are several advantages for companies to engage in emission offsetting. He says that there are usually two reasons why they offset, either they want to sell more or they have a personal interest in climate and environmental issues. *“The absolutely most common is that they see it like a, some sort of communication effort, then it can be internal communication or external communication”*. He explains that he has some customers who think the internal communication of emission offsetting is very important because they know that it makes coworkers happy and proud and that they think it is an important issue. But they think it is completely useless to communicate it externally because they also know that their customers will not care. Lundin states, though, that the majority of their customers want to communicate it externally and tell their customers that *“yes, we are offsetting, we are doing this, we are making an effort for the climate [...] therefore you should choose us and our services”*. Lundin thinks that is the primary reason and that it is rare that companies offset as a matter of conscience, but some people state that they do it because of their conscience.

When we asked Olejak why he thinks companies offset their emissions he answers *“Some probably do it because they think it’s simple... because they want to calm their bad conscience. Says okay but then we offset and then we have done... something good”*. But he thinks that others do it because they have a holistic view. That they take responsibility for those emissions they have created through emission offsetting, and that these companies at the same time also have a strategy for how to reduce those emissions in the future. Most of their business customers work with that according to Olejak. *“...partly because one has a holistic view, partly because one might think it’s easy, partly because it is a first step to create some, so to speak, sensibility for, for the issue”*. Olejak illustrates how the emission offsets may raise questions like *“why does it suddenly become more expensive to travel [...] within the company?”* Because the offsets add a cost per travel, it awakes questions and debates within the company, which may lead the company to take a greater hold on the climate issue in a larger perspective.

Olejak describes it as a way in where one starts with climate calculations, then offset then take it further step by step. He also adds that *“...within the voluntary market there are companies who does this voluntarily, they don’t have any law demanding this but they do it because they, from other aspects, to win new customer groups, to retain customers, to profile themselves [...] through their marketing...”*. Olejak believes that companies who do not communicate their emission offsetting at all does it to secure their position *“partly through keeping track on one’s emissions, partly by having taken responsibility for it, one wants to secure oneself without communicating it in case it would become an issue someday [...] so that one so to speak guards oneself”*. Those who do communicate it actively and profile themselves with the projects they offset through, on the other hand, sees that they can attract other segments of customers through it. Olejak says that they can communicate that they are a company who takes responsibility for those emissions that have been generated and show a social engagement through communicating their offsetting too, which can also attract new and retain existing customers. *“The advantage is that you, you set a price on the emissions that you have within the company [...] you have the possibility within the company to internally stimulate debate about this because it is priced [...] and you can [...] if you do it in the right way... and communicate it in the right way, attract new customer groups”*.

Lundin expresses that the focus has to be on the link between reducing one’s own impact on the climate at the same time as you help others reduce their impact through emission offsetting. He states that there is definitely a risk involved if someone offset emissions without reducing their own emissions but the theoretical risk is larger than the real risk. He thinks it depends on how you formulate your communication. Some of Lundin’s customers have had trouble reducing their own emissions but it has not resulted in any setbacks. *“But then you should also be very transparent in that work and that is what we always advocate in the communication really, it is really the driving force that the transparency is important”*.

We asked Olejak and Lundin which project properties they experience as important for their customers when they chose projects. That they are third party audited is a prerequisite, which is important for the customers. It is important that they have a trustworthy standard like the Gold Standard, CDM or CDM-Gold Standard, and that it is a project that they can associate themselves with. According to Olejak, there are clear connections between the projects their customers choose and their business models. He mentions that the print company they have among their customers support forestry projects and that If (an insurance company) invests in cook stove because the climate issue, the health issue and people’s living standards are particularly important for the insurance industry. He explains that it is particularly important for Swedish customers that projects are third party audited and integrates social aspects while those aspects are not as important outside of Sweden. *“It is the social aspects that are important for most customers”* and Olejak says that Gold standard gives projects *“this stamp”*. He explained earlier in the interview that Gold Standard projects, which ensure the social aspects in the projects, are the most demanded ones and emphasizes that he means projects that are purely Gold Standard, not CDM-Gold Standard. He explained that it is because there are more interesting projects outside the UN-framework. CDM projects are more expensive and takes longer to implement so many have chosen to simply take the Gold Standard way. He adds that it is not the UN CDM framework that gives the projects credibility; it is the Gold Standard, which is supported by WWF and

Greenpeace that gives it the credibility you need. *“So the Gold Standard has, so to speak, a methodology for calculating climate impact and also a methodology for looking at ehm... the social aspects”*. Olejak thinks companies chose standards that are supported by well-known, trusted organizations like Greenpeace, WWF and UN to keep a certain security and to *“hold one’s back free”* compared to getting involved with projects that does not have these organizations behind them.

Lundin assumes that everyone wants an established standard and a believable project, which everyone gets through Respect Climate. But otherwise he said what companies choose is very dependent on the purpose of their offsetting. If climate benefits are the sole purpose then the price is the most important determinant. If they want to communicate their project outward or inward in their organization then they want something which they have a personal connection to *“...for example these cook stove projects are very popular [...] it is energy efficiency projects that reduces deforestation [...] but it’s also projects that focus very much on equality because you reduce the exposure to [...] both violence and indoor pollution for women and children at the same time that you also free up time that can be spent for like school or work or play [...] and then it has a very large social component but it is also social components that most people can relate to because most people cook food every day...”*. It is also important that the projects are easy to understand and easy to communicate. Lundin exemplifies sludge projects that they work with in Thailand as something that is hard to communicate. *“...then it sounds a lot sexier to do like MAX Hamburgare and say that we plant trees”*. It is also important for customers that the projects are not anonymous in the sense that there is a possibility to get in touch with the project owners.

5.2 RESPECT CLIMATE’S CUSTOMERS

5.2.1 Mobility Motors

Marianne Kemnert, Environmental and sustainability manager, Mobility Motors

Mobility Motors are participating in the program Climate Neutral Company and uses Respect Climate as a consultant in their sustainability work. Mobility Motors are car retailers for the brand Nissan, which makes their impact on the environment very large.

In order to reduce their ecological footprint, they only use green energy, drive electric cars during business travels, recycle, tries to avoid waste and use a videoconference system to avoid longer travels which would require flying. When it comes to their electric cars, there is a problem with the infrastructure, *“how are you going to charge your electric cars?”* Mobility Motors have solved this problem by putting up their own fast chargers. Regarding the emissions that Mobility Motors has not yet been able to reduce she says: *“[...] we want to reduce as much as possible, but some things are difficult...to do something about yourself. For example the district heating, where the suppliers have their own mix of different fuels [...] so in that case there is not so much that we can do about it...so that’s why we want to offset because there is, after all, emissions that are left when we have made our climate calculations.”*

Since Mobility Motors are operating within an industry that does a lot of damage to the environment, Kemnert says that this is a key reason to why they engage in emission offsetting: *“[...] We want to contribute to a better future with what we can do [...] for us, for our generations, for the future [...] so that we can survive on our earth.”* She

also says that their CEO is very involved in questions regarding the climate, which is also a key reason for them to support these projects. Except for being a climate neutral company, they also offset their customers first 1500 miles. Kemnert says: *"[...] this is the next step to do a little extra for the customer as well to, at the end, get the customer to understand to take over this responsibility themselves, to continue to buy emission offsets."* She also talks about the importance of doing something in order to change the climate in a positive way. *"[...] as we see it, as our CEO sees it and considering the business we are in...there is a responsibility...in the society as well [...] you must take care of your business in the best way...but then do this because [...] you really want to strengthens everything."* We ask her if this is something that their customers have requested or expressed as important and she answers: *"No, we chose to take this step first, but then we of course want to give the customers the same mindset."*

The most important aspects for Mobility Motors when selecting which projects to support are their own values and how well the project fits the image of the company. That the projects are third party evaluated and has a Gold standard certificate are other important criteria for the organization. They are supporting a forestry project and a cook stove project which she explains improve the environment for people *"...so it becomes this social part that enters the picture as well"*. Kemnert says that there is some difficulties with understanding and explaining emission offsetting to their employees. They are now considering starting a vote among the employees regarding the different projects, in order to create an interest and engagement among them.

Their engagement in emission offsetting has started to pay off. Kemnert tells us that it has started to become a business benefit especially in sales to businesses and the public sector, while the interest from private customers is more varied. From the stakeholders point of view emission offsetting has been very positive. It makes them stand out from others within the industry and she has noticed that people have become more curious about it. Kemnert says that *"There are many within the car industry [that engage in sustainability], but not to do the things we do...and to be a climate neutral company."* And as far as she knows, none of their competitors offset their emissions. When we asked how it has affected them financially Kemnert answers *"it costs"*, and tells us that they invested about 600 000 SEK just to offset their customers' emissions in 2013.

On our questions regarding Mobility Motor's communication about emission offsetting, Kemnert answers that they use channels like advertisement, their website, climate report and Facebook. She also says that they have a brochure and are part of a book called 'The future is Sustainable', which she offered to send to us by post after the interview. The salespeople at Mobility Motors are also a big part of the communication process as they handle the communication with their customers. This is an area where she thinks they can improve, as the salespeople have varying knowledge about emission offsetting: *"... if you are a salesperson then you have to know yourself what it is you should communicate... and it can take its time and you might get counter questions from the customer [...] we also have customers who are very well versed in this and maybe technically and you get more difficult questions back ..."*. She continue saying that this is an area where they must have the leading edge and that they need internal education among the staff, she says *"[...] we talk a lot about the environment on different internal meetings, even...the private side; what you do on your spare time, what kind of food you are eating and how you think about it [...]"* She continue saying that it is an interesting thing to do, to discuss the environment outside of the working place and try to wake an

interest among their employees in their personal life as well. She also says that the “[...] *internal communication is important in order to involve everyone.*”

Website Communication

In the ‘About us’ section of Mobility Motor’s website they state that they became a carbon neutral company in 2012 by offsetting the carbon emissions that their organization directly causes. They advise readers to navigate to their subsection ‘Environment’ to read more. (Mobility Motors, n.d., a). The Environment section describes that they are focusing on reducing their environmental impact in their significant activities: car sales, company travels, transportation of goods, hazardous waste, chemicals and heat energy consumption. Mobility Motors describes that the car industry has a large impact on climate change and states that they want to be a part of the solution rather than the problem, which is why they are offsetting their carbon emissions. They further explain that they want to show their customers that they are willing to take responsibility for improving the environment and contribute to sustainable development. Mobility Motors describes that they want to incentivize and create conditions for their customers to become a part of the solution as well. They do this through a specific program in which they are offsetting their customer’s emissions from their first 15 000 km in the car they buy from the company. Mobility Motors states that they are aware that their initiatives are not solutions for climate change but that they aim to do what they can to reduce their environmental impact. Attached at the bottom of the Environment section is Respect Climate’s Climate Neutral Company certification, placed next to other environmental certifications that Mobility Motors has obtained. None of these certification labels are shown on the front page. (Mobility Motors, n.d., b)

Communication in annual report

In Mobility Motors annual report they report that the company became climate neutral as a significant event during 2012. This is later mentioned again where the company is describing their future development and they state that they are very proud about this accomplishment. They further explain that their next goal is to implement their environmental consciousness with their customers in 2013. (Mobility Motors, 2013, p.2). How they became climate neutral is not explained, nor is emission offsetting explicitly mentioned.

5.2.2 White Arkitekter

Camilla Lystrand, Project manager/ Travel manager, White Arkitekter

White has employed Respect Climate as consultants to help them offset their emissions from their travels. Lystrand tells us that they are planning to extend their cooperation with Respect Climate in order to make their company climate neutral in the future.

The things White has done to reduce their ecological footprint is that they have lowered their traveling by plane. There are still occasions where they need to travel, Lystrand says that *“We compete and have projects abroad and then we of course need to travel. But we also need to travel, educate ourselves and learn what the world looks like in order for us to be better architects.”* But in those cases where they can, they have videoconferences instead of traveling, to reduce their impact on the environment, and also to make it easier for their employees. They also encourage their employees to take the bike instead of their cars to work every day. At the company’s garage they have

bikes that the employees can borrow. They have also stopped eating all kinds of meat and only eat locally produced food during conferences, meetings and seminars.

When it comes to why White engages in emission offsetting she answers that they do not see another alternative for the future. *"We cannot stop traveling and in order for us to travel and think it is okay, we need to compensate for the things we do because all the transports are a big part of [...] the sustainability goals and environmental goals that we have [...] it is very important to us [...]"* Lystrand says that their sustainability involvement is very incorporated in their organization and that many people are aware of this. They also have a lot of employees that focus on sustainability, for example environmental specialists, specialists within social sustainability and sustainability managers.

When they choose which project to support they proceeded from the three aspects of environmental, social and economic sustainability. Lystrand tells us that they have business projects in Nairobi and Kenya in Africa and they thought that it would be great if they could affect an environment where they are operating. So then they looked into this region to find out which projects were available. She also says that it is really important for them that the project has a certificate approved by the UN.

We ask Lystrand about how she thinks White's climate actions have affected the company. She answers: *"[...] I think that it have affected us in that way that the employees feel that we are an attractive company that works with these questions in a serious way that makes them credible in their role [...] I think that every employee can get happiness from that the company prioritize these questions and have them on the agenda in all contexts. I think that, there are very many people who maybe even choose to work at White for that reason [...] I think everyone feels satisfied and secure with that."* She also says that she thinks this has affected the way the community looks at their organization as well. That it has given them credibility. Lystrand says: *"[...] I think that we in our projects clearly show that we can work with these questions and that we work with them even in the organization, which makes us credible."* We asked if the offsetting has affected them financially and Lystrand answer that it has affected them because it costs a lot more.

White communicates their sustainability actions through their website and in their projects with customers. However, they do not communicate their emission offsetting yet according to Lystrand. Lystrand says that it has been difficult to know what to communicate and how much they should say about emission offsetting. When we ask her if she thinks it is difficult to absorb the available information about emission offsetting, she answers that: *"[...] it's very difficult [...] it is actually a jungle [...]"* She continues saying that it is built on much knowledge and that there is an information package on its way, that their sustainability manager is working with. Lystrand thinks it is important to communicate White's emission offsetting for the sake of their credibility.

Website Communication

In the 'About Us' section of White's business website, there is a subsection called 'Sustainability' which is divided in 5 pages. In this section they express that architects have responsibility for sustainability, that architecture has to be able to meet the requirements of future generations and that this is their point of departure (White, n.d.,

b, p.1). They mention that simply compensating for one's impact does not change anything and argues that they have to create positive values for the ecosystem and the society. (White, n.d., b, p.2). They express that sustainability leads to professional pride (White, n.d., b, p.3). They mention a couple of different measures they have taken to ensure that they practice what they preach, from careful selection of suppliers, avoidance of air travel as much as possible, to buying organic and fair trade fruit and coffee to their offices. On their last page of their Sustainability section they mention that they offset all their travels and that they are offsetting their energy consumption in some of the offices (White, n.d., b, p.5). White is not a climate neutral company so there is no Climate Neutral Company or Climate Neutral Product certification label from Respect Climate shown on the website.

White has attached their sustainability policy in the Sustainability section that further develops how they are working with sustainability in their projects by providing bullet point descriptions under the subheadings 'Environmental sustainability', 'Social sustainability' and 'Economic sustainability'. They also have another subheading 'Internally at our offices' where they describe how they work towards environmental, economic and social sustainability through different measures in their internal activities. Their emission offsetting is not mentioned in their Sustainability Policy. (White, n.d., b, p.1)

In the 'Competence' section of their website there is another subsection called 'Environment & Sustainability' which gives thorough information about how they work with environmental and social sustainability in their architecture projects and commissions. (White, n.d., c)

Communication in Annual Report

White reports that their focus on social and environmental sustainability has lead them to success and additional employment during the year. They explain that they strengthened their investment in sustainability by setting up a new sustainability policy and strategy for employing environmental specialists. (White Arkitekter, 2013, p.2) Emission offsetting is not mentioned in the report.

5.2.3 Elanders

Lena Manner, environment and quality manager, Elanders Sweden

Elanders Sweden is participating in Respect Climate's programs for Climate Neutral Companies, as well as Climate Neutral Product. Apart from this, they also bought some consultancy from Respect Climate in the beginning of the program Climate Neutral Product, in order to make sure that their calculation model made accurate climate calculations. As they are a company within the industry of printed materials, their biggest environmental impact comes from their usage of paper.

In order to reduce the company's negative impact on the environment, they have taken a lot of different actions within the organization. For example, they have changed to green electricity made from waterpower in most of their operations. Instead of traveling, they try to have videoconferences. They also started do more digital printing instead of conventional printing, which reduces the usage of paper. Another thing they are trying to achieve is to put pressure on carriers. However, they have not been able to succeed in this due to higher costs and competition. Manner also says that they have some

production in Poland because of cheaper production costs, which she thinks is unfortunate as it increases transportation, but this is also something they had to do for competitive reasons.

Regarding the question, why they chose to engage in emission offsetting, she answers *"We think that it is a very good initiative and we have clear signals from the top executives that we should be in the leading edge and then this has felt...right. It has not been a very big investment to do... and...it's not very many who does this yet, so it has felt like a competitive advantage as well."* She also adds that they have calculated the cost of offsetting all their productions, but that it would have been too expensive. Further, she says that ever since they started this journey, it has been obvious for them to continue. *"[...] it's not a customer demand or something like that, but it is important to us, it is important for the environment... and we hope that our customers appreciate it too...our owners definitely does."*

Concerning which aspects they think are important when evaluating different projects, she says that the company does not have an outspoken strategy; but that they have chosen projects that have felt right and that have positive co-benefits. But she adds that they have not always chosen projects with social co-benefits, it has been depending on the cost position of the projects. Later, they started investing in projects involving forests; *"...I mean, we work with paper that comes from the forest, so in that way, it is logical that we should invest there..."*

Investing in these types of projects has brought some benefits to the relationship with the company's stakeholders. Manner says that she has noticed that some of their smaller customers with environmental profiles have responded in a positive way, but it has positively affected their relationship with environmental authorities even more. However, some customers are not interested in buying products that have additional environmental benefits. Manner explains that they work with a lot of governmental agencies and large corporations that are under price pressure so they assume that Elanders have basic environmental certifications but they think that is enough. *"And then to [...] bring in something extra for the environment which also cost money... it's not so interesting"*. Manner also tells us that it has affected employee pride. She says that this is something that they are happy about and feel proud to be part of. Moreover, she says that it has contributed to other companies within the industry to follow their initiative to reduce their environmental footprints. However, she question if they would have continued with being a climate neutral company if the market would have died and no one else followed in their footprints. We asked if it has affected the company financially Manner answers *"not very much but [...] it cost many hundred thousand, it does"*.

We also ask Manner about Elanders' communication and if she sees any difficulties regarding communicating emission offsetting. Manner says that this is an area where they could improve. They give out some information about their environmental actions on their website and in their annual report. She also says that they give out the most information in the meeting between their sellers and their customers. However, this is up to the seller to tell the customer about their sustainability work and the interest and knowledge differs among them. The sellers think this is a difficult subject because they are not sure in which situations they should bring this up, as the interest differs between customers as well. Manner also tells us that some customers has been critical to

emission offsetting; *“How safe are these projects that you invest in? Isn’t this to buy yourself free? And does the money really go there?”* She says: *“[...] it is not completely obvious [...] how to answer or motivate it [...] it can really be difficult sometimes.”*

Website communication

Elanders front page has a large header that shifts between 14 pictures. One of these pictures show that Elanders are supporting Doctors without borders. Another of these pictures encourages the visitor to buy a climate neutral print product and shows two certification labels from Respect Climate: Climate Neutral Product and Climate Neutral Company next to two other environmental certification labels. A link is provided for the visitor to “read more” (Elanders, n.d., a) which redirects us to a page about climate neutral print products. This page can also be reached through the ‘services’ page which is shown at the top and bottom of each page on the website. In this section they describe how they can help by recommending paper, format and Eco label for their customers in order for them to reduce their environmental impact. They describe that they have an environmental calculator, which can assess how to make customers’ print production climate neutral through strict criteria on the printing process, the paper, color and chemicals that are used. They describe that greenhouse gas emissions that cannot be eliminated in the process are offset through renewable energy projects in developing countries that are approved by the United Nations. (Elanders, n.d., b)

Their front page also has a large menu called ‘Environment and quality’ which redirects visitors to a page about their environmental and quality work. This page can also be reached through the ‘about us’ page which is shown at the top and bottom of each page on the website. In this section they describe that they aim to reduce the company’s environmental impact without reducing quality. They also state here that they offer Eco labels to reduce customers’ environmental impact and describe that all their print shops have been climate neutral since 2010. They describe other environmental certifications they have gained and how this affects their operations. (Elanders, n.d., c). In the pages about other services that Elanders offer apart from climate neutral print products, ‘environmentally friendly’ is mentioned in 2 out of 8 services and climate neutrality is mentioned in one of those service descriptions.

Communication in annual report

In Elanders annual report from 2012 (p.25), they mention that one of their core values is to put environment and customers in focus of their business. However, when reading through their strategies for reaching their business model and vision, there is much focus on the financial side of business while no environmental or social aspects are mentioned here. The company has an eight-page long chapter about sustainable development in their annual report where they mention that their overall environmental goal is to reduce their ecological footprint without affecting the quality of their products (Elanders, 2013, p.54). They mention that they try to reduce their impact on the environment in a lot of different parts of the organization, from lower power usage to reduced waste and emissions (Elanders, 2013 p.55). Except from their own reductions, they are also sponsoring the Gothenburg Award for sustainable development and are working with their CSR goals regarding customers, employees and other stakeholders (Elanders, 2013 p.55, 61). It is mentioned that all production units became ISO 9001 or 14001 certified during 2012 and that over a hundred climate neutral print products were produced and that those are increasingly demanded (Elanders, 2013, p.54). Respect Climate’s Climate Neutral Company logo as well as their Climate Neutral Product is

included in the report with a description of what these certifications mean. The report also contains environmental accounting where costs for certifications including those are shown. The report itself is climate neutral as well (Elanders, 2013, p.132). Emission offsetting is not explicitly mentioned.

5.2.4 PostkodLotteriet

Annsie Kumlin, Sustainability manager, PostkodLotteriet

PostkodLotteriet has bought emission offsets from Respect Climate, but not the calculations that are the basis of the offsetting. For the carbon calculations they have instead used other consultants within the industry. PostkodLotteriet has three main business areas that affect the environment; two of them have negative impact and they are their marketing communication and lottery prices; and the third, which has positive impact is their profit that is used to invest in the society and the environment.

The internal reductions they have made are changing the prices that winners of PostkodLotteriet can get. For example, they can win LED lamps, bikes whose emissions are offset and environmentally classified cars whose fuel emissions are compensated for by PostkodLotteriet during the first three years. They are also working on reducing the amount of paper in their conventional marketing that they send out to potential customers. Kumlin tells us that there is a struggle between doing good by running the business or doing good by using less paper, she says: *“[...] do we want to sell tickets and generate a profit that goes to something good or do we [...] not send out too much paper?”*. *“... for us it's always a balance between [...] those activities that we have within the company that creates a surplus that we can plant in [...] good projects that are good for the society”*. She also tells us that they are constantly working with their suppliers to see if they can reduce their ecological footprint. One example where they succeeded was the bikes that their customers can win in their lottery. She says that they were able to find a supplier which was not only closer to them, but who were also a climate neutral company that was able to bring in a climate neutral product. Kumlin says that this way of pushing up the climate cost higher in the value chain feels very important.

Regarding the question, why PostkodLotteriet chose to engage in emission offsetting, she answers that they have a vision that entails that they want to contribute to a better world. She continues saying that they have a very broad sustainability work and wants to continue with that. She also discuss the importance of bringing in the social and environmental cost in the price of the product to be able to bring order to the global system in the future: *“[...] one of our focus areas is that we should pay the right price or we should strive to pay the right price, that is, having both environmental and societal costs included in the price [...] it is an important symbolic action because in the future we will actually need to bring in, not only the climate cost, but also the costs for other ecosystem services in the price for the things we buy.”* She continues: *“[...] that's probably the most important, that one get aware of which activities that one are involved in, in this world, that actually have impact on our climate”*.

When evaluating which projects to support, PostkodLotteriet does not have any special requests. Kumlin says that they have a dialog with Respect Climate and trust that they make right decision because they know the projects and which co-benefits they have.

She expresses that it is important that they have co-benefits besides GHG reductions, that they have social co-benefits as well.

The benefits that Kumlin can see from their sustainability work is that it has contributed to the credibility of the company. That they actually do what they tell others. She also says that their emission offsetting works as a vaccine, to protect themselves if they would be attacked by the media. That they can actually show that they take responsibility over the things they do. She also says that they wish that the consumers were more aware of their sustainability work, that not only are their products climate neutral, but they are also climate positive as the profit goes to the planet and its population's well-being. She continues saying that: *"[...] if the consumer would be more aware [of their sustainability work], then it could potentially affect our reputation more. But we are still on our way to get there...I think"*. She also says that their offsetting has not affected the company's economy much. This, she says, is because they *"have a business model that holds for the future"*. Kumlin also tells us that it has contributed to the internal pride at the company. She says that they have communicated their work very much internally and it has made their employees more aware and engaged in environmental issues. *"..., when you put numbers on things then you become more aware about what it is that means something", "It puts more focus on it [emissions] when you calculate and offset it"*. Except for this, they also communicate their sustainability work through their website, annual report, events and market mailings but their emission offsetting is only included on their website and annual report. They also communicate this with their suppliers and their NGO's that their profit goes to. Kumlin says that there is a constant process to communicate emission offsetting to their different stakeholders. So far they have not been able to communicate it much to their customers, but that is something that they are working. Maybe in the future they will give out information about it on their digital products. Kumlin also sees an opportunity to encourage their customer base of a million people to live a more sustainable life through their products, but as it is for now, they do it through the environmental friendly prizes in their lottery.

Website communication

The company's offsetting activities are mentioned briefly in the bottom of their front webpage in a longer text section where they are describing the company. They state that they are offsetting the value chain's entire climate footprint through Gold Standard certified offsets. (PostkodLotteriet, n.d., a). There is also a link to a page called Sustainability in the bottom of each page that you can navigate through. Within the Sustainability section they describe that sustainability is about creating value in every part of PostkodLotteriet's business; for society, customers, people and the environment. They state that for them sustainable business is profitable business. They describe that their aim is to contribute to a positive net effect for society and the planet by ensuring that their operations are sustainable throughout the value chain, and that their excess revenues are invested to create human and environmental value. Attached in this section is a figure showing their sustainability milestones reached between 2006 - 2013 and some goals for the future. Included are their steps for reaching climate neutrality as well as their future goal to become climate positive (PostkodLotteriet, n.d., b). In their subsection "Environment" they describe that they calculate their climate footprint and pay for the climate cost of the organization. They also describe that their climate footprint is accounted and reported for and present numbers on the website of their CO2 impact in terms of entire value chain, per lottery ticket and per traded SEK. It is

described that their impact is offset through investments in water purification in Kenya, efficient cooking stoves in Ghana and Honduras as well as wind power projects in China and that they are all certified by the Gold Standard. Links to pdf's with information about each project is provided. They further explain that they are increasingly pressuring suppliers by demanding climate-proof products and services. (PostkodLotteriet. n.d., c). Other focus areas that they are presenting in subsections of the sustainability page is the focus on paying the 'right price' (by considering the social and environmental costs for products and services that they buy); The focus on customers (by focusing on safe gambling and transparency); and the focus on co-workers (by creating good working environment and by educating staff about human rights). Since PostkodLotteriet have not used Respect Climate for their emission calculations they are not allowed to use any Climate Neutral certification label from Respect Climate, so there is no such label on the website. The company's annual report is made available on this page as well as their parent company's GRI report.

Communication in Annual Report

5 pages out of the reports 50 pages revolves around PostkodLotteriet's Sustainability work. 2 of those revolve around climate impact calculations and carbon offsets. (PostkodLotteriet, 2013, p.19-22). On one page they are showing their calculated climate impact in terms of tons of Co2e (carbon dioxide equivalence) in enlarged text under which they describe that the entirety of this climate footprint is offset through emission reducing projects. It is later clarified in the main text body that all offset projects are certified by the Gold Standard. A box is included which explains what is included in the calculations in each part of their value chain. In the text on this page they describe that their climate impact is calculated with a lifecycle perspective, which is complemented with calculations according to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. A large model is included within the page that illustrates how their climate impact is calculated. (PostkodLotteriet, 2013, pp.20-21). PostkodLotteriet also state that they contribute to a positive impact on the climate through donations to several environmental organizations. In the sustainability chapter of the report they also describe how they have worked to increase all employees' knowledge about human rights through education programs (PostkodLotteriet, 2013, p.21). There is also a section about gambling responsibility (PostkodLotteriet, 2013, p.22). Social and environmental sustainability work is further explained in other chapters of the report about special projects and foundations. Models show how much one of their foundation's investments that are distributed to "nature" and "humans" respectively (PostkodLotteriet, 2013, pp.31-32)

In addition to their annual report PostkodLotteriet's parent company also published a separate 16-page sustainability report in 2012, in which numbers from PostkodLotteriet's GRI-accounting is included. Two relevant examples of how results are communicated in this report are reductions in Co2 emissions (PostkodLotteriet made reductions of 13.2% from previous year), and percentage of green energy usage (PostkodLotteriet increased it from 87% to 88%). Models also show the percentage of different activities contribution to their Co2 footprint. It is mentioned in 2 places of this report as well that PostkodLotteriet offset their carbon emissions and that they are climate neutral. Their way towards achieving this is also explained. (Svenska PostkodLotteriet et al., 2013)

6. ANALYSIS

In this chapter, our aim is to analyze our findings in relation to our theoretical framework by using our four purposes as a foundation.

Purpose: Identify incentives for businesses to offset

The first part of the Triple Bottom Line is environmental sustainability, which regards the usage of water, emissions, effluents, waste and other materials. The usage of these aspects shows a company's total impact on the environment. (Belz & Peattie, 2012, p.130). Elkington (1997, p.80) says that there are some questions that companies should think about regarding their usage of resources: *"What forms of natural capital are affected by our current operations — and will they be affected by our planned activities? Are these forms of natural capital sustainable given these, and other, likely pressures? Is the overall level of stress properly understood and likely to be sustainable? Is the "balance of nature" or the "web of life" likely to be significantly affected?"* From our empirical findings we can see that all of our respondents have thought about how their usage of materials affect the environment as all of them have done climate calculations to find out the costs of restoring the damage through emission offsetting. As our respondents come from various industries, their impact on the environment differs. However, from our empirical findings we can see that the main impacts are made by the usage of paper and the companies' transportations as three of the respondents answers that these are their main sources that contributes to their ecological footprints.

Improved indoor –and outdoor air quality, conserving biodiversity, protection of the ozone layer and improved water quality are some of the benefits from reducing emissions (Hamilton & Akbar, 2010, p.5). By reducing emissions, many people can get a chance to better health. All four respondents that are customers of Respect Climate say that the environmental aspect is one of their main reasons why they engage in emission offsetting. Kumlin and Lystrand explicitly state that they offset as a part of a broader sustainability initiative and Manner says that *"...it is important for the environment"* that they offset. Kemnert at Mobility Motors say: *"[...] we want to contribute to a better future with what we can do [...] for us, for our generations, for the future [...] so that we can survive on our earth."* According to Olejak at Respect Climate, their customers engage in emission offsetting: *"...partly because one has a holistic view, partly because one might think it's easy, partly because it is a first step to create some, so to speak, sensibility for, for the issue"*. Lundin at Respect Climate says that one reason for companies to buy emission offsets may be because they have a personal interest in sustainability. Kemnert at Mobility Motors says that their CEO has a personal interest in the climate, which is partly why they have chosen to do this.

By engaging in emission offsetting, companies can affect the public to think and take actions against their own waste and pollution. At the same time it sends a message to the government to take action and develop stricter environmental rules and laws. (Rousse, 2008, p.395). Two of the companies that we have interviewed in our study mention that they want to send out a message to the public. Kemnert at Mobility Motors say: *"We are a climate neutral company, but this is the next step to do a little extra for the customer as well to, at the end, get the customer to understand to take over this responsibility themselves, to continue to buy emission offsets [...] we of course want to give the customer the same mindset."* Kemnert also talks about the importance of doing

something good together with the rest of the society: *“It is important that we as a company [...] in interaction with...the society and authorities, politicians and our customers that we...that we together become awake in this question regarding the climate and where we are and what we can do an...and that we together can do something.”* Mobility Motors have also taken actions to improve the infrastructure in the society. Kemnert tells us that they see a problem regarding the infrastructure, as there are few chargers where people can charge their electric cars, so they have solved this by putting up their own fast chargers. Kumlin at PostkodLotteriet also talks about encouraging the society into living a more sustainable life, but that they so far have not been able to communicate it other than through the environmentally friendly prizes that they give out to the winners.

Elkington (1997, p.76) states that social or environmental costs need to be considered when evaluating economic options. Kumlin also talks about the environmental and social costs: *“[...] one of our focus areas is that we should pay the right price or we should strive to pay the right price, that is, having both environmental and societal costs included in the price [...]”* and says that it is a symbolic action to the society that we in the future need to include these costs in order to be able to take care of the global system in the future. She says: *“[...] that’s probably the most important, that one get aware of which activities that one are involved in, in this world, that actually have impact on our climate”*. Olejak (Respect Climate) has a similar view and says that the raised costs per activity may raise questions within the company, which may lead them to take greater actions against the climate issues.

The second part of the Triple Bottom Line is social sustainability, which includes health, safety and well being of the society (Belz & Peattie, 2012, p.131). Further, it includes people’s skills and education, together comprising the Social capital (Elkington, 1997, p.85). Our empirical findings show that several of the companies’ perceived benefits of emission offsetting related to the social bottom line. According to Savitz & Weber (2006, pp.22-23) firms can find ‘sustainability sweets spots’ where business interest overlap with environmental and social interests. In this sense, emission offsetting creates a sustainability sweet spot for these companies, as their investments in environmental sustainability also contributes to social objectives of employee motivations and social co-benefits for the society in form of development and poverty alleviation.

Emission offsetting, from a social perspective, can be positive for companies because it can increase employee pride and provide better relations to the public (The Ecosystem Marketplace, 2008, p.2). Lundin states that emission offsetting brings benefits to companies in form of happy and proud co-workers who thinks it is an important issue and that some companies only do it for the purpose of this internal communication while they will not bother to communicate it externally. Lystrand from White says that their climate actions have contributed to making them an attractive employer and that employees’ get happiness from the fact that it is on their agenda in all contexts. She even thinks that many people choose to work for White for that reason. Manner from Elanders and Kumlin from PostkodLotteriet says that emission offsetting makes them feel proud within the company. Manner says that it has improved the contact with environmental authorities.

Olejak states that companies engage in offsetting to create sensibility for the issue within the company by adding a cost for emissions. Kumlin says that “... *when you put numbers on things then you become more aware about what it is that means something [...] It puts more focus on it [emissions] when you calculate and offset it*”. Kemnert says that it leads to higher environmental consciousness among employees, which extends to their personal lives. According to previous research, it is essential for the company to educate their employees (Porter & Kramer, 2006, p.5). Further, empowering employees through for example training can create employee satisfaction (Savitz & Weber, 2006, p37). Three of the respondents have seen that emission calculations and offsetting has contributed to increased knowledge and engagement among their employees. Further it has contributed to internal pride for all of our customer respondents. This goes in line with The Ecosystem Marketplace’s (2008, p.10) theory that emission offsetting gives employees the opportunity to education and to feel better about themselves because they work for a company which not only provides financial results for the organization, but also social and environmental benefits for society.

Emission offsetting can create co-benefits for developing countries through job creation, increased revenues and community organization. (Pagiola et al., 2005, and Wunder, 2008, referred in Benessaiah, 2012, p.4). Emission offsetting can also contribute to better health for people in developing countries (Tolhurst & Embaye, 2012, pp.285-286). Olejak says that by communicating their offsetting companies can show a social engagement. Kumlin says that PostkodLotteriet offset because they want to contribute to a better world and that they want social costs to be included in the price for products and services that they buy.

The third part of the Triple Bottom Line revolves around the sustainability of a company’s financial capital, including profits, market share, revenues, customer value and satisfaction. (Belz & Peattie, 2012, p.129). Lundin says that one of the two usual reasons for companies to offset is because they want to sell more. He explains that most of their customers offset to be able to communicate externally that they are making an effort for the climate and that people should choose them because of that. Olejak says that some of the reasons for companies to offset are to win new customer groups, retain customers and to profile themselves through marketing. Respect Climate help their customers to profile themselves through a suggestion of different projects that their customers can identify themselves with (Olejak).

There are a lot of financial benefits connected with sustainability. For example, a company’s sustainability actions can improve how the brand is perceived and create new relationships with stakeholders. (Savitz & Weber, 2006, p.35). PostkodLotteriet’s engagement in sustainability has made them look for new suppliers that also have this interest. They were able to build a relationship with a supplier that was climate neutral, but who was also closer to them, which decreased transportation. Manner says that Elanders’ engagement in emission offsetting has led to a better relationship with environmental authorities, and that they have gotten some positive responses from customers. Governments, customers, communities and other stakeholders are becoming more involved in sustainability issues, wherefore it is important for companies and other organizations to take their demands into consideration when doing business today (Kataria, Kataria & Garg, 2013, p.46). Previous research has shown that companies that integrate sustainability into their business have a chance to attract new customers

(Savitz & Weber, 2006, p.35). But Manner (Elanders) explains that it was not customer demand that made them start offsetting. Neither of our other interviewees express customer demand as something that made them start offsetting, but some of them have gotten positive responses from their customers because of it. Kemnert at Mobility Motors says that they want it to become a business benefit and that it has started to become one. Kumlin says that it can potentially have a positive effect on PostkodLotteriet's image in the future, if their customers become more aware of their actions against climate change. Gertner (2013, p.1) argue that a company can gain competitive advantage through strategically positioning themselves as a sustainable business. Further, Tolhurst & Embaye (2011, pp.280, 283) states that companies that offset projects that includes social and environmental co-benefits that are closely related with the company's image can gain competitive advantage over its competitors when using emission offsetting as a CSR strategy. Only Manner name competitive advantage as a main reason for Elanders' choice to buy emission offsets and says that it is important to communicate as a sales pitch: *"it's not very many who does this yet, so it has felt like a competitive advantage as well "* At the same time she says that there is only a few customers which this has worked positively with and that emission offsetting otherwise has not created that much added value since a lot of their customers are not interested in paying more for climate neutral products.

Savitz & Weber (2006, p.22) argue that companies can find a 'sustainability sweet spot', where the economic, social and environmental aspects of business integrate and have a positive impact on both business, society and environment. A company that has accomplished this is PostkodLotteriet whose profit goes to the common good. They have found a way to integrate all aspects of sustainability by including environmental costs in the price of products they buy. These products are marketed to sell more lottery tickets and the revenue from those are used to invest in social and environmental causes. Kumlin from PostkodLotteriet says that she thinks this is an important symbolic action for the society that it is crucial that we integrate all the costs of the social and environmental problems that we are facing. White also integrates social and environmental aspects into their economic interests. This can be shown throughout their whole business; how they work and communicate with others. They also have project managers that work with these three aspects. Savitz & Weber (2006, p.X) say that companies that integrate environmental and social aspects into their economic interests have a bigger chance of being successful in the long run. Further Porter & Kramer (2006, p.10) say that both inside-out and outside-in linkages are needed in order to grow a successful sustainable business. This means that a company which is able to draw benefits from positively affecting the environment and at the same time letting it affect the company in a good way has the biggest chance to be a successful sustainable business in the future. Mobility Motors has been able to combine these two and created a shared value between the company, their customers and the society by selling cars whose first 1500 miles are offset by the company.

Savitz & Weber (2006, p.37) also argue that companies who engage in sustainability issues can change the society's perception of companies' reputation. This can be seen in our interviews with the respondents. In our interview with Mobility Motors, Kemnert tells us that emission offsetting has had an impact on their business customers within the public sector and that it has started to become a business benefit, but that the interest on the private customer side is more varied. Lystrand at White says that their sustainability actions have increased their credibility among the public as it shows that

they are 'doing what they preach'. Manner says that offsetting has affected Elanders too and that it has encouraged other companies within the industry to follow. Kumlin at PostkodLotteriet on the other hand, has not seen a difference in their reputation, but says that: *"[...] if the consumer would be more aware [of their sustainability work], then it could potentially affect our reputation more. But we are still on our way to get there...I think"*. However, she also mentions in the interview that it has increased the credibility of the company in the same way as White which is in line with what Tolhurst and Embaye (2012, pp.283-284) say, that emission offsetting contribute to improve business credibility and reputation among different stakeholders.

The Ecosystem Marketplace (2008, p.2) describes that emission offsetting can be a way for companies to be sustainable when it is impossible for them to reduce their internal emissions. Lystrand expressed that White offset their emission because they cannot stop traveling if they want to sustain their business operations. When we asked Kumlin from PostkodLotteriet why they offset instead of eliminating the rest of their emissions she says *"[...] for us it's always a balance between [...] those activities that we have within the company that creates a surplus that we can plant in [...] good projects that are good for the society"*. Tolhurst & Embaye (2010, p.281) describes that carbon offsetting can be a less costly choice for companies when they lack technological or financial capabilities to reduce their own emissions further.

All respondents state that offsetting costs, but we get varying answers about these costs. One respondent says that it cost them a lot more while two respondents say that it has not affected them very much. Kumlin express that this is because PostkodLotteriet has a sustainable business model. Manner who said that it has not been a very big investment for Elanders also adds that if they would offset everything in their production then it would have become too big of an investment. In order to foster economic sustainability businesses need to consider long-term sustainability of their costs (Elkington, 1997, pp.76-77). Porter and Van der Linde (1995, p.97) stated that companies stand before two-sided goals where they on the one hand want to set up environmental goals that benefit the society, but on the other hand they want the firm to do well.

Another motivation for emission offsetting outside of TBL is conscience. Lundin (Respect Climate) says that he rarely hear that customers buy offsets due to bad conscience, but adds that the customers that offset more than their own emission often do it to calm their bad conscience. Olejak (Respect Climate) agrees with Lundin that there are a smaller amount of consumers that offset for this reason, he says: *"Some probably do it because they think it's simple... because they want to calm their bad conscience. Says okay but then we offset and then we have done... something good"*. None of our respondents who are customers of Respect Climate state that they engage in emission offsetting due to bad conscience. However, Lystrand (White) says that they need to offset their emissions in order to think it is okay to keep traveling: *"We cannot stop traveling and in order for us to travel and think it is okay, we need to compensate for the things we do [...]"* which indicates that White does not feel okay with doing business unless they regard the environmental costs as well and that they want to calm some of their bad conscience.

Purpose: Examine what is important for companies when evaluating which offset projects to support

MacKerron et al.'s study (2009, p.1379) showed that individuals who were informed about offset certification schemes were willing to pay higher prices for certified projects. According to Olejak it is important for business customers that the projects are third-party audited and have a trustworthy standard that is supported by well-known organizations (All Respect Climate's projects are third-party audited and have standards). Lystrand expressed that it is important for White that projects are certified by the UN and Kemnert says that Mobility Motors have focused on Gold Standard projects because they are third-party audited. Olejak thinks that companies choose projects that are supported by well-known organizations to safeguard themselves.

MacKerron et al. (2009, p.1379) concluded that projects with co-benefits increased individuals' willingness to buy them but that it did not matter if they were biodiversity, human or low-carbon technology/market development. When selecting which social issue to support, Porter and Kramer (2006, p.10) says that: *"Typically the more closely tied a social issue is to a company's business, the greater the opportunity to leverage the firm's resources – and benefit society"*. According to Olejak, it is important for most companies that projects have social aspects, which is also expressed as important by Lystrand from White and Kumlin from PostkodLotteriet in their choice of projects. Kemnert also mentions the social aspect in the choice of one of Mobility Motor's projects and Manner states that Elanders usually choose projects with social co-benefits but adds that it has depended on the price of those projects. No other types of co-benefits were mentioned as criteria in any of the respondents' project selection, but Lystrand explicitly states that White chooses projects to support from three aspects: environmental, social and economic sustainability. These are the three objectives that companies should keep in mind according to TBL (Elkington, 1994; Savitz & Weber, 2006). Lundin states that price is the determinant factor if companies' only offset purpose is climate benefits. Manner mentions that price influences Elanders choice of project.

According to Ottman (1993, p.126) communicating sustainability works best when the benefits are tangible, meaningful for customers and can be communicated in a clear message. If companies want to communicate their emission offsetting then companies choose projects that they have a personal connection to, according to Lundin. He also expresses that companies choose projects that are easy to understand and easy to communicate while 'unsexy' projects are avoided. Olejak states that businesses choose projects that they can associate their business with. Porter and Kramer (2006, p.10) says that: *"Typically the more closely tied a social issue is to a company's business, the greater the opportunity to leverage the firm's resources – and benefit society"*. Elanders and Mobility Motors have chosen projects on these grounds and White chose projects within the geographical area where they are operating.

Purpose: Examine if and how companies are communicating their offsetting activities to their stakeholders

Usage of resources and carbon emissions make unavoidable impacts on the environment and the people living in it. By buying emission offsets, organizations' can compensate for their environmental damage and improve the lives of people in developing countries (MacKerron et al., 2009, p.1373; Pagiola et al., 2005 and Wunder, 2008, referred in Benessaiah, 2012, p.4). But some people fail to see the benefits of investing money in

projects that are located in other parts of the world. Olejak (Respect Climate) says that: *“...you have to explain that first there are two aspects, you should do something here and something abroad because [...] it is a global problem...and with one invested crown you can make larger reductions elsewhere than here”*.

Olejak (Respect Climate) expresses that their biggest challenge regarding their work is the lack of knowledge about emission offsetting: *“...it’s always this [...] information gap. It’s the absolute greatest challenge!”* Lundin (Respect Climate) also see this as one of their biggest challenges: *“... it is a very complicated subject that a lot of people think they know very well while they in reality don’t know it at all”*. Ottman (1993, pp.73, 75) says that consumers lack information about companies’ sustainable actions and that there is a need to educate them in order for them to make rational purchase decisions. In our interviews with Respect Climate’s customers, three of the respondents feel that their customers lack knowledge about emission offsetting and one respondent says that she has seen lack of knowledge among some of the employees as well.

Rousse (2008, p.395) says that the public can be encouraged to think about their own environmental choices and take action against their ecological footprint when they acknowledge organizations’ engagement in emission offsetting. This is an opportunity that Kumlin (PostkodLotteriet) and Kemnert (Mobility Motors) has seen when working in an organization that takes action against climate change. They see their organizations’ work as a way to send out a message to the public to take their own actions against climate change. Kemnert (Mobility Motors) says that by compensating for the customers’ first 1500 miles they try to *“get the customer to understand to take over this responsibility themselves, to continue to buy emission offsets [...] we of course want to give the customer the same mindset.”*

Our empirical findings concerning communication shows that two of our respondents only communicate their emission offsetting through their webpage and their annual report, but they advertise their other sustainability actions in several channels. Lystrand says that White advertise their sustainability actions in several communication channels, but that they do not communicate emission offsetting externally. However, in our communication analysis of White’s website it was discovered that emission offsetting is mentioned there as a part of their sustainability work, although only briefly. But it is not mentioned at all in their annual report. PostkodLotteriet talk about emission offsetting both on the website, in their annual report and environmental report. Elanders and Mobility Motors write about emission offsetting on their website but only talk about climate neutrality in their annual reports without mentioning that they achieved it through emission offsetting. Mobility Motors are the only ones that have a thorough communication regarding emission offsetting as they market it through advertisement, brochures, their website, climate report and Facebook. However, it is not explained in their annual report. According to Wasik (1996, p.116) *“the best way to achieve the public’s confidence is to market a complete environmental effort through special annual reports, outside audits, Eco labelling, partnering with environmental/public interest groups, and communicating with stakeholders.”* None of our respondents communicate their emission offsetting through all of these channels. However two of our respondents use environmental labels in their communication and two of them support environmental or public interest groups. Two of the respondents also have Respect Climate’s ‘Climate Neutral Company’-logo on their website, one respondent has that logo in their annual report. One respondent has the Climate Neutral Product logo on

their website and in their annual report. All our respondents' communication about emission offsetting is communicated within the context of their overall sustainability or environmental work. Elanders also communicate emission offsetting in their communication about climate neutral products that they offer.

Only Elanders and PostkodLotteriet display information about emission offsetting or climate neutrality on their front website page. On the other companies' websites readers have to actively search for information about sustainability work to find information about offsetting. According to previous research, 93% of consumers feel that companies CSR actions are not communicated to them enough (University of Applied Sciences Wiesbaden and 2hm & Associates 2008, referred in Taubken & Leibold, 2010, p.130). Olejak (Respect Climate) says that some customers avoid telling the public about their offsetting and only use it to show the society that they actually have done something against climate change if they would be portrayed badly in media. Olejak states: *"through keeping track on one's emissions, partly by having taken responsibility for it, one wants to secure oneself without communicating it in case it would become an issue someday [...] so that one so to speak guards oneself"*. Instead, some companies choose to communicate their offsetting internally. Some companies communicate emission offsetting internally because their employees think it is an important issue and it makes them proud and happy that the company they are working for are engaging in it (Lundin, Respect Climate). This is something all of our respondents agree with. Lystrand from White says *"I think that every employee can get happiness from that the company prioritize these questions [sustainability issues] and have them on the agenda in all contexts. I think that, there are very many people who maybe even choose to work at White for that reason"* Kumlin (PostkodLotteriet) and Kemnert (Mobility Motors) says that their internal communication has made their co-workers more aware over the climate issues and starting to get more actively involved. Kemnert says: *"[...] we talk a lot about the environment on different internal meetings, even...the private side; what you do on your spare time, what kind of food you are eating and how you think about it [...]"*.

When communicating sustainability, the message needs to be clear, accountable and show that the firm is continuously improving its environmental and social behavior (Ottman, 1993, p.65). All companies that we have studied are displaying information about how they are working with sustainability on their websites. White communicates their sustainability work from the pillars of social, environmental and economic sustainability in their sustainability policy on their website, which are the pillars of TBL (Elkington, 1994). But they do not talk about emission offsetting within this context. PostkodLotteriet provides a detailed list of sustainability milestones that shows their continuous improvements since 2006 and goals they will work for in the future. Their emission offsetting is included in these milestones showing the development of their offsetting activities. The process of their offsetting is described from how they calculate and account for emissions (including actual numbers of how much they emit) to how they offset them through projects whose descriptions are displayed on the website. In their annual report the entire calculation and offsetting process is described in text and illustrated with a model of their value chain. In their sustainability report continuous environmental improvements are shown where Co2 emission and similar measurements are benchmarked against previous years. Mobility Motors describe their offsetting and climate neutrality more than they describe their overall sustainability work on their website, they describe what they are offsetting and why but the process is not described.

On the website Elanders mainly describe their environmental work by stating which environmental certifications they have and mention that they are climate neutral without explaining how they became climate neutral and without mentioning emission offsetting. Emission offsetting is described more in their section about climate neutral products. There they describe that greenhouse gas emissions that cannot be eliminated in the process are offset through renewable energy projects in developing countries that are approved by the United Nations. According to Wasik (1996, p.116) one step in the way to achieve the public's confidence is to partner with environmental or public interest groups. Two of our respondents have partnered up with public interests groups, but according to Respect Climate, many of their customers think it is important that public interest groups stand behind the projects certification. Instead of mentioning CDM certification Elanders mention UN, which is an organization that more people are familiar with even if they do not know that much about offsetting. How Elanders sustainability work is performed is deliberated more over 8 pages of their annual report.

According to previous research, printed material on a product's packaging is a key source from where consumers learn about a products environmental attributes (Abt Associates, cited in Wasik, 1996, p.158). As one of our respondents are within the service industry, they are not able to use this kind of advertisement. The other three respondents that have physical products do not communicate either their environmental actions or the product's environmental attributes on the product. Mobility Motors, which sells cars, uses their sales force to communicate their emission offsetting to their customers. This has not been easy according to Kennert (Mobility Motors) as the salespeople and the customers have different interest and knowledge about offsetting. Kumlin at PostkodLotteriet says that it might be an opportunity for the future to communicate emission offsetting through their digital product. All of our respondents are communicating their sustainability actions, but most of them have been restrictive with communicating emission offsetting. Olejak (Respect Climate) says that he has encourage a few of his customers to use the words "supporting a project" instead of saying that they buy emission offsets. This is because the concept "emission offsetting" sometimes gets confused with the compliance market. Except from the difficulties mentioned above, there are also some risks associated with emission offsetting. One risk with emission offsetting is that some companies may mislead consumers into believing that their business is environmentally friendly by using 'greenwash' (Polonsky et al., 2010, pp.51, 53). As 'greenwashing' entails that companies market their products as sustainable when they are in fact not, may negatively affect other companies that are engaging in emission offsetting that really has a sustainable mindset to be associated with 'greenwash' (Polonsky et al., 2010, p.53). Another risk is that a company's strategies regarding sustainability might give the company a bad reputation if the customers' perception of the company is not similar to the company's sustainability actions (Piercy & Lane, 2009, p.352). Companies therefore need to send out accurate information that are meaningful to consumers and that meet their expectations (Percy & Lane, 2009, pp.352-353). This can be connected to our empirical data as our customer respondents say that it is difficult to know what and how much to communicate about emission offsetting due to the criticism against emission offsetting in general.

Polonsky et al. (2010, pp.51, 53) explains that the complexities and controversies around VCO's make them a tricky commodity to communicate to consumers. One of our respondents has not experienced any difficulties in communicating offsetting, but another respondent says that it is sometimes hard to explain when questions like "How

safe are these projects that you invest in? Isn't this to buy yourself free? And does the money really go there?" comes up. Lystrand from White experience that it is problematic to know what one should communicate about emission offsetting although she thinks it is very important to communicate it (emission offsetting is only mentioned briefly on White's webpage). Kemnert from Mobility Motors says that there are difficulties for salespeople to explain to customers before them, especially if they get complicated questions. But she has not experienced any problems in communicating emission offsetting on digital media. All respondents expressed that they need to improve, or that they are already working on improving their communication regarding emission offsetting

Purpose: Examine whether the possibility of buying emission offsets reduce incentives for companies to decrease their own emissions

One major criticism to emission offsetting is that companies may decide to pay for their emissions instead of reducing them (The Ecosystem Marketplace, 2008, p.9). Skopek (2010, p.2066) says about emission offsetting that *"it allows people to "do their part" without changing what they do..."* (Skopek, 2010, p.2066). Olejak (Respect Climate) has experienced this criticism and says that companies should do both, reduce own emissions and offset the rest and says *"and with one invested crown you can make larger reductions elsewhere than here"*. This is something that is expressed by Bumpus & Liverman (2008, p.148) as well who says that larger emission reductions can be made cheaper if they are allocated to developing nations, meaning that the benefit to the atmosphere can be greater at a cheaper cost than if companies and individuals try to reduce their emissions themselves.

According to Tolhurst & Embaye (2011, pp.280, 283) emission offsetting can be used as a competitive strategy, but in order to gain this benefit, the companies need to have reduced their internal emissions as a first step. Olejak says that most of their customers have a strategy for how to reduce their current emissions in the future. Lundin says that it would be a risk for companies to offset without doing internal reductions as well. All the companies that have been interviewed have taken different actions to reduce their own emissions and they all have established sustainability work that goes beyond offsetting. Skopek (2010, pp.2078-2079) expressed in his criticism that the monetary attachment to something that previously only had social costs may change behavior adversely to what the monetary incentive was set in place to do. Olejak adversely talks about how offsetting makes emitting activities more expensive within companies, which may lead them to take a greater hold on the climate issue. Kumlin similarly stated that for PostkodLotteriet calculating emissions and offsetting them has led to a greater insight into what matters and to focus on emissions, for instance in their contact with suppliers. According to The Ecosystem Marketplace (2008, p.2) emission offsetting enables companies to look inside the company to find areas where the company can reduce costs regarding waste and carbon emissions. Tolhurst & Embaye (2011, pp.280, 283) states that offsetting should only be implemented as the next strategy after measures for internal reductions have been taken. All companies that have been interviewed have described their reduction actions and explained why there are still emissions remaining within their emission calculations that they offset instead. For example Kemnert describes difficulties with affecting Mobility Motor's heating suppliers; Lystrand explains that White's business operations require air traveling sometimes for different reasons; Manner describes that Elanders have not been able to reduce emissions from transportation due to costs and competitive reasons and Kumlin

describes that there is always a balance between doing good by running PostkodLotteriet's business or doing good by using less paper. According to Elkington (1997, p.76) environmental and social sustainability objectives must be seen in relation to economic sustainability, economic objectives are still important, as the company will not survive without them. All interviewed companies seem to have considered the trade-off between reducing polluting activities and keeping business operations well run.

Developed conceptual framework

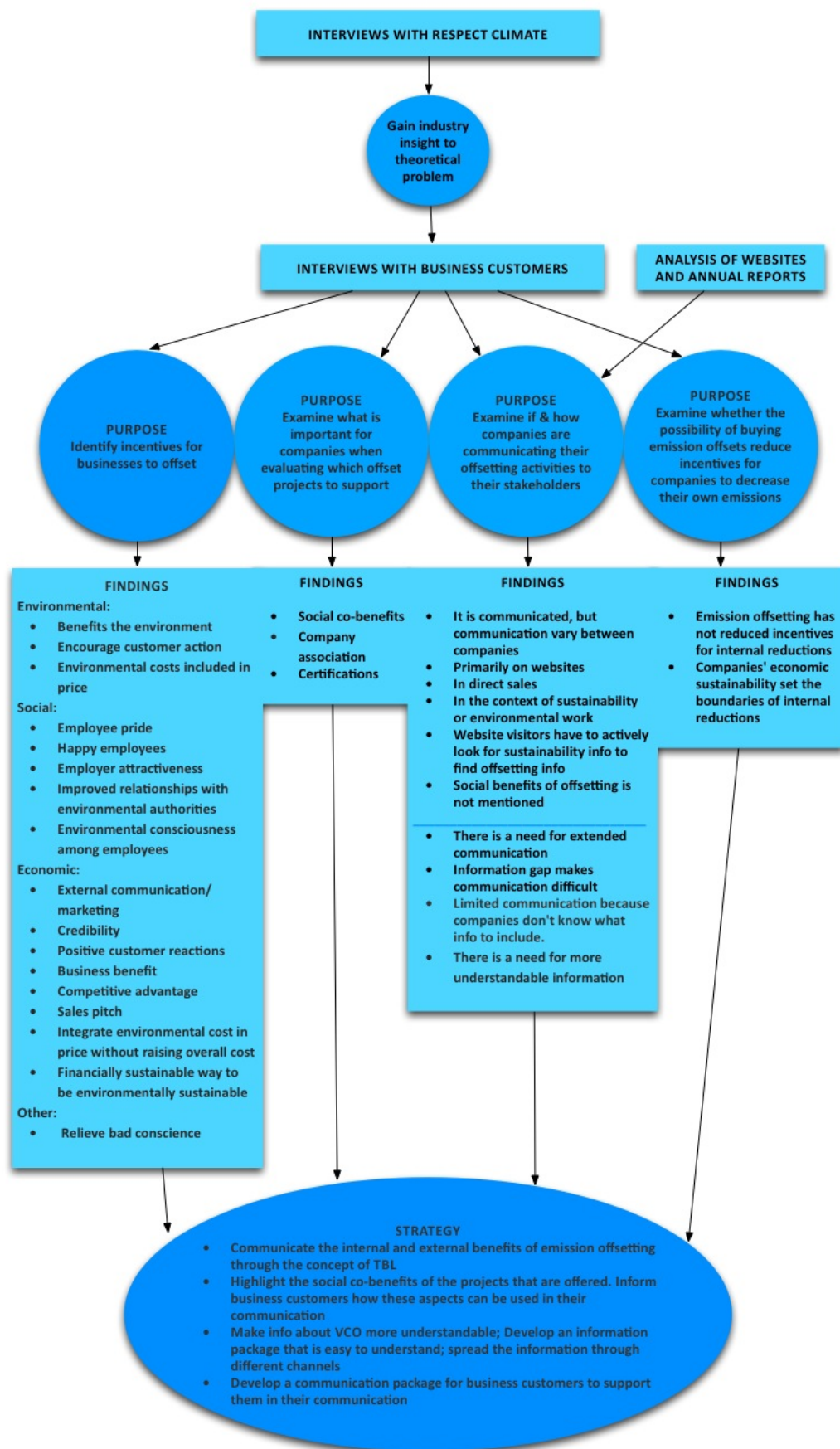


Figure 4: Developed conceptual framework

7. CONCLUSION AND RECOMMENDATION

In this chapter, our aim is to answer our research question: “what motivates companies to engage in emission offsetting?” We have chosen to structure this chapter by first presenting our discussion and conclusions about our four sub-purposes which will lead us to a conclusion to our research question. This chapter ends with a presentation of our recommendations for Respect Climate’s future marketing strategies and with recommendations for future research within this field.

7.1 CONCLUSIONS

Identify incentives for emission offsetting

Through our analysis, we have identified several incentives for emission offsetting. First, its contribution to environmental sustainability is something that all respondents name as a reason for offsetting. Through offsetting companies can put a price on their environmental impact, which creates a discussion within the company. This in turn can create an interest among employees and motivate them to make changes in their private lives as well. Our analysis has also shown that companies through their engagement in emission offsetting sends a message to customers and competitors and take their own actions against climate change. We therefore conclude that having the power to encourage the society to make changes for the environment is another environmental incentive to buy emission offsets.

Secondly, it contributes to social benefits for the companies in terms of employee pride, happier coworkers and higher environmental consciousness among employees. Emission offsetting has also lead to better relationships with environmental authorities and has encouraged relationship creation with new suppliers. Our empirical data shows that emission offsetting benefit the environment as it puts a price on companies’ internal emissions. By putting a price on emissions, it can create a discussion among employees about the increased costs, which in turn can increase the knowledge and interest about emission offsetting. We can therefore conclude that companies get more motivated to reduce their own emissions when they put a price on their emissions. Further, all of our customer respondents say that their engagement in emission offsetting (together with the rest of their sustainability actions) has made the employees feel proud and happy to be part of the organization. This is the most recurring incentive found in our empirical data. One respondent thinks that some people even choose to work at their company for that reason. We can therefore conclude that satisfying coworkers is a strong incentive to buy emission offsets.

There are also economic incentives for emission offsetting. We have seen that it contributes to the credibility of the company and that it improves their relationship with internal and external stakeholders. According to Respect Climate many companies offset to be able to use it in external marketing and profile themselves and we have found that our customer respondents want it to be a competitive advantage and business benefit which it has been to some extent. The companies have gotten positive responses from customers about their offsetting and it has been used as a sales pitch.

All of our respondents agree that the companies’ costs increase when buying emission offsets, however, to what extent differs. Two of our respondents have managed to

include some of the offsetting costs into their products. These respondents are also the ones that express that emission offsetting has not affected the company's financial aspects that much. But covering all emissions with offsets was also judged as too costly for one respondent who found themselves in a trade-off between environmental and economic concerns. In this situation, economic sustainability of the company was prioritized. The other two respondents express that emission offsetting has increased their costs a lot. If offsetting is used successfully as a competitive advantage or sales argument the costs of offsetting may be counterbalanced as they lead to increased revenues. Our respondents also express that they reduce their internal emissions as much as they can without risking the financial aspect of the company's business operations. We can therefore conclude that emission offsetting becomes a financially sustainable way for companies to work for environmental sustainability, when further internal reductions would harm their business operations.

Our respondents from Respect Climate think that some companies buy emission offsets due to bad conscience. However, none of their customers mentions this as a reason for them to offset and as this is something that we have not found in prior theory, we do not feel that we have enough evidence in order to draw a conclusion about this.

Concluding, we see that there exist several incentives for emission offsetting in all three areas of the Triple Bottom Line; environmental, social and economic. In some cases, it can be difficult for companies to find a balance between the bottom lines. This can create uncertainty and force them to choose between financial sustainability and environmental sustainability in decision making about emission reductions and offsetting.

Examine what is important for companies when evaluating which offset projects to support

Our empirical findings, with support from our theory chapter shows that the social co-benefits of a project is very important when companies choose which projects to support, but one company was also concerned with the costs of those projects. Our respondents have expressed no other co-benefits as criteria for project selection. Further, we can see that it is important for companies to find projects which they can associate their business with, whether it is related to their product or geographic area of operation. Our respondents from Respect Climate have expressed that certifications are important for their customers in their choice of projects. Only two customer respondents have expressed that certifications were important for them but we cannot draw the conclusion that it is unimportant for the other two respondents since all projects from Respect Climate are certified it means that these companies do not have to take it into consideration when choosing among projects. Therefore we draw the conclusion that companies choose projects that the company can associate itself with and that have social co-benefits apart from the environmental benefits the project brings. Certifications standards also affect their selection. The importance of social co-benefits indicates that social sustainability is an important aspect of their offsetting.

Examine whether the possibility of buying emission offsets reduce incentives for companies to decrease their own emissions.

From our analysis, we have seen that all our customer respondents offset as part of their sustainability work. We have also seen that all of them have reduced their emissions as a first step and then offset the emissions that remain. We can therefore conclude that none of our respondents engage in emission offsetting to avoid internal reductions, but that they offset in those cases where they are unable to reduce anymore. We can also conclude that it is not emission offsets that limit what the companies reduce internally, but it is rather the companies' economic sustainability that set the boundaries for internal reductions. In connection to this, we have seen that some companies choose not to offset all their emission because it would not be financially sustainable. Concluding, all of our respondents encounters the issue of having to consider trade-offs between what is good for the environment and what is important to keep the business well run and competitive in its field.

Examine if and how companies are communicating their offsetting activities to their stakeholders

How our respondents communicate their emission offsetting varies. Website communication is generally the dominant medium for the companies' communication and all respondents mention offsetting as part of sustainability work or environmental work. But the website visitors generally have to actively search for and click through to find this information, which means that visitors who are not actively trying to learn about their sustainability work will not find out that they are offsetting. From their project selection criteria we can see that social co-benefits are important attributes for the companies, which indicates that social sustainability is an important aspect of their offsetting. However, the social co-benefits of their offsetting investments are not communicated externally. Only one of our respondents communicates emission offsetting widely between different channels. All respondents express that it is important to communicate offsetting externally to attract customers and sell, to gain trustworthiness in their sustainability work and also to be able to encourage their customers to take action. But the profit related advantages of sustainability work that is described in our theoretical framework have not been found as clearly from businesses offsetting activities in our empirical findings. Although most of our respondents have found some financial benefits from offsetting it seems like offsetting only have impacted sales to some customer groups. It is possible that the lack of thorough communication is partly responsible for the lack of profitable advantages associated with offsetting, as consumers may not know enough about the companies' offsetting activities. As our theoretical framework has shown, customers feel that they get too little information about companies sustainability actions; we can therefore conclude that there is a need for these companies to extend their communication regarding emission offsetting in order to turn it into a competitive advantage.

Additionally, as our theoretical framework has indicated and our empirical findings have shown there is an information gap about emission offsetting that both the offset providers and offset customers experienced. This leaves some companies confused about how to communicate their offsetting activities. We have seen that some companies have avoided the use of 'climate compensation' (the Swedish expression for offsetting) in parts of their communication where they talk about climate neutrality, but we have not been able to conclude whether this is due to the controversy connected with that expression.

From what we can see from our analysis there is a linkage of reasons that affect how emission offsetting is communicated and the effect of that communication. First of all, information about it is difficult to grasp which in the next step makes it hard to communicate externally in a conceivable way. This leads companies to have very limited external communication about emission offsetting because they do not know which information to include; which means consumers lack information about what emission offsetting is and about the companies' offsetting activities. When the information is not communicated to, and understood correctly by the consumers the economic added value from offsetting will be limited. We can therefore conclude that there is a need to make the existing information more understandable and to extend this information to several other channels that are easy to access.

Research Question conclusion

The interviews with Respect Climate indicated that the primary motivations for businesses to buy voluntary emission offsets are internal communication for employee motivation and external communication to gain economic benefits. However, our analysis has shown that all of our customer respondents started engaging in emission offsetting primarily for environmental reasons. But economic reasons of increased credibility, competitiveness and to gain business benefits have been expressed as well. Internal communication and employee motivation have not been expressed by any of our customer respondents as a reason to why they started offsetting, but we have found that it is an important benefit they all receive from it. Further, we have been able to rule out that avoiding internal reductions would be reason for companies to start offsetting, which further indicates that the environmental aspect is the primary motivation for engaging in emission offsetting.

We therefore conclude that there are several economic, social and environmental reasons to why companies engage in emission offsetting, but that the primary motivation is to contribute to a sustainable environment. There is however a limitation to our findings. Because all companies in our study offset as a part of a more holistic sustainability work, it is possible that their primary motivation to offset for the environment is due to their engagement in sustainability work. If we would have asked them why they have an integrated sustainability work in the first place it is possible that we would have gained a different answer to our research question.

7.2 RECOMMENDATION FOR RESPECT CLIMATE

- Make the information about emission offsetting more understandable. We have seen that there is a lack of knowledge about emission offsetting in the society and that people find the information difficult to grasp. Therefore, we strongly suggest that Respect Climate try to develop an information package that is easy to understand to make it easier for people to grasp the concept of emission offsetting. We also suggest that they should try and spread the information through different channels in order to destroy the misconception about the voluntary market.
- Communicate the internal and external benefits of emission offsetting through the concept of TBL. By using the TBL model the incentives for businesses to offset can be plotted out to clearly communicate how emission offsetting can

help contribute to the three bottom lines of environmental, economic and social sustainability for the company and the society.

- Highlight the social co-benefits of the projects that are offered and inform business customers about how these aspects can be used in their communication about offsetting to show a social engagement in addition to their environmental engagement. Additionally, clear connections between how different kind of projects can be associated to different forms of businesses should be made. In that way businesses can easily choose projects that feel relevant for them and which are easy to communicate in relation to their business.
- Develop a communication package. We would recommend Respect Climate to develop a communication package that should be given to their business customers to support them in their communication. This package should include how their customers can communicate their engagement in emission offsetting to the society in the most optimal way. We recommend the following:
 - Describe the environmental, social and economic benefits of offsetting
 - Attach Climate Neutral certification label on websites, products and advertisement
 - Describe internal reductions that have been made and what actions the company will make in order to reduce the remaining in the future
 - Be transparent about why the rest of the emissions are offset instead of eliminated
 - Include project certifications and mention trusted organizations behind them
 - Choose projects that enhances the company's core business and communicate this in different channels
 - Communicate the company's whole approach from manufacturing to disposal and communicate its sustainability actions in annual reports, websites, social media, outside audits, product packaging and in dialog with stakeholders

7.3 RECOMMENDATIONS FOR FUTURE RESEARCH

In our study, we have focused our research in the field of emission offsetting and the underlying motivations to why companies choose to buy them. From our study, we have seen that emission offsetting still is a quite unexplored subject, especially within the field of motivations. We would therefore suggest that researchers would continue to do research within this field. As our study is based on a small sample of respondents from one offset provider our findings are not generalizable to other offsetting businesses, therefore we would suggest for future research to use quantitative studies to explore what the primary motivations for businesses to offset are.

In our study, we have acknowledge the issue that all of our respondents started to engage in emission offsetting as part of their other sustainability work, which raises the question if there is a different motivation to why they started their sustainability work in the first place. We would therefore suggest to do a comparative study to find out the

motivations for why companies engage in sustainability and compare it to the motivations for why they engage in emission offsetting in order to get a better understanding about this subject.

From our study we have seen that companies' engagement in emission offsetting has created a discussion among employees, which has given them more knowledge and interest about it. Some companies even encourage their employees to make more sustainable decisions in their private lives. Therefore, another interesting topic would be to find out if companies' engagement in emission offsetting affects their employees to make more sustainable decisions in their daily lives.

Our study has shown that there is a lack of knowledge about emission offsetting among the companies' different stakeholders. Further, our customer respondents have acknowledged that there is only a small group of consumers that have showed interest for their engagement in emission offsetting. We therefore think it would be interesting to do a quantitative study about how consumers perceive companies' engagement in emission offsetting to find out more about their attitude towards it.

Lastly, we think it would be interesting to do a study on companies that engage in sustainability, but yet have not shown interest in buying emission offsetting. The aim of the study would be to find out why they have made the decision not to offset their emissions.

8. CONTRIBUTION

In this chapter we will discuss the theoretical and practical contribution of the study. We are doing this by linking our findings back to theory that has been presented in the research gap, to show how our study contribute to decrease this gap. We then show how this can be used practically.

According to Skopek (2010, p.2066) there has been a small amount of research about the voluntary emission offset market compared to the regulated market. This shows that there is a need for further research within this field. There has also been few studies made on what motivates people to reduce emission and how emission offsetting affect reduction behavior. (The Environmental Audit Committee, 2007, p.51). In our study we have seen that emission offsetting positively affect reduction behavior as it sets a price on emissions and starts a discussion within the company. As a result this leads to reduced emissions. Further, there has been a lack of research within this field of what motivates people to buy voluntary emission offsets and what affect the willingness to pay for emission offsets (MacKerron et al., 2009, p.1373). According to prior research, there is also a need to understand the reasons behind what motivates companies to use voluntary carbon offsets (The Environmental Audit Committee, 2007, p.14). From our analysis we have seen that the main motivation for buying emission offsets has been to do something good for the environment. Further, we have identified several incentives for companies to buy emission offsets. We have also seen that social co-benefits and a connection to the emission offset project has affected companies' choice of which project to support. This has been especially important as Polonsky et al. (2010, p.2) says that the information the biggest challenge for marketers is to communicate emission offsetting in a way that is meaningful for the consumer. By identifying businesses motives and what is important in their selection of projects marketers can adapt their communication about voluntary emission offsets by highlighting aspects that are important for them.

Except from the theoretical contribution to the research within this field, we also argue that our research provides contributions for the society. First, our research demonstrates that there is a lack of knowledge about the voluntary emission offsetting and that the available information is difficult to understand. Therefore, there is a need to educate the society about this in order for individuals and companies to make informed decisions and sustainable changes that can benefit the environment. Therefore, we argue that our study contributes to increase the knowledge and decrease the misunderstandings about the voluntary emission offset market. Secondly, our study shows that marketers are uncertain of how they should communicate their voluntary emission offsetting. Therefore, we argue that our research can be used by all companies to learn how to market their voluntary emission offsetting and their sustainability activities to their stakeholders. Further, our research indicates that some companies want to use their sustainability actions to send a message to the public to make their own environmental changes, wherefore they can use the information provided in this study to acquire the tools to market this in the most effective way. Thirdly, our study has shown that there are many business-benefits connected with emission offsetting. Our study can therefore work as an incentive for companies to be creative and come up with innovative solutions that brings financial benefits to the company without compromising the social and environmental objectives. Lastly, our research provides sustainability consultants with an opportunity to market their services to potential customers more effectively.

9. QUALITY CRITERIA

In this chapter we assess the trustworthiness of our study through four criteria: transferability, credibility, dependability and confirmability.

Credibility concerns how believable the findings of a study are (Bryman & Bell, 2011, p.396). According to Bryman and Nilsson (2008, pp.354-355) credibility is achieved when *“the research has been made in accordance with the guidelines that exists and that one report the results to the people that are part of the social reality that has been studied so they will confirm that the researcher perceived that reality correctly.”* In order to achieve credibility we have used triangulation, which means that *“one uses more than one method or data source when studying social phenomena”* (Bryman & Nilsson, 2008, p.354). Triangulation enriches data and works as a cross-assessment tool of the truthfulness of what is found. (Kapoulas & Mitic, 2012, p.364). This can be seen in our data collection where we not only used qualitative interviews with Respect Climate’s customers, whose motivations are the main focus in this study, but also used qualitative interviews with employees at Respect Climate and communication analysis of the customers’ websites and annual reports to get additional information. This has given us a three-dimensional data collection, which makes the study more credible. Further, we have sent out the empirical parts to all of our respondents to confirm that we have perceived their answers correctly. One respondent wanted us to improve the phrasing of citations but we chose not to as it would distort what was really said during the interview. Another respondent clarified something that we had misunderstood from the interview, so we changed the text in our empirical findings accordingly with the clarification.

Transferability is whether the results of the research can be used in another time period or situation (Bryman & Nilsson, 2008, p.355). The results of our study might be transferable to other similar situations, possibly to other offsetting companies but as discussed previously we leave the judgment of the study’s transferability in the hand of the reader. We have provided rich descriptions of the research process and respondents involved in our aim to provide readers with enough information to base their judgment of transferability on. Carson et al. (2001, p.69) says that a qualitative study can try to ensure transferability by using a variety of respondents and settings. Our study’s transferability benefits from the variety of different companies from different industries that we gained as respondents, but it lacks from the limited number of respondents.

Dependability evaluates whether findings are likely to apply at other times (Bryman & Bell, 2011, p.43) and requires that one *“ensures that it creates a complete and accessible description of all the phases of the research process”* (Bryman & Nilsson, 2008, p.355). We have provided detailed accounts of the entire research process to ensure dependability. In addition, as we are two researchers who have observed the data collected and agree on what we see, this enhances the dependability of our study.

Confirmability means that the researcher is aware of its own subjectivity, but tries its best to avoid letting its own values affect the research (Bryman & Nilsson, 2008, p.355). To ensure that theoretical inclinations did not affect our study we avoided asking interview questions that were guided too much by our theoretical framework and instead framed them openly to later assess whether the answers we got somehow related to the theory. We also made sure to maintain a balanced discussion of different authors’

views in our theoretical framework. To ensure that personal values did not overtly affect the study in a certain direction we have tried our best to sustain our critical, objective standpoint throughout the research process. Since the researchers assessment of confirmability may in itself be subjective, though, we encourage readers to make their own assessment by providing section **2.1 Preconception** where we present our pre-understanding within the subject to help the readers make their own critical evaluation of how it may have affected our choices throughout the study.

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Appendix

Appendix 1: Intervjuguide med respect climate

1. Kan du berätta lite om Respect Climate?
2. Vad händer efter det att ett företag bestämmer sig för att klimatkompensera genom Respect Climate?
3. Vem implementerar projekten ni erbjuder till era kunder?
4. Blir projekten implementerade före eller efter det att kunderna köpt ett projekt?
 - Så när era kunder köper kompensation, har reduktionen redan gjorts då?
5. Vem bestämmer vilka projekt som ska erbjudas via Respect Climate?
 - Utifrån vilka kriterier väljs projekten?
6. Hur når ni ut till nya kunder?
 - Kontaktar ni företagen?
 - Vilka marknadsföringskanaler använder ni?
7. Upplever ni några hinder när ni försöker marknadsföra klimatkompensering till företagskunder?
 - Om ja, kan du utveckla vilka hinder ni möter?
8. Hur ofta klimatkompenserar era kunder?
 - Kontinuerligt?
 - Engångsköp?
9. Vilka företagsaktiviteter kompenserar företagen oftast?
 - Kompenserar de för alla utsläpp eller bara vissa aktiviteter?
 - Kompenserar de för mer än sina egna utsläpp?
 - Om ja, varför tror ni att de kompenserar för andras utsläpp också?
10. När företagen certifierats utav er (som klimatneutralt företag, etc.) i vilken utsträckning får företagen använda klimatneutralitets loggan i sin kommunikation?
11. Köper era kunder både konsulttjänster och klimatkompensation?
 - Varför tror ni att vissa företag väljer att endast kompensera för sina utsläpp?
12. Varför tror du att företag klimatkompenserar?
 - Vilka fördelar ser du att företagen får genom att klimatkompensera?
13. Vilka av projektens egenskaper tror ni är viktiga för företagen när de väljer mellan olika projekt?
14. Finns det några problem med klimatkompensation?
 - För företag?
 - För Respect Climate?
 - För miljön?

Appendix 2: Interview guide with respect climate

1. Can you tell us a bit about Respect Climate?
2. What happens after a company decides to start offsetting their emissions through Respect Climate?
3. Who is implementing the offset projects you provide?
4. Are projects implemented before or after emission offsets are bought?
 - When your customers buy the offsets, have the reduction already been made?
5. Who decides which projects to offer?
 - According to which criteria are they chosen?
6. How do you reach out to new customers?
 - Do you contact companies directly?
 - Which marketing channels do you use?
7. Do you meet any obstacles when you are trying to market emission offsets to companies?
 - Can you please specify which obstacles you meet?
8. How often does business customers buy emission offsets?
 - Continuously?
 - Single purchase?
9. Which business activities do the companies usually compensate for?
 - Do they compensate for all emission or only certain activities?
 - Do they compensate for more than their own emissions?
 - If yes, why do you think that they compensate for others emissions as well?
10. When the companies' have been certified by you (as a climate neutral company etc.), in what range can they use the climate neutral logo in their communication?
11. Does business customers buy both consulting and emission offsets?
 - Why do you think that some companies choose to only offset their emissions?
12. Why do you think businesses engage in emission offsetting?
 - What do you think are the benefits for businesses to engage in emission offsetting?
13. Which of the project's attributes do you think is important for companies, when choosing which project to support?
14. Are there any problems with emission offsets?
 - For companies?
 - For Respect Climate?
 - For the environment?

Appendix 3: Intervjuguide med kunder

Bakgrund

1. Vilka tjänster har ni köpt av Respect Climate?
2. Har ni varit kunder hos andra hållbarhetskonsulter förut?
 - Varför valde ni Respect Climate?
 - (Varför bytte ni?)
3. Hur påverkar era företagsaktiviteter miljön?
4. Vilka åtgärder har ni infört för att bidra till en hållbarare utveckling?
5. Hur kommunicerar ni era hållbarhetsåtgärder?

Huvud Intervju

6. Varför klimatkompenserar ni?
 - (Vem klimatkompenserar ni för?)
7. Vilka aktiviteter kompenserar ni för?
8. Har ni genomfört några interna åtgärder för att minska företagets egna utsläpp?
 - Vilka åtgärder har ni infört?
 - Varför har ni valt att köpa kompensation istället för att minska egna utsläpp?
9. Hur väljer ni era klimatkompensationsprojekt?
 - Vilka kriterier utgår ni ifrån när ni bestämmer era klimatkompensationsprojekt?
10. Upplevde ni några svårigheter i att välja kompensationsprojekt?
11. Vilka projekt har ni investerat i?
 - Varför valde ni dem?
12. Är det lätt att ta till sig informationen om klimatkompensation?

Kommunikation

13. Kommunicerar ni er klimatkompensation?
 - Om ja, Hur kommunicerar ni den?
 - Vilka kanaler använder ni för att kommunicera er klimatkompensation?
 - Beskriver ni ert klimatarbete på er hemsida?
 - Beskriver ni ert klimatarbete på förpackningen av era produkter?
 - Beskrivs det i årsrapporter/miljörapporter?
 - Uttrycker ni er som "klimatneutrala"?
 - Om nej, varför inte?
 - Varför är det viktigt att kommunicera klimatkompensationen?
14. Har ni upplevt några problem eller svårigheter med att kommunicera klimatkompensationen?

Ekonomiska/sociala orsaker

15. Anser ni att ert klimatarbete har påverkat företaget på något sätt?
 - Hur har det påverkat företaget?
 - Har det påverkat företagets image?
 - Har klimatkompensering påverkat företaget ekonomiskt?
 - Har klimatkompensering påverkat företagets kontakter/relationer med era intressenter?
 - Har det påverkat er företagskultur?

Konkurrenter

16. Är det vanligt att engagera sig i hållbarhetsarbete i er bransch?
17. Klimatkompenserar era konkurrenter?
18. Har era konkurrenters klimatkompensation påverkat ert val att kompensera?

Appendix 4: Interview guide with customers

Background

1. Which services have you bought from Respect Climate?
2. Have you been customers at other sustainability consultants before?
 - Why did you choose Respect Climate?
 - Why did you switch company?
3. How does your business activities affect the environment?
4. Which internal measures have you implemented to contribute to sustainable development?
5. How do you communicate your sustainability actions?

Main interview

6. Why do you buy emission offsets?
 - Who do you compensate for?
7. Which of your organizational activities do you compensate for?
8. Have you implemented any internal measures to reduce the company's own emissions?
 - Which measures have you implemented?
 - Why have you chosen to buy offsets instead of reducing your emissions?
9. How do you choose your emission-offset projects?
 - According to which criteria do you decide which offset project to purchase?
10. Did you experience any difficulties in your decision-making regarding the purchase of emission offsets?
11. Which projects have you invested in?
 - Why did you choose them?
12. Do you think it is easy to understand the information available about emission offsetting?

Communication

13. Do you communicate your emission offsetting?
 - If yes, how do you communicate it?
 - If no, why are you not communicating it?
 - Which channels do you use to communicate your emission offsetting?
 - Do you describe your sustainability actions on your website?
 - Do you describe your sustainability actions on your products' packaging?
 - Do you explain your sustainability actions in your sustainability reports/environmental reports?
 - Do you express yourselves as "carbon neutral"?
14. Have you experienced any problems or difficulties with communicating emission offsetting?

Economic/ Social reasons

15. Do you think that your sustainability work have affected the company in any way?
 - If yes, how has it affected the business?
 - Has it affected the company's image?
 - Has it affected the business economy?
 - Has it affected relationships with stakeholders?
 - Has it affected your business culture?

Competitors

16. Is it usual to engage in sustainability work in your industry?
17. Does your competitors buy emission offsets?
18. Have your competitor's emission offsetting affected your choice to buy emission offsets?

