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Strategic environmental management in a service organization

A case study of Swedbank

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Strategic environmental management in a service organization - a case study of Swedbank

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Summary

During the past decade environmental challenges have been intensified and given increased attention. This implies that businesses in all sectors strategically need to manage these challenges. The service sector is often considered as a sector with a low environmental impact if the direct environmental aspects are assessed. Still, it has been argued that the environmental impact that the sector gives rise to can create severe indirect environmental impacts. The products and services that are produced by this sector have a relatively limited use of physical resources which may make the environmental impact challenging to visualize. Banks belong to the service sector and it is partly banks that make the development of societies possible. They have possibilities to steer this development towards directions that may decrease the environmental impact.

The aim of this thesis is to describe how a service organization strategically manages its resources with regards to the environmental aspects. This thesis is based on a context bound case study conducted on commission of Swedbank. It is the largest bank in Sweden and it has a leading position in the Estonian, Latvian and Lithuanian markets (Swedbank, 2012). Different strategies that were used to manage environmental aspects within the Estonian, Latvian, Lithuanian and Swedish markets were identified and studied further. Primary empirical data was gathered through information sources such as interviews with employees and secondary empirical material was mainly accessed in sustainability reports.

A holistic theoretical framework that involves theories concerning strategic environmental management is used in this research project. It is assumed that strategic environmental management partly exists because of the perceived responsibilities, stakeholder pressures and the legitimacy of businesses. These pressures and responsibilities make it necessary to form strategical approaches and strategies which can be done through different management tools.

The results show that Swedbank has chosen to manage environmental challenges through strategies communicated in terms of initiatives, activities, actions and toolsets. These strategies manage both direct and indirect environmental aspects. Some of the identified strategies are related to; an environmental policy, measurements of some of the direct aspects that generate greenhouse gas emissions, emissions reduction goal, an ISO 14001 certification, environmental training for employees, international commitments, certain demands on customers and suppliers, products and services with a specific environmental profile. Many of the strategies have been initiated on the Swedish market. Several of these strategies are shared on the four key markets but there are also several of these strategies that currently are not used in the Estonian, Latvian or Lithuanian markets. A major difference is that it is only the Swedish market that has an ISO 14001 certification. Another difference in the strategical approach is that no products or services with environmental profiles could be identified in any other market than in the Swedish market.

Sammanfattning

Under det senaste årtiondet har miljöutmaningar intensifierats och givits utökad uppmärksamhet. Detta innebär att företag i alla sektorer strategiskt måste hantera dessa utmaningar. Tjänstesektorn beskrivs ofta som en sektor med låg miljöpåverkan om direkta miljöaspekter bedöms. Ändå hävdas det att miljöpåverkan som denna sektor skapar kan ge en allvarlig indirekt miljöpåverkan. Produkterna och tjänsterna som produceras av denna sektor har en relativt begränsad användning av fysiska resurser vilket kan bidra till att miljöpåverkan blir utmanande att visualisera. Banker tillhör tjänstesektorn och det är delvis banker som möjliggör utvecklingen av samhällen. De har möjligheter att styra utvecklingen i riktningar som kan minska miljöpåverkan.

Syftet med denna masteruppsats är att beskriva hur en serviceorganisation strategiskt hanterar dess resurser med koppling till miljöaspekter. Denna uppsats är baserad på en kontextbunden fallstudie som gjordes på uppdrag av Swedbank. Swedbank är den största banken i Sverige och har även en ledande position i Estland, Lettland och Litauen (Swedbank, 2012). Olika strategier som används för att hantera miljöaspekterna i den estniska, lettiska, litauiska och svenska marknaden identifierades och studerades vidare. Primär empirisk data samlades in genom informationskällor som intervjuer med anställda och sekundär empirisk data fanns huvudsakligen i hållbarhetsrapporter.

Ett holistiskt teoriramverk som involverar teorier om strategisk miljömanagement används i denna uppsats. Det antas att strategisk miljömanagement delvis existerar på grund av upplevt ansvar, påtryckningar från intressenter och legitimiteten hos företag. Dessa påtryckningar och ansvar gör det nödvändigt att utforma strategiska angreppssätt och strategier, vilken kan göras genom olika verktyg.

Resultatet visar att Swedbank har valt att hantera miljöutmaningarna med strategier som kommuniceras som initiativ, aktiviteter, aktioner och verktyg. Dessa strategier hanterar både direkta och indirekta aspekter. Några av de identifierade strategierna kan kopplas till; en miljöpolicy, mätningar på några av de direkta aspekterna som genererar utsläpp av växthusgaser, mål om minskade utsläpp, en ISO 14001 certifiering, miljöutbildning för de anställda, internationella avtal och åtaganden, krav på kunder och leverantörer, produkter och tjänster med en specifik miljöprofil. Många strategier har initierats på den svenska marknaden. Flera av dessa strategier delas på de fyra huvudmarknaderna men det finns också flera strategier som för närvarande inte används på de estniska, lettiska och litauiska marknaderna. En stor skillnad är att det bara den svenska marknaden som har en ISO 14001 certifiering. En annan skillnad i det strategiska angreppssättet är att inga produkter eller tjänster med miljöprofil kunde identifieras på någon annan marknad än den svenska.

Abbreviations

CER	Corporate Environmental Responsibility
CDP	Carbon Disclosure Project
CR	Corporate Responsibility
DJSI	Dow Jones Sustainability Index
EMS	Environmental Management Systems
GHG Protocol	Greenhouse Gas Protocol
GRI	Global Reporting Initiative
LCA	Life Cycle Analysis
NGOs	Non Governmental Organizations
SEM	Strategic Environmental Management
TBL	Triple Bottom Line
WWF	World Wildlife Fund

Table of Contents

List of figures

List of tables

1 Introduction

This chapter identifies and contains a description of the background to the studied subject. It also includes a presentation of problems that are connected to the subject, aim, definitions and an outline of the study.

1.1 Problem background

During the past decade trespassed environmental boundaries and intensified challenges have been given increased attention (Rockström *et al.*, 2009; Intergovernmental Panel on Climate Change, 2013). Efforts to maintain and establish legitimacy of businesses have become more important because it has reached levels that have not been seen before (Porter & Kramer, 2011). At the same time it has been a change in mindset among some customers, they value environmental practices and they do not strictly focus on prices (Ammnenberg, 2012; Svensson & Wagner, 2011). The change implies that increased attention is given to responsibilities of businesses. This development can be explained by ethical scandals that are caused by businesses, the negative impacts of globalization, a lacking trust towards the business world, environmental crisis, the finance crisis in 2008 and the increased power given to businesses (Frostensson, 2011).

Even though new demands have been created many businesses continue to view value creation narrowly with a focus on short term financial performance (Porter & Kramer, 2011). The economic value orientation among businesses is very strong and it is often used as a synonym for value (Heikkurinen, 2011). However, stakeholders claim that win-win solutions among businesses that improve both environmental performance and economic goals are no longer sufficient enough (Young & Tilley, 2006). It has been emphasized that businesses need to recognize and manage their environmental responsibilities continuously in connection to the core business (Borial, 2007; Holtbügge & Dögl, 2012; Russo & Harrisson, 2005). These responsibilities can be considered as both an ethical and strategical issue for businesses (Heikkurinen, 2011).

Some businesses have chosen proactive approaches where the focus is oriented around additional values and thereby not only focused on the short term economic bottom line. The question in these businesses has moved from *if* to *how* they can integrate environmental management into their core business (Epstein, 2008). The strategic management differs but an increasing number of businesses claim to be a part of the solution rather than the environmental problems. These businesses seek to improve their environmental performance and manage their environmental impacts with strategies such as pollution prevention, efficiency initiatives, development of clean technology and product stewardship (Gunningham, 2009). Since responsibilities among businesses are increasingly integrated into business strategies it has been claimed that this integration is one of the most important challenges for the future business development (Das Gupta, 2012).

Different sectors face environmental challenges and choose to strategically manage these through a vast variety of approaches. In “developed” countries around 70 per cent of the gross national product (Seppo, 2008, p.114) and gross domestic product (Gallouj, 2002, p.360) are created by the service sector. This sector has a reputation as a rather clean and green sector. The need to reduce its environmental impact is therefore not always prioritized among these

businesses (Seppo, 2008). Still, it has been estimated that the service sector has almost the same global warming potential and energy use as the manufacturing sector (Seppo, 2004, p. 190). The services that are provided by the sector are often consumed when they are produced and lack physical presence. It can therefore be difficult to visualize how the services can have an impact on the environment. Still, many of these businesses would not be able to deliver their services without physical components which rely on natural resources (Groove *et al.*, 2006). It is possible that the services that are provided to customers have a significant environmental impact due to the far reaching impacts compared to the direct aspects which are created in the internal business processes (Ammenberg, 2012; Brorson & Almgren, 2009).

1.2 Problem

The strategic choice of environmental management varies. The choice can be explained by the size of the business, internationalization, geographical location (González-Benito & González-Benito, 2006), stakeholder pressures (Porter & Kramer, 2011), commitment among the top management (Blomquist & Sandström, 2004: Stone *et al.*, 2004; Zhu *et al*., 2006), employees initiatives (Hanna *et al.*, 2000) and the characteristics of the industry (Caroll, 1991). If there is a lack of motivation, information or unwillingness to change it is likely that businesses will choose passive strategies (Heikkurinen, 2011).

The finance sector is a part of the service sector and it faces environmental challenges. When the financial crises occurred in 2008 the financial sector was in part held accountable. The crisis has created a debate about what responsibilities that the financial sector should or should not have and if the old business model need to be redesigned (Herzig & Moon, 2013; Laugel & Lazslo, 2009). A tool to regain its legitimacy could be proactive environmental strategies since these can be associated with efficient use of resources which in turn may lead to competitive advantage (Porter & Kramer, 2011) and responsible brand reputation (Kapferer, 2008). Banks can be considered to have a rather low environmental impact compared to many other businesses if the direct aspects that are created by the banks in the internal business operations processes are assessed (Jeucken, 2004). It is, however, estimated that the indirect environmental impacts that the products and services give rise to have been largely underestimated. For example, banks have possibilities to steer the societal development towards certain directions through the investments they make (Furrer *et al.*, 2012; Laugel & Lazslo, 2009).

The solution to environmental challenges requires that different strategies are used by banks in order to manage and assess environmental impacts (Scholtens, 2009). The strategic management and assessment of the impacts can make it easier to find areas of improvements and work as good benchmark against competitors (Shawn & Grant, 2010). The focus object in this research project is Swedbank, which is the largest bank in Sweden. Swedbank also has a leading position in Estonia, Latvia and Lithuania (Swedbank, 2012). The environmental impact that is created by the bank within these markets is managed and assessed with strategies as for example initiatives, actions, activities and toolsets. Some examples of what these strategies include are products, measurements and demands on customers and suppliers (*Ibid.*, 2012).

During the past decades environmental management and performance have received increased attention in the academic literature. The service sector, which banks are a part of, has traditionally received relatively little attention from organization and environment literature (Perez *et al.*, 2013; Skaggs & Youndt, 2004). However, the understanding for shared

responsibilities concerning environmental challenges in businesses is growing and becoming a mainstream issue. It is no longer radical for businesses to claim that environmental challenges need to be addressed (Atkisson, 2013). This argument in combination with the increased attention given to environmental problems in the academic arena (Miller & Spoolman, 2012) makes it crucial to further investigate the research gap concerning how a service sector organization strategically manages its environmental aspects.

1.3 Aim

The aim of this research project is to describe how a service organization strategically manages its resources with regards to the environmental aspects in the home markets, i.e. the Estonian, Latvian, Lithuanian and Swedish markets. Strategies that are used in the home markets will be studied further. Research questions that are of particular interest are:

- What strategies are used to manage environmental aspects on the four home markets?
- In what way does the strategic environmental management differ on the four home markets?

1.4 Definitions

Different definitions in this research project are presented in table 1, this research project relies on these definitions.

Table 1. Terms and definitions.

Concept	**Definitions and interpretations**
Corporate environmental responsibility	Corporate environmental responsibility is argued to be a sub-category to corporate responsibility. It is *"practices that benefit the environment (or mitigate the adverse impact of business on the environment) that go beyond those that companies are legally obligated to carry out"* (Gunningham, 2009, p.215).
Environmental aspect	An environmental aspect is "*element of an organization's activities or products or services that can interact with the environment*" (Swedish standards institute, 2004, p.8).
Environmental impact	An environmental impact is identified as "*any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organization's environmental aspects"* (Swedish standards institute, 2004, p.8).
Environmental strategy	Environmental strategies are strategies that involve management and mitigation for how businesses can be developed in a way that is ecologically sustainable. These strategies aim to manage the environmental aspects and environmental impacts (Ammenberg, 2012).
Strategic environmental management	Strategic environmental management is considered as strategical choices that businesses create with the aim to reduce their environmental impact (Lucas, 2010).
Strategy	In this study strategy is referred to as an umbrella concept. A strategy can consist of different initiatives, actions, activities and toolsets that are used to manage aspects and impacts (Mazzuccato, 2006).

These definitions and interpretations (see table 1) are defined because there is no consensus in the interpretation of these concepts. These are also selected to fill the needs of this particular project with a given context. The context is partly the financial world, the cultural context and the present time. The definitions serve as epistemological landmarks that offer an understanding of the researcher's current views and understandings. The field is constantly changing and the concepts might be defined different in the future. All of these definitions are further explained in the theoretical chapter, see chapter 2.

1.5 Outline of the study

Figure 1 illustrates the eight chapters that this research project consists of. These were written with an intention to make a smooth transition through the various chapters.

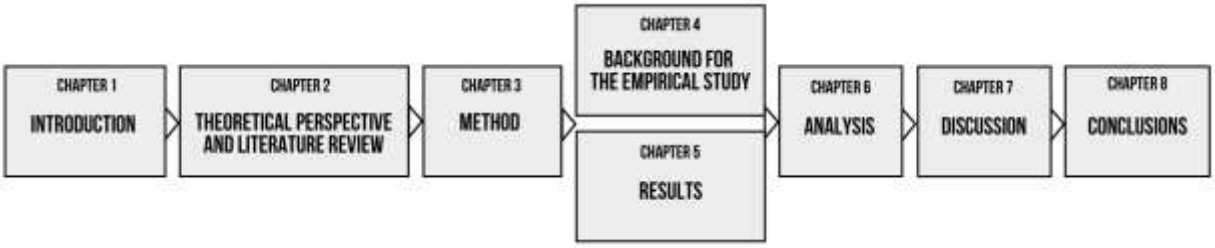

Figure 1. Outline of the study.

Chapter 1 identifies and contains a description of the background to the studied subject. It also includes a presentation of problems that are connected to the subject, aim, definitions and an outline of the study.

Chapter 2 presents different terms and theoretical perspectives as a foundation for understanding the empirics, discussion and analysis. The chapter explains theories concerning strategical environmental management, strategies, stakeholders, responsibilities and legitimacy.

Chapter 3 aims to offer grounds for understanding conditions for the approach and methodological choices in the processes. It also offers a presentation of the ethical approach and quality assurance in the research process.

Chapter 4 consists of a background description of contemporary banking and a description of strategic environmental management within the financial sector. A description of the strategic environmental management in banks provides further insights into commonly used strategies.

Chapter 5 presents the results. It explains the organization and the strategic environmental management that the bank uses. Strategies connected to products, services, goals, policies, assessment methods are explained.

Chapter 6 analyses the empirical findings using the selected terms and models in the theoretical conceptual framework. The theories that were presented are applied on the empirical results that were found in the research project.

Chapter 7 addresses the research questions raised in chapter one. It also offers a discussion about how the empirics and analysis connects to findings in other studies.

Chapter 8 intends to answer the aim of the study. It also describes the need for further research in connection to the studied subject.

2. Theoretical perspective and literature review

In this chapter different terms and theoretical perspectives are presented as a foundation for understanding the empirics in chapter 5, the analysis in chapter 6 and discussion in chapter 7. The chapter explains theories concerning strategical environmental management, strategies, stakeholders, responsibilities and legitimacy.

2.1 Strategic environmental management

"Strategic management is defined as the process by which managers of the firm analyze the internal and external environments for the purpose of formulating strategies and allocating resources to develop a competitive advantage in an industry that allows for the successful achievement of organizational goals" (Cox *et al.*, 2012, p. 27). Cox *et al.* (2012) point at the connection between strategic management and competitive advantage but there is no consensus for how strategic management should be defined. In addition there are also different branches of strategic management (Cox *et al.*, 2012). Arguments have been made that there is interdependence between businesses and society that businesses need to be addressed strategically (Porter & Kramer, 2006). The economic values that businesses have and values for society can be connected through shared value. Shared value is not about what businesses do but what they put in the center of their businesses. It is assumed that what is good for society is also good for businesses and vice versa (Porter & Kramer, 2011).

Strategic environmental management (**SEM**) has emerged during the last decades. SEM seeks to connect environmental and economic bottom line goals with environmental impact reducing products and services into businesses strategic core. It is often discussed in terms of cost savings and market opportunities (Goldstein, 2002). The environmental management practices connected to SEM include environmental assessment, implementation and planning, environmental process and product design and reporting of environmental information to different stakeholders (Lucas, 2010).

SEM is also connected to the triple bottom line perspective (**TBL**), established by Elkington in 1997. An extended stakeholder perspective referred to as people, planet and profit is the core concept TBL (Tullberg, 2012). The *profit* bottom line is the classical measure of business profit which includes monetary value creation. The *people* dimension is supposed to illustrate what kinds of social responsibilities businesses have. The *planet* dimension refers to what kinds of environmental responsibilities businesses have (Elkington, 1997). The triple bottom line concept suggests that it is possible for businesses to take both social and environmental responsibilities meanwhile positive financial gain can be achieved (Gimenez *et al.*, 2012). Still, SEM focuses on the environmental aspect of TBL but it is sometimes necessary to see the connections to the people and profit dimensions in order to see the context (Goldstein, 2002).

2.1.1 Determining factors

Factors that determine strategic choices related to what kind of environmental strategies and approaches that are suitable are related to: the size of the business, internationalization, position in the value chain, attitude and motivations (González-Benito & González-Benito, 2006). Larger businesses are in general better at handle external pressures from stakeholders since they have more power than smaller businesses (Darnall *et al.*, 2010; Meznar & Night,

1995). Large, reputation sensitive businesses that are overviewed by environmental groups are likely to move beyond compliance because they have more resources to do so (Gunningham, 2009). It seems to be a higher level of environmental proactivity in multinational businesses which can be connected to power and size (Buysse & Verbeke, 2003; Kennelly & Lewis, 2002). However, Darnall *et al.*, 2010 claim that smaller businesses tend to be more responsive to value chain, internal and regulatory pressures from stakeholders since they do not have the same resources as bigger businesses to deal with big scandals.

The internal support and commitment of top management is often considered as an important factor that can determine the outcome of environmental strategies. Given top management support, environmental issues and aspects of business governance will attain priority and resources (Blomquist & Sandström, 2004: Stone *et al.*, 2004; Zhu *et al.*, 2006). The employees also need to be involved in the change of the business culture in order for an internalized support for an inclusion of a triple bottom line value ground in the business (Hanna *et al.*, 2000).

One external factor that will determine the SEM is the geographical location. The geographical location is intimately connected to the social, political and cultural context that determines the environmental regulation. It has also been argued that stakeholder pressures should be seen as a central part and a determinant factor in the choice of strategy (González-Benito & González-Benito, 2006). Stakeholder pressures are becoming stronger and it is moving up the supply chain, which has led to requirements from many final manufactures and retailers. Sometimes retailers and manufactures demand that their suppliers show some kind of environmental commitment. Increasing demands and expectations on responsibilities of businesses from a wide set of stakeholders emphasize needs to establish and maintain legitimacy (Porter & Kramer, 2011).

2.1.2 Strategic environmental management tools

Different means that aim to solve environmental challenges can force businesses to use strategic environmental management tools. These can be regulations and economic instruments that are created by society (Connelly & Smith, 2008). There can also be stakeholder pressures. As an example environmental friendly products and services can be seen as a strategic response to these pressures (Albino *et al.*, 2009). The development of these products and services force many businesses to change their business models to a triple bottom line perspective (Chen & Chang, 2012). These products and services often involve a focus on the products life cycle, consideration to environmental concerns and socio-environmental impacts (Pujari *et al.*, 2003). Some of the more or less voluntary tools that businesses can establish are further explained in appendix 1. These are the Carbon Disclosure Project (**CDP**), Dow Jones Sustainability Index (**DJSI**), environmental management systems (**EMS**), FTSE4Good, Global Reporting Initiative (**GRI**), Greenhouse Gas Protocol (**GHG Protocol**), ISO 14001 and United Nations Global Compact.

2.2 Strategies

The classical approach to business strategy is that economic profitability is the supreme goal. During the past decades this view has been increasingly challenged (Whittington, 2001). Porter (1996, p.68) explains that *"Strategy is the creation of a unique and valuable position, involving a different set of activities. If there were only one ideal position, there would be no need for strategy. Companies would face a simple imperative-win the race to discover and preempt it. The essence of strategic positioning is to choose activities that are different from*

rivals". This definition implies that strategies are connected to competitive advantage. There are still many different scholars and definitions with few agreements (O'Regan & Ghobadian, 2007). A recent addition to this debate is McKeown (2011) who state that "*strategy is about shaping the future*" (McKeown, 2011, p.11). Neither is there a consensus among researchers concerning the process in which strategies emerge from. Some argue that it is a deliberative and rational process. Others argue that it should be seen as an evolutionary process that is created through experimentation errors. Some claim that it is external and/or internal factors that form a strategy (Mazzuccato, 2006).

According to a classical explanation by Mintzberg &Waters (1985) there are five kinds of strategies (see figure 2). These are intended strategies, deliberative strategies, unrealized strategies, realized strategies and emergent strategies.

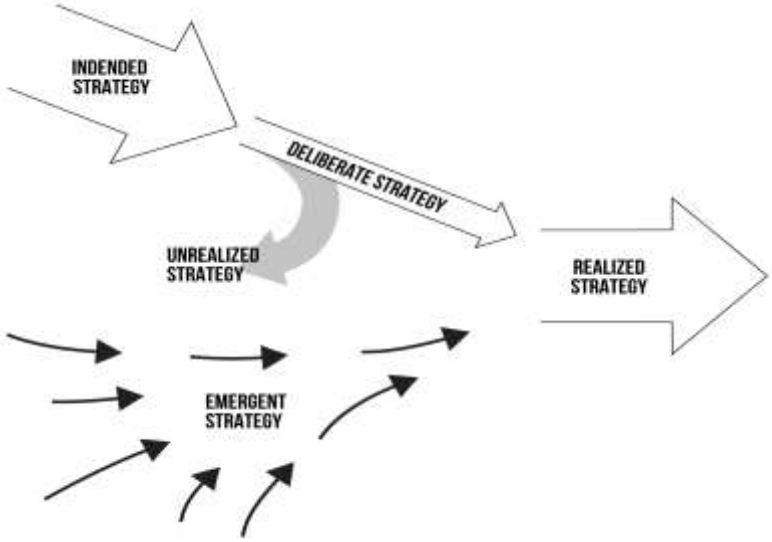

Figure 2. Strategic development. Modified model according to Mintzberg & Waters, 1985, p. 258.

Figure 2 shows the connection between the different strategies according to Mintzberg & Waters (1985). Intended strategies are strategies that are formed on intention through a negotiation process among many individuals. These can be seen as guidance for the business. The intended strategies can be turned into deliberative strategies along the way; these strategies recognize a perfect realization of the intended strategy but these are not fully implemented. The deliberate strategies can lead to unrealized strategies if it is concluded that these are not appropriate for the business. Realized strategies are intended strategies that have become implemented. Emergent strategies are strategies that are formed through complex processes. These processes often occur when there is an interaction between the business and its surrounding environment. Both intended strategies and emergent strategies help businesses to form realized strategies (Mintzberg &Waters, 1985).

2.2.1 Environmental strategies

The increased awareness about environmental challenges has forced businesses to form special strategies that deal with these problems and responsibilities. It has been claimed that environmental strategies are strategies that involve plans and mitigation for how the human society can be developed in a way that is ecologically sustainable in a long term perspective (Persson & Persson, 2003, p.16). Through a strategic management perspective environmental strategies are connected to competitive strategies. *"Competitive strategy is about being and*

acting different compared to others and deliver something that has a unique value" (Porter, 2006 p.13). An incorporation of the environmental challenges into the strategic focus may create competitive advantage (Porter & Kramer 2006; Porter and van der Linde, 1995). It has been argued that environmental strategies can facilitate differentiation and the creation of unique values (Persson & Persson, 2003). In addition, the creation of competitive advantage strategies can form or improve the business image and create higher employee morale (Porter & Kramer, 2006).

The implementation of CER or not is a strategic question. Vogel (2005) argues that neglecting to address environmental issues may be costly in the long term. Customers will see the disconnection if claims are made about environmental responsibility and this will have an impact on the legitimacy of businesses. It is therefore not suitable to argue that environmental strategies per se create competitive advantages; it depends on how these are implemented and communicated (*Ibid.*, 2005). Aragon-Correa & Rubio-Lopez (2007) are not convinced that environmental strategies can contribute to competitive advantage. They state that it is as an over simplistic one size fit all solution that needs to be evaluated further. It is possible that some businesses get the best financial performance if they keep their environmental management ambitions on a minimum low and only follow the legal requirements (Aragon-Correa & Rubio-Lopez, 2007).

2.2.2 Environmental management stages in businesses

Table 2 illustrates different divisions of environmental management stages in businesses made by Buysse & Verbeke (2003); Hart (1995); Henriques & Sadosrky (1999); Idowu & Loche (2011) and Jabbour & Santos (2006).

Table 2. Divisions of environmental management stages.

Authors	**First stage**	**Second stage**	**Third stage**	**Fourth stage**
Hart (1995)	End of the pipe approach	Pollution prevention/total quality management	Product stewardship	Sustainable development
Henriques & Sadosrky (1999)	Reactive	Defensive	Accommodative	Proactive
Buysse & Verbeke (2003)	Reactive	Pollution and prevention	Environmental leadership	
Jabbour & Santos (2006)	Functional specialization	Internal integration	External integration	
Idowu & Loche (2011)	Reactive	Proactive		

Among other theories table 2 also includes a classical definition of environmental strategies that was created by Hart (1995). He inspired many later researchers (Muillo Luna *et al.*, 2008). Hart (1995) distinguishes four environmental approaches, he defines these as the end of pipe approach, pollution prevention/total quality management, product stewardship and sustainable development (see table 2). In the *End of the pipe* approach the environmental improvements are made because there is a need to follow legal requirements. If a business has a *Pollution prevention/total quality management* approach it tries to reduce the pollution levels below the legal requirements. A *Product stewardship* approach means that the business design products and services that aim to minimize the negative environmental burden, with a

life cycle analysis emphasis. A *Sustainable development approach* is established when there is a sustainable long term vision among the different stakeholders and a development of clean technologies (Hart, 1995).

Henriques & Sadosrky (1999) classified businesses' environmental management stages into the following categories: reactive, defensive, accommodative and proactive (see table 2). The *reactive businesses* do not get any support from top management; they do not have any environmental reporting and no employee training. The *defensive businesses* deal with environmental issues when it is necessary and the goal is to satisfy environmental regulations. The *accommodative businesses* have some involvement by top management, environmental management is used as a function and these businesses have some kind of internal reporting but not that much external reporting. In *proactive businesses* the top management is involved in environmental issues, these businesses have environmental training, internal and external reporting. Henriques & Sadosrky (1999) conclude that reactive businesses view media as the only important stakeholder whereas proactive firms view all stakeholders expect media as important.

Buysse &Verbeke (2003) developed Hart's (1995) model further. They use the terminology *environmental leadership* as strategy instead of *sustainable development*. It is concluded that the shift between the different strategies requires investments in green products, employee skills, organizational and employee competences, management systems and a change in the strategic planning process (Buysse & Verbeke, 2003). Several authors have developed these models further (Idowu & Loche 2011; Jabbour & Santos, 2006). As illustrated in table 2 the different stages are explained more or less similarly since they start at a point where no strategies for environmental management are used. These stages end where the most proactive businesses can be found.

2.2.3 Environmental management stages in banks

Table 3 defines different divisions of environmental management stages in banks made by Furer *et al.*, 2012 and Laugel & Laszlo, 2009.

Table 3. Divisions of environmental management stages in banks.

Authors	**First stage**	**Second stage**	**Third stage**	**Forth stage**
Laugel & Laszlo (2009)	PR/window dressing	Quick wins and lateral resources	Core resources	Game change
Furer *et al.* (2012)	Hesitators	Product innovators	Process developers	Forerunners

The terminology that Laugel & Laszlo (2009) use explains how sustainability can be integrated into the core of banks' value creating activities (see table 3). In the *PR/window dressing* strategy banks have created sustainability reports and use green communication. In the strategy named *Quick wins and lateral resources* banks use certified and/or green buildings as offices and these banks have ISO 14001 certifications. These banks also assist non governmental organizations (**NGOs**) and are a part of emission cutting projects. In the *Core resource* strategy banks have some kind of investment and loan policy connected to sustainable development. The ambition in this stage is that sustainability should be managed through its main activities and core processes. The banks in this stage have a deep understanding for customer's demands. In the *Game change* stage banks innovate new products that have a sustainability focus. The leadership view sustainability as a possible competitive advantage. These banks have a deep understanding for stakeholders and their

needs. Processes are reviewed and outsourced processes are internalized (Laugel & Laszlo, 2009).

Furer *et al.* (2012) conclude that many frameworks for analyzing different climate strategies have not been designed for the service sector. They have developed a model for climate change stages among banks (see table 3). *Hesitators* are banks that implement few activities related to climate change, these activities are mainly focused on its own operations. *Product innovators* are banks that focus their activities on the development of climate products and services. This approach can include initiatives such as provision of loans and mortgages to a lower price to the customers who implement energy efficient programs. These banks can also offer funds that are invested in businesses that manage climate change in a decent way. Since product development is in the heart of the banking business it is possible that product development will contribute to the bank's value creation. *Process developers* are banks that focus their activities on governance. The top management is assigned with climate change responsibility. Process developers have intellectual capital within the banks; the employees are educated in issues connected to climate change. These banks contribute to debates or lobby for climate change policy frameworks. *Forerunners* are banks that have integrated climate change into their value creating processes. These can for example ask for a higher risk premium of customers that have a negative impact on the environment (Furrer *et al.*, 2012).

2.3 Responsibilities of businesses

Corporate responsibility (**CR**) shapes the identity of organizations and CR is therefore increasingly integrated into strategies in businesses (Das Gupta, 2012). The concept of CR is a well-established term; it contains social, economic and environmental aspects (Ergi & Ralston, 2008). Caroll (1991) founded a classical explanation based on a pyramid where businesses have philanthropic responsibilities, ethical responsibilities, legal responsibilities and economic responsibilities. The philanthropic responsibilities are to be a good citizen and contribute with resources to the community. The ethical responsibilities include obligations to do what is right, just and fair. Legal responsibilities are to obey the law. Economic responsibilities in businesses are to be profitable which is considered as the foundation for the other responsibilities (*Ibid.*, 1991).

Discussions about responsibilities of businesses have been further discussed and identified in various ways. These discussions have mainly concerned where the boundaries of responsibilities should be set, if CR should be seen as an ethical concern and/or a strategic issue and the connection between responsibilities and improved business image and economic revenue (Grafström *et al*., 2008). The responsibilities that businesses undertake have an impact on the organizational culture, it requires new shared values and strategic implementations (Cramer, 2005). If businesses want to cover CR the chosen strategies need to be in line with the three pillars: people, planet and profit (Cramer 2005; Elkington, 1997). Changes in climate and environmental conditions have resulted in an increased awareness and concern of CR, especially through the environmental perspective. Environmental responsibilities are now accepted as a norm for organizations that aim to be sustainable (Sindhi & Kumar, 2012).

Corporate environmental responsibility (**CER**) can therefore be seen as important for businesses (Borial, 2007; Guninghamn, 2009; Russo & Harrisson, 2005). CER is a sub-category of corporate responsibility. CER has been defined as *"practices that benefit the environment (or mitigate the adverse impact of business on the environment) that go beyond*

those that companies are legally obligated to carry out" (Gunningham, 2009, p.215). It has also been identified as "*Environmental friendly actions not required by law, also referred to as going beyond compliance, the private provision of public goods or voluntary internalizing externalities"* (Lyon & Maxwell, 2008, p.241). Both of these definitions put an emphasis on strategies that go beyond legal compliance towards more proactive approaches (Gunningham, 2009; Lyon & Maxwell, 2008). CER contains obligations on decision makers to take responsible actions with the goal to protect and improve environmental conditions which also is in line with their own interest (Holtbügge & Dögl, 2012).

Stakeholder involvement and transparency are conditions for successful CER (Sindhi & Kumar, 2012). Open disclosure reports are an important part of this, these reports can create transparency and public awareness. These can also serve as grounds for establishing legitimacy. The reputation and image of the business are two most vital motives for businesses to act responsibly. Hence, CER creates more pressures on businesses towards the use of CER strategies (*Ibid.*, 2012).

Even though the increased discussions about environmental issues have been intensified (Rockström *et al.*, 2009) the emphasis on CER in top level journals appears to be weak compared to CR. Ergi & Ralston (2008) identified that 62 out of 321 CR articles in top tier journals between 1998 and 2007 concerned CER explicitly. The reason behind this can be that CER is more interdisciplinary and context bounded, there is a low focus on CER in business schools and CER is more focused than CR which is a broader concept (Ergi & Ralston, 2008).

2.4 Stakeholder pressures

External pressures from governments, customers, extent power of local communities and other stakeholders force businesses to strategically manage environmental issues (Warhurst, 2005; Zhu *et al.*, 2006). According to stakeholder theory the financial performance in businesses will depend on how businesses manage the relationship with stakeholders (Freeman, 1984). Stakeholders can be defined as "*any group or individual who can affect or is affected by the achievement of the organization's objectives*" (Freeman, 1984, p.46). This is a broad definition that gives the possibility to freely interpret who can have an impact on the businesses (Mitchell *et al.*, 1997). Since the publication of Freeman's book, numerous authors have developed stakeholder theory further. There has been a shift in focus within businesses toward stakeholders instead of shareholders (Kotler, 2000). Stakeholder groups can for example include shareholders, employees, suppliers, competitors, customers, interest groups, local community, civil society, government, media and society at large (Caroll, 1991).

Roberts (2003) offers an interpretation of a stakeholder model developed by Dowling (2001), see figure 3. It includes stakeholders in four categories connected to their roles in society. A modern stakeholder management approach suggests that businesses should deal with the expectations of a wide variety of stakeholders and not only focus on creating shareholder value. This approach can include regulatory satisfaction, customer satisfaction, social and environmental responsibilities (Buysse & Verbeke, 2003). To understand the relationship between business and society it is nowadays essential to use stakeholder theory (Caroll & Buchholt, 2003).

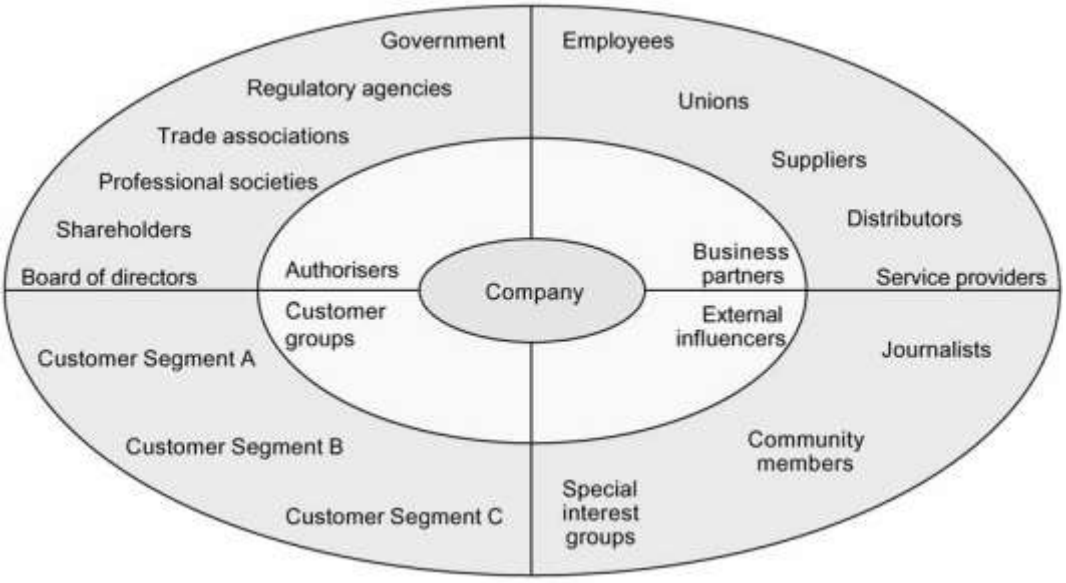

Figure 3. A stakeholder model. Model developed by Roberts, 2003, p. 162, interpretation of Dowling, 2001.

In figure 3 *authorizers* are a group that includes regulators that set laws and voluntary improvements (Roberts, 2003). Increasingly complex environmental regulation has created increased pressure on businesses (Buysse & Verbeke, 2003). Historically the legislation has been less developed in the service sector compared to other sectors (Banerjee, 2002).

Business partners are stakeholders that facilitate the operation in businesses; it includes both suppliers and employees (Roberts, 2003). Businesses with a reputation of ineffective environmental management can face difficulties to attract qualified employees and suppliers since these might have strong preferences (Buysse & Verbeke, 2003; Reinhardt, 1999). The employees can create pressures depending on how they participate and involve themselves into the environmental issues connected to the business (Buysse & Verbeke, 2003).

External influences are for example NGOs, community groups and media. International commitments as the United Nations Global Compact[*] can also be seen as a part of external influences (Roberts, 2003). NGOs activism has increased since 1990's. These organizations establish different relationships with businesses; the relations can be collaborative or confrontational such as protests and boycotts (Arenas *et al.*, 2009). Internet has significantly lowered the cost for internal and external communication for these groups. Internet also makes it easier for like-minded individuals to gather (Lyon & Maxwell, 2008). Social media is a new kind of information sharing that can be used by these external influences. Through this media it becomes easier to raise opinions, demand or ask for information (Sederreviciute & Valentini, 2011).

The *customer groups* have different interest and diverse expectations of business behavior (Roberts, 2003). Customers are a stakeholder group that continuously becomes better informed and aware of environmental impacts associated with products. Many customers demand that businesses work with problems connected to sustainable development in an efficient way. A logo or a slogan that is connected to sustainable development is not enough.

[*] For an explanation of United Nations Global Compact, see appendix 1

The environmental performance need to be implemented in everyday operations (Larsson, 2009). Aragon-Correa & Rubio-Lopez (2007) argue that businesses should not always believe that there is a deep connection between customer demands and the need to improve environmental performance. It is possible that customers that are a part of different research project give biased answers. Customers can assume that it is politically correct to use a proactive approach. Secondly, customers are not always willing to act in accordance to what they say. They might also choose to pay more attention to problems in their own community compared to environmental issues with more global characteristics. It is also notable that customers can be skeptical to the environmental claims made by businesses, sometimes they tend to trust scientists and environmental protection groups more (Aragon-Correa & Rubio-Lopez, 2007).

Many stakeholders are connected to banks (Lundgren & Catasus, 2000). These can be defined as fed/regulation, employees, rating agencies, customers/associations, non-governmental organizations and shareholders. The relationships with key stakeholders are complex in banks. Stakeholders can be affected or affect banks in various ways since banks are in the center of economy. Banks have a huge impact in society since they have vast contact nets all over the society and at different scales. Banks are also restricted by regulations and expectations that are created by various stakeholders. They are governed by strict codes of practices and there are few other businesses that are govern in the same way. These codes of practices are created by different stakeholders that demand or expect certain behaviors from banks. It is also important for banks to listen to the expectations from future stakeholders since they might expect certain outcomes of their investments (*Ibid.*, 2000).

As mentioned, the model created by Roberts (2003) identifies several stakeholders. When businesses form their SEM they often take many stakeholders into account even though all stakeholders are not equally important in the process. The importance of different stakeholders can also change over time (Buysse & Verbeke, 2003: Caroll, 1991). Nowadays it is possible that pressures from stakeholders on environmental issues can steer the direction of the strategic development towards a greater environmental proactivity since stakeholders have such possibilities to impact this development. The successfulness of these pressures will mainly depend on how these pressures are formed and communicated (Murillo-Luna *et al.*, 2008). From a business point of view strategies that include environmental proactivity can create an improved performance which may increase the legitimacy level and lead to competitive advantage (Etsy & Winston, 2006).

2.5 Legitimacy

According to Deegan (2002) organizations and businesses exist because a given society assumes that these are legitimate. These organizations and businesses do not inherent the right to exist, they got to earn their legitimacy from the society and they need to accept the current social contract that is given by the society. If a business breaks the social contract the expectations from stakeholders might increase. There are also continuous changes in norms and values within the society which can have an impact of the legitimacy (Deegan, 2002). It is therefore important that businesses deal with the values and norms that exist in and around the organization (Deegan & Unerman, 2011). Traditional information that was expected by stakeholders in the past was price, quality, service and value. In the current society new values have been added, for example some stakeholders view the possible environmental impact and protection of nature as important factors when they make certain choices (Dixon, 2004). Business commitments, annual reports and other documents make it possible for the

community to determine how businesses reply to environmental issues (Wilmshurst & Frost, 2000; O'Donovan, 2002).

There are different strategies that can be used to impact the businesses and organizations' legitimacy; a well-developed proactive environmental management and performance is one of these strategies. To make these strategies visible businesses can choose to inform the public about changes in values. They can also try to change the perceptions that the public have (Taylor *et al.*, 2001). Several factors will determine the shape of the strategic management but the strategies that businesses choose can depend on if they are trying to repair, maintain or gain its legitimacy. It is also essential for businesses to know how legitimacy can be lost, maintained or gained in order to set a proper strategy (O'Donovan, 2002).

2.6 A conceptual framework

The understanding of the theoretical framework is illustrated in figure 4. It also presents the connections and interactions between the theoretical concepts.

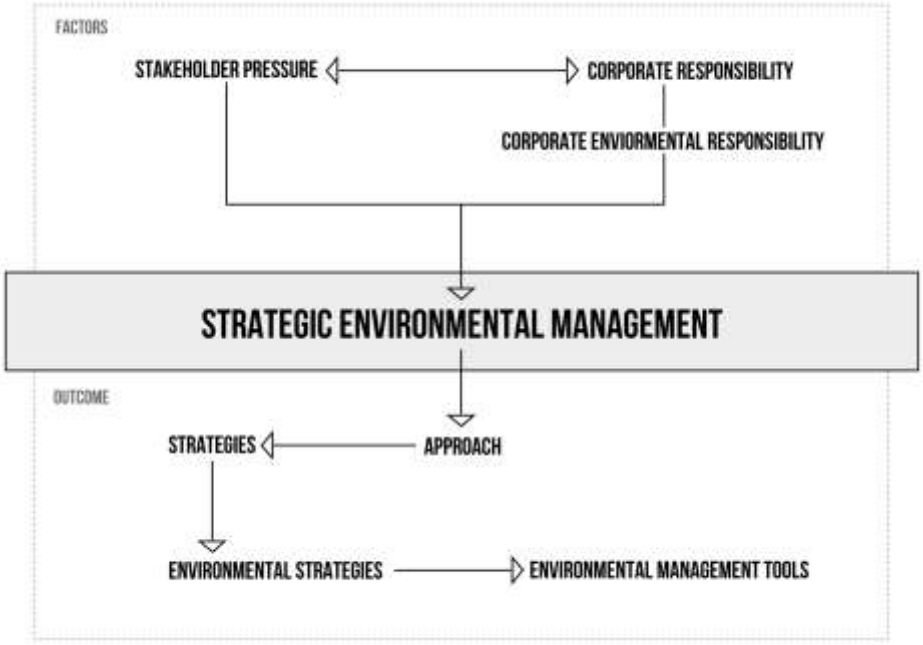

Figure 4. Theoretical framework.

Figure 4 illustrates that SEM exists partly because of the perceived responsibilities within the business (Gimenez *et al.*, 2012). As explained earlier, the different responsibilities can be determined by various factors such as stakeholder pressures (Buysse & Verbeke, 2003) and the legitimacy of businesses (Taylor *et al.*, 2001). The theoretical framework implies that different environmental approaches are set through the perceived stakeholder pressures and responsibilities. The strategic approach creates the ambition for businesses to establish strategies as for example certain activities, actions, initiatives and toolsets which can be realized through environmental management tools (Ammenberg, 2012). The choice of the theoretical framework is discussed more into detail in the next chapter, chapter 3, concerning methods.

3 Method

This chapter aims to offer grounds for understanding conditions for the approach and methodological choices in the processes. It also offers a presentation of the ethical approach and quality assurance in the research process.

3.1 Research approach

In this study a qualitative research approach was used. This approach sees the contexts as important and it has been argued that the phenomenon needs to be understood in its settings (Bryman, 2004; Robson, 2011). This choice gave the possibility to create an understanding for SEM in a specific bank meanwhile the service sector and financial sector gave it context. The SEM within the bank needed to be understood as a phenomenon in its settings and not as a specific branch since environmental management is connected to the whole organization, stakeholders, responsibilities and legitimacy. Even if this wide perspective was used in this project it does not aim to generalize SEM in the financial sector. The focus is oriented around one context bound bank. It was understood that generalization is never the goal in qualitative studies. It is rather the understanding of the studied subject or phenomenon that is the goal (Bryman, 2004; Robson, 2011).

A case study is a qualitative research approach that was used in this project. A case study can be defined as "*A research strategy which focuses on understanding the dynamics present within single settings*" (Eisenhardt, 1989, p. 534). The case can be viewed as a context bound situation, groups or organizations (Bryman, 2004). This case study was focused on the SEM that Swedbank uses. Critics against case studies have claimed that it open up for possibilities of a biased view that influence the direction of the study. It is possible that the researcher becomes influenced by the participants in the case study (Yin, 2009). In this study the methods and methodologies were explained as detailed as possible with the aim to illustrate how the researcher always intended to be objective with as little bias as possible. The researcher was aware about that it can never be completely neutral and that it always has certain values (Bhattacherjee, 2012). Questions concerning the trustworthiness are further explained under headline *3.4 Trustworthiness*.

3.2 Research design and delimitations

This project was done on commission of Swedbank. This setting mainly had an impact on the project since it facilitated the access to data. The commission helped the researcher to achieve increased knowledge about the organization that probably would have been more difficult through external contact. However, it is possible that the organization had certain expectations since the project was done as a commission. This might have steered the data access into certain directions, as an example the involved employees decided what information they wanted to share (Robson, 2011).

3.2.1 Methodical delimitations

An inductive research approach was chosen since there were few prior studies that focus on the connection between environmental issues and the service sector in comparison to the amount of studies concerning environmental issues and other sectors (Perez *et al.*, 2013;

Skaggs & Youndt, 2004). It is recommended to use an inductive approach that can be theory building in cases with few prior studies (Robson, 2011). A sample was observed, in this case information about the SEM in the bank and then conclusions were drawn which is recommended by Leedy & Ormrod (2010). The data collection that consisted of information about the SEM in the bank was seen as essential. It is not possible create theoretical ideas and concepts without the data collection when an inductive approach is used (Bryman, 2004). The lack of previous research is also highlighted as a motive to do a case study. Eisenhardt (1989) & Yin (2009) explain that case studies are especially appropriate in areas that demand new research and where the existing theories and empirical evidence is scarce or ruthless. It was therefore suitable to do a case study about the SEM that a bank uses to manage and deal with environmental challenges. The main focus was on the SEM and not on strategic management of sustainable development. It was sometimes necessary to include strategic management connected to sustainable development since environment is a part of sustainable development. Sustainable development is often described as three dimensions of economic, social and environmental sustainability (Miller & Spoolman, 2012).

A bank was chosen in this case partly because of the discussion that emerged from the financial crisis in 2008 about what responsibilities banks have and if their business model need to be redesigned (Herzig & Moon, 2013; Laugel & Lazslo, 2009). The geographical delimitation was set to Swedbank's following markets; Estonia, Latvia, Lithuania and Sweden. Swedbank is the biggest bank in in Sweden and it has a leading position in Estonia, Latvia and Lithuania (Swedbank, 2012). These markets were chosen because these are Swedbank's home markets and all of these follow the same environmental strategy, policy and several other goals. Because of different conditions as for example different economical, political, cultural aspects in these markets it was interesting to investigate if similar strategies were used in the different markets. It was also recognized that stakeholder perceived pressures, responsibilities and legitimacy may be essential for the choice of SEM.

3.2.2 Theoretical delimitations

A theory can be an explanation of the current situation or phenomenon. It can also work as some kind of assurance that the research is in line with other researchers understanding of the subject (Robson, 2011). The theoretical framework was mainly based on SEM that included theories about stakeholder pressure, legitimacy, responsibilities of businesses, different strategies and reasons to implement different strategies (see figure 4, p.14). It was assumed that the choice of SEM partly depended on the perceived responsibilities and stakeholders. These were highlighted as possible impact factors when the literature review was made by for example Caroll (1991), Gunningham (2009) and Roberts (2003). Legitimacy was considered to be a motive for working with SEM (Taylor *et al.*, 2001) but it was not measured in this study. The impact factors of stakeholders and responsibilities were assumed to create certain outcomes. For example outcomes as different approaches and strategies were set which were assumed to motivate the use of environmental management tools within the bank (Buysse & Verbeke, 2003; Idowu & Loche, 2011; Jabbour & Santos, 2006). The combination of these impact factors and outcomes aimed to give a holistic understanding of SEM. It is, however, possible that the choice of these excluded other impact factors and outcomes. For example the theoretical framework did not include economical aspects. This could have an impact on the results since it may exclude certain aspects in the SEM. The combination of the theories that were used did however make it possible to analyze the empirical data. It was thereby possible to build a discussion based on the empirical findings and previous research.

3.2.3 Empirical delimitations

The timeframe boundaries were set around the currently used SEM. Future strategies were ignored since it cannot be taken for granted that these will be implemented. In addition, past strategies were excluded, except for a brief historical description of the evolvement of environmental management in the bank. It was necessary to include this description in order to achieve a greater understanding for the currently used strategies. The strategies were mainly identified through sustainability reports and interviews. It is possible that some strategies were not identified since these could not be identified through these sources. The interviews were only conducted with employees in the Swedish market which might exclude certain approaches and strategies in the Estonian, Latvian or Lithuanian markets. The strategies highlighted in sustainability reports have been criticized since these reports have been accused for bias because these sometimes work as a marketing tool. It has been argued that these present what stakeholders want to see (Manetti & Becatti, 2009). The environmental responsibilities, pressures from stakeholders and the possible impact of legitimacy level were not be emphasized in this study since the aim was not to answer how or why strategies are formed. These theories were however a part of the analysis and discussion since these are a part of the SEM concept.

3.3 Data collection

This study focused on qualitative information. This information was available through primary data such as interviews and other conversations. Secondary data like sustainability reports, Swedbank's intranet and Swedbank's webpage were also used as information sources.

3.3.1 Primary data

The interview process that was used in this study is illustrated in table 4, p.18. All the participants except one worked at Swedbank, the expectation worked at Swedbank robur which is a subsidiary of Swedbank. One semi structured live interview was made. In this kind of interview the interviewer uses a guide with a checklist of different topics and/or questions that will be discussed (see appendix 2). This kind of interview was used since it gave the interviewer greater freedom than in a structured interview (Bryman, 2004; Robson, 2011). This freedom made it possible to ask follow up questions. It was also assumed that new discussion subjects that could not be predicted would occur during the interview. The interview concerned questions about the SEM which made it difficult to use a structured interview since the theme was rather broad. The interview was recorded and turned into a transcript which is recommended by Bryman (2004) and Robson (2011). These records were also seen as important since it can be easier for peers to determine how proper the research grounds were through transcripts (Bryman, 2004). A telephone interview and a couple of email conversations and were also used as information sources since it was easier to get into contact with participants that might had an intensive schedule through that kind of communication tools. This kind of communication was mainly used when the interviewees were asked to give light information about a specific subject. All of the interview guides that were used can be found in appendix 2.

Table 4. The interview process.

Interviewee	Position	Interview date	Interview structure	Validation request	Validation received
Bergström Andreas	Private Banking Adviser	2013-11-06	Telephone interview	2013-11-07	2013-11-07
Hallén Mårten	Head of Group Card Debit Cards	2013-10-30	Email	2013-10-30	2013-10-30
Heissenberger Katarina	Social Sustainability Specialist	2013-11-11	Email	2013-11-11	2013-11-11
Lindberg Anna	Environmental and Climate Specialist	2013-11-27	Email	2013-11-27	2013-11-27
Lönnroos Jenny	Head of Group Environmental Management	2013-10-20	Semi-structured live interview	2013-10-31	2013-11-15
Nilsson Anna	Head of Sustainability Analysis, Swedbank Robur	2013-10-11	Email	2013-10-11	2013-10-11
Von Knorring Wigren Anna	Sales & Marketing Manager Structured Products	2013-11-07	Email	2013-11-07	2013-11-07
Wesslén Lisa	System Business Manager Advisory Tools	2013-11-21	Email	2013-11-21	2013-11-21

Both the semi-structured live interview, telephone interview and the email conversations that are illustrated in table 4 were carefully designed. Questions that eliminated the risk for particular and biased responses were used since it was recommended by Robson (2011) and Yin (2009). The researcher was aware about that it is possible that the interviewee can tell the interviewer what it wants to hear or manipulate the interviewer. An advantage with interviews compared to for example surveys is that interviews can be focused directly on the selected topic and it creates room for explanations (Yin, 2009). As recommended by Bryman (2004) and Yin (2009) the transcripts and interpretations were returned to the source of information to make sure that the understanding of the subject was correct and additional comments were approved.

3.3.2 Secondary data

One of the first steps that were taken in this study was to make a literature review. In a literature review articles, books, dissertations and other research reports that are connected to the research problem are identified, located and analyzed (Robson, 2011). This literature was partly done with the intention to identify a theoretical framework. Mainly academic articles

from peer-reviewed journals were used as a source of information for the theoretical framework. Different key words in different combinations were used; the search terms that were used are summarized in table 5.

Table 5. Used research terms to find academic articles.

TX All Text	And	TX All Text	And	TX All Text
Strategic environmental management		Environmental management		Environmental aspects
Corporate environmental responsibility		Environmental assessment		Environmental impacts
Environmental strategy		Environmental performance		Theory
Financial sector		Service sector		Legitimacy
Banks		Stakeholder		

The search terms (see table 5) were used in databases named Elsevier, Science Direct, Sage Primier, Springer Link and JSTOR in order to get access to academic articles. The search terms concerned issues connected to environmental management in general but some searches did also boiled down to more specific searches about for example sub categories as for example corporate environmental responsibility. All of the key words were used in different combinations in order to reach a vast variation of articles. The combinations that were used might have excluded certain articles that would have been of relevance for the study and thereby the theoretical framework. Most of the articles that were found had been published during the past ten years. The ambition was to use research that was up to date since environmental management often is described as a rather new scientific area which could imply that there are constantly changes in the academic field (Ammenberg, 2012). It is however possible that this choice excluded some early findings in the academic field that could have been useful for the study.

Some books were used to achieve a greater understanding for methods, methodology, theories and background information about environmental management. When information about Swedbank and its operations was needed it was sometimes necessary to use the webpage of Swedbank as a source. In addition, sustainability reports were often used as a source to get access to information about the environmental management, especially Swedbank's sustainability report for 2012 was used since this was the latest one. Sustainability reports and similar information sources as webpages have been criticized for being subjective. These tend to focus on the successful accomplishments and these reports highlight certain facts in an advertising point of view (Manetti & Becatti, 2009). This was understood by the researcher which aimed to use several sources of information through triangulation as often as possible.

3.4 Trustworthiness

Trustworthiness can be created if the research subject is explained in an open and unbiased way, additionally the researcher need to use good researcher practices (Bryman, 2004; Robson, 2011). The researcher in this study was aware about that it is not possible to be completely objective (Bryman, 2004) but the researcher tried to act in good faith. Bias and rigor can be created when there is a close relationship between the researcher and the settings in which it operates (Robson, 2011). The researcher worked in close contact with the employees in Swedbank's unit named Group Environmental Management. A relationship that

includes trust can be created between the researcher and respondents when the researcher spends a long time in a setting (*Ibid.*, 2011). This might result in a situation where the respondents give less biased information. However, the researcher can also create bias during a long time involvement since it can be difficult to keep the researcher role (Robson, 2011; Yin, 2009). Even though the researcher had close contact with the employees the ambition was to remain as objective as possible. This was mainly fulfilled through the use of triangulation.

Triangulation is when more than one method or source of data is used (Bryman, 2004). If several sources are used it is easier to avoid bias (Robson, 2011). In the best possible extent the information were confirmed through both interviews and documents. As mentioned earlier sustainability reports and similar reports have been criticized for being subjective because of the intention which is to create a valid presentation for stakeholders (Manetti & Becatti, 2009). This was taken into account when the study was conducted but sometimes these reports were the only available information source.

3.5 Ethical considerations

The researcher carefully considered the possibility of harm to the participants. Awareness was given to the fact that harm is objective and it can therefore be viewed different from people to people (Bryman, 2004; Bryman & Bell, 2011). When people agree to be interviewed it is common that people refuse to answer certain questions. Bryman (2004) and Bryman & Bell (2011) explain that this refusal often is based on a feeling that certain questions have too private characteristics or that the questions cover a topic that they do not want to make public. The interviewees in this study that did not want to answer certain questions were respected and all sources were given the possibility to be anonymous. None of the interviewees in Estonia, Latvia or Lithuania wanted to be referred to as a source.

Another ethical concern is deception that occurs if the researcher presents the research as something that it is not. Researchers are recommended to use weigh the gains against the cost in human dignity in order to minimize deception (Bryman, 2004; Bryman & Bell, 2011). Deception was avoided since the interviewees were given the possibility to read and discuss the transcripts before the research project was published. This was also done in order to make sure that the subject had been understood by the researcher.

4 Background for the empirical study

This chapter consists of a background description of contemporary banking and its characteristics. A description of the strategic environmental management in banks provides further insights into commonly used strategies.

4.1 Contemporary banking

Financial institutions, for example banks provide products and services that include lending, savings, mediation, investment, advices, guarantees and trust of real estate (Bouma *et al.*, 2001). Banks price and value financial assets, deal with financial risks, monitor borrowers and organize different kinds of payment systems (Geenbaum & Thahkor, 2007). Contemporary banking around the world can in general be described as globalized, rather unregulated (Jeucken, 2004; Lundgren & Catasus, 2000) and unpredictable (Lundgren & Catasus, 2000). During the 1980's mergers started to be made among banks. Mortgage banks, insurances and investments banks were merged together. With improved technology and deregulation the geographical boarders became less important. International and universal banks which offer a variety of financial services became more common (Jeucken, 2004).

The Swedish banks have extensively developed its international markets since the mid-1990's (Internet, Swedish Bankers' Association, 2013). Some areas have become more important than others, for example life insurance, mortgage lending and fund management. The markets have geographically expanded especially in Scandinavia and the Baltic states (Internet, Swedish Bankers' Association, 2013).

4.2 Strategic environmental management within banks

Laugel & Laszlo (2009) and Lundgren (1999) claim that banks have historically seen environmental issues as irrelevant since banks generally do not have any physical production. Lundgren (1999) describes historical discourses between banks and the environmental movement (table 6).

Table 6. Different discourses between banks and the environmental movement (Lundgren, 1999, p. 16-17).

Aspect	**Bank discourse**	**Environmental movement discourse**
Main problem	Limited financial resources	Limited natural resources
Risks	Financial collapse	Collapse of nature and society
Time view	Short, less than ten years	Long, longer than ten years
Success	Financial growth	Health, surviving and biodiversity
Ethical objects	Customers	Nature and future generations
Philosophy	Anthropocentrism and technical optimism	Biocentrism and technical pessimism

As illustrated in table 6 discourses and values between banks and the environmental movement can be considered as rather different when they are compared towards each other. It has been and still is a challenge for banks and the environmental movement to combine these values (Lundgren, 1999).

In the mid 90's global financial institutions started to believe that environmental issues would receive increased attention in the future even though this realization was established earlier in some banks (Lundgren & Catasus, 2000; McCammon, 1995). During 1995 and 1996 all the major Swedish banks and many international banks started to manage environmental challenges seriously (Lundgren, 1999). Pressures and challenges were introduced by external and internal demands from customers and employees. Different businesses around the world started to work with EMS. Other reasons for this increased attention was the financial crisis in the early 90's, the need for deeper profiling among banks and the recognition that environmental management could be profitable (*Ibid.*, 1999).

When the financial sector started to manage environmental issues it was mainly the internal environmental performance that was a concern (Weber, 2005; Schmid – Schönbein and Braunschweig, 2000). Banks wanted to reduce their costs at the same time as they wanted to improve their environmental performance. This could be done quite easy with energy and/or material reduction. Towards the end of the 90's environmental risk management was introduced to banks since economic loss had been connected to environmental risks when loans were approved (Weber, 2005). Specialized mortgages, green and responsible funds were introduced to the market (Weber, 2005; Jeucken, 2001). In the beginning of the 21st century several NGOs were concerned about the exclusion of negative externalities when certain loans were approved. They argued that this exclusion could lead to different environmental, social or human right abuses in developing countries (Schepers, 2011).

Since then the environmental management in banks has been developed further. Scholtens (2009) investigated the environmental management within thirty two banks in fifteen different countries in three regions around the world (see table 7).

Table 7. Development of corporate responsibility in the international banking industry.

Environmental performance indicator	**Year 2000**	**Year 2005**
Sustainability report	One third of all banks	Almost all banks
Environmental policy	<50 per cent	Almost all banks
Report CSR-performance	One third	Almost all banks
Environmental management systems	Hardly any bank	Almost half of the banks
Report environmental performance with quantitative data	Less than two out of every five banks	Four out of five banks

Through the findings that Scholtens (2009) recognized (see table 7) he concludes that sustainability has gained increased attention among banks between 2000 and 2005. In addition he claims that sustainability is a very important issue in the international banking industry. He argues that it has been a change in culture among banks. Nowadays financial institutions are becoming more interested in other factors than just figures (Scholtens, 2009). Banks invest more in strategies that contribute to sustainable development in various ways compared to previous decades (Hermes *et al.*, 2005).

The increased attention towards environmental issues can have different explanations. During the past decade more networks and organizations have started to ask different banks to act more responsible (Baranes, 2009). Laugel & Laszlo (2009) claim that the finance crisis in 2008 forced the sector to take issues connected do sustainable development seriously. The crisis created greater pressures from customers and regulators. This pressure force banks to create additional value for their stakeholders which might make it easier for customers to regain confidence. Business as usual is seen as unsustainable; nowadays banks need to act

proactive since the reputation of banks is at stake. A change of mind-set is necessary, profitability and sustainability must be seen as a win-win solution because environmental problems will have an impact on society and thereby banks (Laugel & Laszlo, 2009). For banks the environmental challenges might mainly be visible through the impact on economy. Climate change has been called the widest market failure ever. In order to create a more stable economy a global, long term perspective and estimations of risks need to be included in economic analysis (Stern, 2006).

However Perez *et al.* (2013) argue that the banking industry historically has been forced to make big efforts in order to maintain corporate credibility and trust from customers. Therefore they claim that financial institutions in general can be described as proactive when it comes to sustainable strategies focused at CR compared to businesses in other sectors (Perez *et al.*, 2013).

4.3 Management strategies in connection to direct aspects

Most of the internal processes in banks give rise to direct environmental aspects (Jeucken, 2004). According to Annex VI, point 6.2 in EMAS III (1221/2009) "*Direct environmental aspects are associated with activities, products and services of the organization itself over which it has direct management control*". If the environmental aspects from banks are measured in terms of direct aspects such as their energy, paper and water use the bank sector can be seen as a rather green sector compared to other sectors such as producing industries (Bouma *et al.*, 2001). Table 8 illustrates some of the direct aspects that have been identified in the academic research.

Table 8. Direct environmental aspects created by banks.

Direct aspects	**Possible management strategies**
Energy use (Bouma *et al.*, 2001; Furrer *et al.*, 2012; Jeucken, 2001; Jeucken, 2004)	A combination of organizational, behavioral and technical measures. Increased use of sustainable energy (Furrer *et al.*, 2012; Jeucken, 2004; Lundgren & Catasus, 2009). Replacement of equipment (Jeucken, 2001).
Paper use (Jeucken, 2004).	Minimize use of paper, use of environmental friendly paper and recycling (Jeucken, 2004).
Water use (Jeucken, 2004).	Technical or behavioral improvements (Jeucken, 2004).
Waste (Jeucken, 2004).	Prevention, re-use and waste separation (Jeucken, 2004).
Transport in duty (Jeucken, 2004)	Traffic management initiatives (Jeucken, 2004).

All aspects (except transport in duty) that are illustrated in table 8 are created in the banking offices. A typical strategy that banks use to minimalize the direct impacts is EMS like ISO 14001[*] certifications (Lundgren & Catasus, 2000). Hardly any banks used EMS in year 2000 whereas almost half of the bank did so in 2005 according to a study of 32 banks made by Scholtens (2009). Some of the mentioned management strategies can be described as rather easy to implement compared to changes in the core business. It is also possible that these strategies can create economic revenues and environmental benefits, these are often described as win-win solutions (Lundgren & Catasus, 2000).

[*] For an explanation of ISO 14001, see appendix 1.

Many banks have reported that energy use is causing the most significant environmental impact when it comes to direct aspects. Most of the energy use is caused by heating buildings such as offices (Bouma *et al.*, 2001). It has also been argued that after energy it is waste that creates the second most significant direct environmental impact. In many banks the waste of paper account for 50 per cent of the total waste. It is possible that a bank employee use between 150 to 300 kg of paper each year (Jeucken, 2004).

4.4 Management strategies in connection to indirect aspects

Some of the indirect environmental aspects that banks create through its products, services and market are illustrated in table 9. According to Annex VI, point 6.3 in EMAS III (1221/2009) "*Indirect environmental aspects can result from the interaction of an organization with third parties which can to a reasonable degree be influenced by the organization*". In addition, the impacts from products and services that cannot be directly controlled by the organization are considered as indirect impacts (Piper *et al.*, 2003).

Table 9. Indirect environmental aspects created by banks.

Indirect environmental aspects	**Possible management initiatives**
Savings and funds (Aintablian *et al.*, 2007; Baranes, 2009; Lundgren & Catasus, 2009; Scholtens, 2009; Thomson & Cowton, 2004)	Ethical and sustainable funds (Admano, 2010).
Credits and investments (Aintablian *et al 2007;* Jeucken, 2004: Thomson & Cowton, 2004).	More responsible lending (Baranes, 2009; Lundgren & Catasus, 2009; Scholtens, 2009). Exclusion of certain businesses and/or provide businesses with good environmental performance better interest rates (Lundgren & Catasus, 2000).
Communication to external and internal stakeholders (Dolnicar & Pomering, 2009; Lundgren & Catasus, 2000).	Communication focused on the importance of sustainability (Dolnicar & Pomering, 2009; Lundgren & Catasus, 2000).
Advisory services (Lundgren & Catasus, 2000).	Information to customers about possible sustainability products (Lundgren & Catasus, 2000: Scholtens, 2009).
Transports, customers and personnel to offices and ATMs (Jeucken, 2004).	Traffic management initiatives (Jeucken 2004).

Table 9 clearly illustrates that the environmental impacts can be extensive depending on where the boundaries of the responsibilities and impacts are set. Many of the products and services that are provided to customers create indirect aspects. The impact that the indirect aspects create on climate change has been largely underestimated (Furrer *et al.*, 2012). Indirect impacts created by banks are likely to be more severe than the direct physical impacts (Lundgren & Catasus, 2000). The impact is often connected to the difficulty to measure and control the burden of indirect impacts that are caused by the products and services. The difficulty is also partly created since it is mainly customers that will cause the impact (Jeucken, 2001). Even if banks make changes in their operations it can be a bigger challenge to change the main value creating process which is financing and investment because it demands a new structure that becomes impregnated into the organization (Furrer *et al.*, 2012).

4.4.1 Advisory services and communication

Advices from banks to customers can have an impact on the environment. Customers can be recommended different kinds of products and services with or without a sustainable and/or environmental profile (Scholtens, 2009). Some banks promote green values to customers even though the advice practices differ between banks (Lundgren & Catasus, 2000).

The communication of different values that banks create is affecting the receiver and it can be viewed as an indirect impact (Lundgren & Catasus, 2000). When a respected actor argue that it support special values, others might follow. For example if a CEO makes a statement about how important the environmental perspective is for the bank it is possible that it can have an impact on other stakeholders that are connected to the bank. Such announcements might also affect the customers' choice of bank because sometimes customers choose bank depending on other grounds than interest rates or logotype (Lundgren & Catasus, 2000). It can however be difficult for banks to communicate issues regarding sustainability or environmental responsibilities. According to a study by Dolnicar & Pomering (2009) that examined the Australian banking sector the communication is sometimes a problem since the customers' awareness about environmental performance and CR can vary a lot. Some customers might need to be more educated in sustainability before they can fully understand the context of the communication concerning sustainability issues (Dolnicar & Pomering, 2009).

4.4.2 Investments

Other management strategies can be initiated by the banks through specialized climate investment products and services. These can also create a competitive advantage towards other banks. It is also possible that these products, for example funds, can steer the investments that customers make towards low-emission technologies (Furrer *et al*., 2012).

Corporate responsible investments can serve as a warning and an opportunity for the financial sector. It warns the sector that it have an impact on society and nature. At the same time it gives an opportunity for the sector to show that it wants to be a part of sustainable development (Richardson, 2009). Ethical mutual funds are funds that are considered ethically oriented by the fund managers (Admano, 2010). These can take environmental, social and economic factors into account (Scholtens, 2009). There is normally a screen or filter in the selecting investments process. As an example many of these funds avoid investments in tobacco, alcohol, weapon or gambling (Admano, 2010). Schotens (2009) find that many banks nowadays offer responsible funds. In his comparison of 32 banks 75 per cent of the banks offered social responsible investments.

4.4.3 Credits

Banks are often involved in processes when investments are made (Lundgren & Catasus, 2000). Normally they demand an adaption to a certain behavior from lenders to make sure that they will be able to pay back their loans with interest and amortizations (Geenbaum & Thahkor, 2007). Lending practices in banks can be linked to activities that have an environmental impact and thereby risk (Gray & Bebbington, 2001; Smith, 1994; Thomson & Cowton, 2004). Some of the credits are given to projects that can take years to plan and put into action. It can take a long time before these projects deliver and create economic revenues. Financial institutions play a crucial role here since many of these projects would not be possible without banks (Baranes, 2009). Banks can provide specific loans that have an environmental profile. These kinds of loans can be approved to customers that want to make investments that reduce the environmental impact. Schotens (2009) find that in his comparison of 32 banks 78 per cent of the banks offered environmental loans.

Loans always include a risk for lenders. Tests concerning the risk of borrowers' exposure to environmental hazards are made by banks routinely (Aintablian *et al.*, 2007; Jeucken, 2004). Thomson & Cowton (2004) explain that lenders normally are confronted with direct, indirect and reputational environmental risk. A direct risk can occur if a bank takes possession of land from a lender. Contamination that has been created by for example the previous owner of the land can decrease the value of land. An indirect risk may refer to a new environmental legislation or changes in the preferences of the customers. The reputational risk can increase if the environmental concern in society increases. These changes can decrease or increase the economic revenue and these can be seen as reasons to value environmental information in banks (Thomson & Cowton, 2004).

If banks take social, ethical and environmental conditions into consideration when they provide financial services it is possible for them to put more requirements on the customers (Scholtens, 2009). Banks can manage problems with unsustainable lending if they for example exclude certain businesses or provide the ones with best environmental performance with better interest rates (Lundgren & Catasus, 2000). As an example the conditions for greenhouse gas intensive sectors can be adjusted (Furrer *et al*., 2012). However, when banks try to impact sustainable practices it tends to be indirect and intermediate. It is the financial institutions that make it possible to create certain projects but in the end it is not the bank that will be held accountable for the success of the project; it is the lender i.e. businesses (Scholtens, 2009).

4.5 A brief presentation of Swedbank

In 1820 the first savings bank (later known as Sparbanken) was created. Another bank with an agricultural profile was established in 1915, it was later known as Föreningbanken. During the years the banks grew bigger. In 1997 Föreningsbanken and Sparbanken were merged together to FöreningsSparbanken. This bank changed its name in 2006 to Swedbank (Internet, Swedbank 2, 2013).

In 2005 the bank bought Hansabank Group that operated in the Baltic region (Internet, Swedbank 3, 2013). Swedbank has three major business areas; Swedish banking, Baltic banking (Estonia, Latvia and Lithuania) and international banking (Roolaht & Varblane, 2008). International banking consists of China, Denmark, Finland, Luxembourg, Norway, Spain and United States (Swedbank, Internal document 5, 2013). Swedbank is currently the largest bank in Sweden. It has a leading position in its other home markets which are Estonia, Latvia and Lithuania. Swedbank has 7, 8 million private customers and around 600 000 corporate and organizational customers (Swedbank, 2012). The Swedish market is the biggest market and consists of 4 million private customers and 266 000 corporate and organizational customers (Swedbank, internet 13, 2013). The Baltic markets consist of 4, 1 million private and corporate and organizational customers (Swedbank, internet 14, 2013). Swedbank is a joint-stock company with around 310 000 owners. Folksam is the biggest owner, which owns around 9 per cent of the stock (Internet, Swedbank 4, 2013).

Figure 5 highlights some of the historical development and strategies that the bank has established.

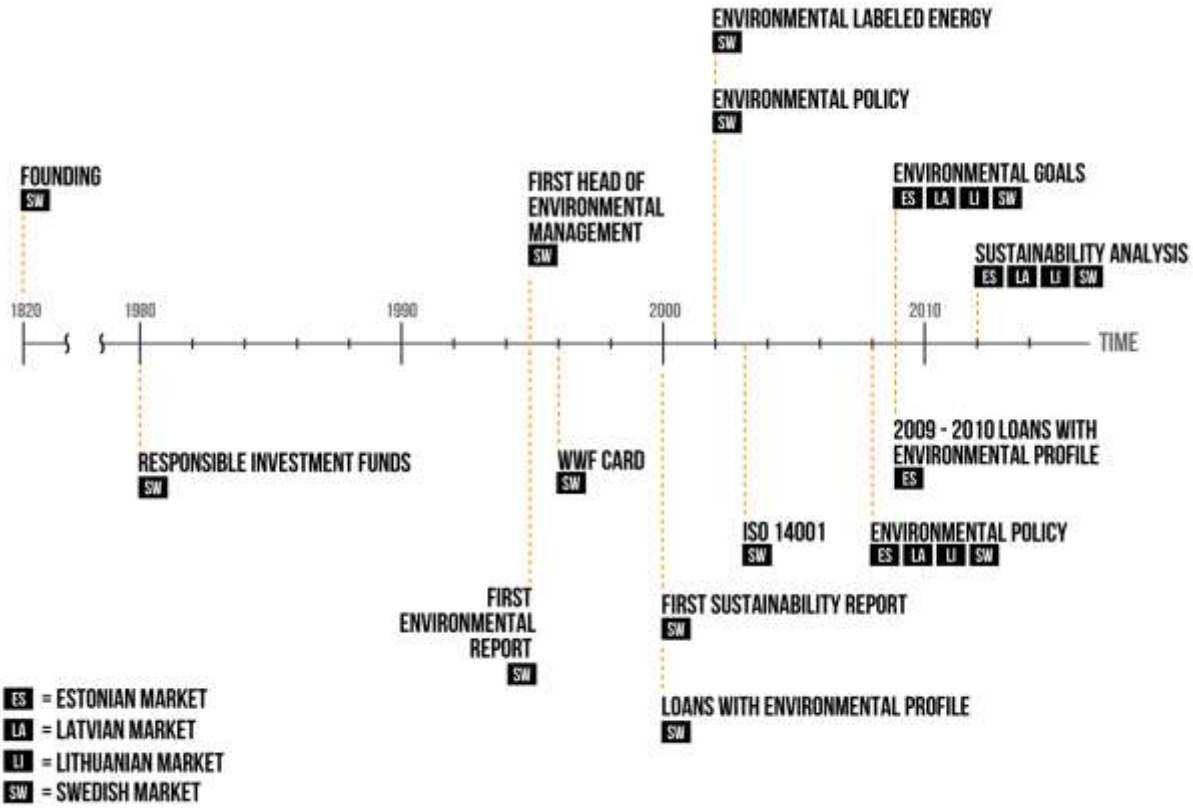

Figure 5. Historical development of environmental management (Internet, Swedbank 1, 2013; Internet, Swedbank 10, 2013; pers. com.; Lönnroos, 2013).

As illustrated in figure 5 the creation of ethical funds can be considered as one of the first strategical environmental choices that were made. The creation of ethical funds started during the 1980's because a big customer wanted the bank to form ethical funds (Internet, Swedbank 10, 2013). The evolvement of the environmental management has been intensified through a variety of strategies mainly since the 1990's, some examples are ISO 14001, sustainability analysis for certain credits, products with an environmental profile, environmental policy and goals. These strategies are further described in chapter 5, analyzed in chapter 6 and discussed in chapter 7.

5 Results

This chapter presents the results. It explains the organization and the strategic environmental management that the bank uses. Strategies connected to products, services, goals, policies, assessment methods are explained.

5.1 Organizational structure

There is a Head of Sustainability on strategic level that develops policies, targets and strategies for financial, environmental and societal sustainability (pers. com, Lönnroos, 2013). On an operational level there is a unit named Group Environmental Management which is responsible for the environmental management. The unit is responsible for the environmental management systems and support operations and units to translate environmental strategies into actions. The unit is located in Sweden and reports to the Head of Group Shared Services placed in Lithuania. The environmental unit currently consists of a Head of Group Environmental Management, two Environmental and Climate Specialists and a Group Environmental Coordinator (*Ibid.*, 2013).

Swedbank has 30 environmental ambassadors at different units in Sweden (pers. com, Lönnroos, 2013). These will spend a couple of working hours each week on these positions. One important task for these ambassadors is to help the managers create measureable environmental goals. These goals are supposed to be possible to follow up (mid-term and annually), have a defined owner with a time frame and resources. In Estonia, Latvia and Lithuania there is one Sustainability and Societal specialist for each market. These positions are more extensive than the environmental ambassadors' positions in the Swedish market and they spend nearly half of their working hours on questions concerning sustainability issues (*Ibid.*, 2013).

5.1.1 Responsibilities

Banks have a central role when it comes to environmental impact in the society (pers. com, Lönnroos, 2013). The banks have huge possibilities to have an impact on the societal development. Minimized environmental impact is essential for the development of Swedbank. It is therefore important to continuously improve the environmental performance and decrease the environmental impact that is created by the bank. Environmental performance is also important as a tool for the bank when it comes to marketing, branding, minimize risks, customer satisfaction and business contacts. The challenge is to capitalize on the environmental management. We always need to identify both the business relevance and the ecological footprint. To put an economic value on environmental initiatives is therefore a necessity (*Ibid.*, 2013).

It is important to investigate the total environmental impact (pers. com, Lönnroos, 2013). The ambition is to implement the environmental management into the core business; it is supposed to impregnate the whole organization. Right now the environmental management can be said to be both proactive and reactive. Especially in fund management there are signs of a proactive approach since many funds are very well developed with a strong sustainability focus (*Ibid.*, 2013).

5.1.2 Stakeholders

Swedbank identifies its stakeholders as customers, employees, society & the world around us, shareholder & investors and decision makers & social institutions (Swedbank, 2012). It is concluded that many people expect a lot from the bank and that the reasons for this is good. Since Swedbank is a major figure in the financial market the bank has responsibilities and it can have an impact on society (*Ibid.*, 2012).

Swedbank's environmental management can vary over time; it will depend on different factors (pers. com, Lönnroos, 2013). It can for example depend on the demand and awareness from customers, shareholders, key persons at the bank, top management, media and competitors. It is important that shareholders and top management are involved and have awareness about environmental challenges for an effective management (*Ibid.*, 2013).

5.1.3 Identification of environmental aspects

The identification of environmental aspects is important since it set grounds for the further development of the environmental management. The direct aspects that the bank creates are defined as business travel, paper, electronics, energy, resources and waste. The indirect aspects are defined as advising, credits, investments and in contact with bank i.e. what kind of transport that the customers and supplier use to get to offices and cash deposit machines (Intranet, Swedbank, 2013). According to collected data on direct aspects in Swedbank the biggest greenhouse gas emissions come from energy consumption and business travel, therefore the climate focus is centralized around these impacts (Swedbank, 2012).

5.2 Management of internal operations processes

Table 10 detects strategies that are used in the internal operations processes (mainly in offices and business travel) in connection to environmental issues for all markets.

Table 10. Internal operations management.

Strategy	**Estonian market**	**Lithuanian market**	**Latvian market**	**Swedish market**
Environmental labeled electricity	No	No	No	Yes
Use of some kind of renewable energy	Yes	No	Yes	Yes
Environmental labeled paper	Yes	Yes	Yes	Yes
Toolset that aim to reduce paper	Will be implemented	Will be implemented	Will be implemented	Yes
Business travel policy	Yes	Yes	Yes	Yes
Environmental training	Voluntary	Voluntary	Voluntary	Mandatory
Measurement of the emissions	Yes	Yes	Yes	Yes
Environmental emissions reduction goal	Yes	Yes	Yes	Yes

As illustrated in table 10 all home markets use environmental labeled paper and they share the same business travel policy. A toolset that aim to reduce paper usage, the toolset is available in the Swedish market and will be available in the Estonian, Latvian and Lithuanian markets during 2014. It is only the Swedish market has reported that it uses environmental labeled electricity and it is only the Lithuanian market that has not reported any use of renewable energy. The environmental training remains voluntary in the Estonian, Lithuanian and Latvian

market meanwhile it is mandatory within the Swedish market. These strategies are further discussed under *headline 5.2.1* to *5.2.8*.

5.2.1 Energy

Swedbank uses environmental labeled electricity to a great extent in Sweden, the electricity is certified by Bra Miljöval (Internet, Swedbank 12, 2013). The Estonian, Latvian and Swedish markets have reported that they use energy with a green tariff to a certain extent in the climate data collection process (Swedbank, Internal document 5, 2013).

5.2.2 Paper

All home markets use environmental labeled paper, 99 per cent of the paper was environmental labeled in 2012 (Swedbank, 2012, p.38). In 2007 a vision for reduced paper consumption was set for all home markets. The ambition was and still is to create a long term perspective with no printed paper in offices. This is however difficult to follow through since many processes that are legally binding need to be signed and archived (pers. com., Lönnroos, 2013). During 2013 the bank established a toolset that is supposed to help the employees to identify unnecessary printing, storage of documents and support behavior change to achieve a less paper heavy work place. The toolset is voluntary but it can be used by different units in the Swedish market even though it was mainly launched as a tool for when the headquarters in Sweden will move to a new location (Internal document, Swedbank 4, 2013). The toolset will be introduced in the Estonian, Latvian and Lithuanian markets during 2014 (pers. com., Lönnroos, 2013)

5.2.3 Environmental training for employees

The environmental training is mandatory for the Swedish employees and it is a part of the ISO standard. The first environmental training was launched in 2002 in connection to the ISO 14001 certification. The environmental training was at that time Swedbank's historically biggest educational investment. 92 per cent of the employees completed the environmental training (pers. com, Lönnroos, 2013). In 2011 the environmental education was awarded for the best e-learning education by the Swedish Learning Awards. The education is also offered in English but it is not optimized for the other markets (pers. com., Lönnroos, 2013).

5.2.4 Business travel

All home markets have the same business travel policy that encourages the employees to choose the option that has less environmental impact when they are travelling. Employees should choose to travel by train instead of airplanes. Web-based conferences and telephone conferences should be used ahead of travelling (Swedbank, 2012).

5.2.5 Security transports

Cash is currently being replaced by card and e-purchases in society. The security transports emit greenhouse gases and it is estimated that there are big savings potentials with a reduced cash management (Swedbank, 2012). The goal and target has been to replace the cash management with cards and e-solutions. Swedbank has been a great part of several projects and also initiated projects to transfer to a cashless society (pers.com, Lönnroos, 2013).

5.2.6 Environmental emissions reduction goal

Table 11 illustrates how much Swedbank wants to reduce its emissions in order to decrease its impact on climate change in all home markets (Swedbank, 2012).

Table 11. Emissions reduction goal.

Emission goal	**2013**	**2015**	**2018**
Emission reduction in per cent	15 %	30 %	40 %

The per cent reduction illustrated in table 11 is compared to the base year which is 2010. These goals will be reached by working on lowering the impact from business travel, service vehicles, energy and use of electronic equipment. Between 2010 and 2012 the reduction of greenhouse gases was 22 per cent (Internet, Swedbank 11, 2013).

5.2.7 Measurements of emissions

Some of the direct aspects generating greenhouse gas emissions are measured yearly (pers. com., Lindberg, 2013). This is done through a data collection process. During the collection process data on all measured areas within the home market are collected from the suppliers and integrated into a database that also functions as a system tool. Some examples of measured areas are electricity use, water supply, waste, business travel, office supply and paper use. To calculate the emissions generated from the collected data emission factors received from the GHG Protocol* are used. This means that through the system tool you can receive information on exactly how much GHG emissions that are generated from the integrated data. Thus, it is possible to follow up the greenhouse gas emission reduction goals through this tool for the Estonian, Latvian, Lithuanian and Swedish operations (*Ibid.*, 2013).

5.2.8 Life cycle analysis measurements

Swedbank has done one life cycle analysis (**LCA**) on the environmental impact of Swedbank's credit cards and cash. It was concluded that cards contribute to greenhouse gas emissions, eutrophication, acidification and tropospheric ozone to a lower extension than cash. This is probably because of the emissions from secure transports (Internal document, Swedbank 1, 2013). Another LCA that was initiated by Swedbank and it investigated polyethylene terephthalate cards versus polyvinyl chlorine cards. In the LCA it was concluded that polyvinyl chlorine cards use less energy when these are produced in comparison to polyethylene terephthalate and polyvinyl chlorine cards can be reused (Internal document, Swedbank 2, 2013).

5.3 Environmental policy and strategy

Table 12 shows which markets that have implemented the environmental policy and environmental strategy.

Table 12. Environmental policy and strategy.

Strategy	**Estonian market**	**Lithuanian market**	**Latvian market**	**Swedish market**
Environmental policy	Yes	Yes	Yes	Yes
Environmental strategy	Yes	Yes	Yes	Yes

All markets have implemented the same environmental policy and environmental strategy. These strategies further explained under *headline 5.3.1* to *5.3.2.*

* For an explanation of the GHG Protocol, see appendix 1

5.3.1 Environmental strategy

The environmental strategy is a part of the sustainability strategy within all home markets. The environmental part of the strategy state that: *"Our goal is that the bank in all its banking business within its organization and via the provision of loans and asset management, contributes to a reduction in the use of the earth's finite resources and to lower emissions of greenhouse gases"* (Internet, Swedbank 9, 2013).

These are the priorities in the strategy: *"To continue to support the more efficient use of resources in all internal processes and in particular to reduce our carbon footprint as regards business travel and energy consumption. To continue to develop and apply methods to reduce environmental impact in our fund management, credit processes and procurement processes. To develop management systems and measurement methods. By the end of 2015, the bank will have reduced its greenhouse gas emissions by 30 per cent, and by the end of 2018 by 40 per cent, compared with our base year 2010*" (Internet, Swedbank 9, 2013).

5.3.2 Environmental policy

Swedbank has an environmental policy that is implemented in all home markets. This is Swedbank's environmental policy:

" - *conduct its business in a way that considers opportunities and risks from an environmental perspective,*
- *work closely with customers and other stakeholders on environmental issues,*
- *comply in all its operations with current laws and regulations and promote positive development in this area,*
- *strive to reduce and prevent pollutants in all its operations,*
- *conduct environmental work that leads to continuous improvements,*
- *utilize its employees' commitment and awareness.*" (Internet, Swedbank 5, 2013).

5.4 Standards and commitments

Table 13 explains which markets that have an ISO 14001 certification, follow international commitments and use ranking systems.

Table 13. Standards and commitments.

Strategy	**Estonian market**	**Lithuanian market**	**Latvian market**	**Swedish market**
ISO 14001 certification	No	No	No	Yes
Follow international commitments	Yes	Yes	Yes	Yes
Commitment to ranking systems	Yes	Yes	Yes	Yes

All home markets are committed to the same international commitments and ranking systems (see table 13). It is only the Swedish market that is ISO 14001 certified so far. These strategies are further discussed under *headline 5.4.1* to *5.4.3*.

5.4.1 ISO 14001

The Swedish operations in Swedbank are certified in accordance with an EMS; the system that is used is based on the international standard ISO 14001. The Swedish operations have been certified since 2003 (Swedbank, 2012). Swedbank was and still is the first publicly traded bank in the Nordic countries that has the certification (Internet, Swedbank 12, 2013). There are no current plans to certify the Estonian, Latvian or Lithuanian markets. Even

though the aim is to implement the Estonian, Latvian or Lithuanian markets into the Swedish EMS (pers. com, Lönnroos, 2013).

5.4.2 International commitments

All Swedbank's home markets support several projects or initiatives that aim to reduce the environmental impact. Some of the commitments which are connected to environmental issues are: United Nations Global Compact, United Nations Environmental Program for the Financial Sector, United Nations Principles for Responsible Investments, CDP*, GRI*, International Chamber of Commerce's Business for Sustainable Development and Global Investment Performance Standard (Internet, Swedbank 7, 2013).

5.4.3 Surveys and rankings

Swedbank is ranked in the DJSI*. In 2003 Swedbank was ranked as number three in the world on sustainability issues according to the DJSI (Enquist *et al.*, 2006). Swedbank has not kept this placement but in 2012 it received 73 points out of maximum 100 in the DJSI ranking. The bank wants to continue improving the score until Swedbank has reached the top ten per cent in the banking sector worldwide (Swedbank, 2012, p.27). Swedbank also reports data to the CDP; it scored 77c out of 100a in 2012. The same year the bank scored 3, 6 out of the max score 5 in FTSE4Good* (Swedbank, 2012, p.38).

5.5 In contact with customers and suppliers

Table 14 exemplifies strategies that are used in advisory services and strategies that put demands on customers, suppliers.

Table 14. Advisory services, demands on customers and suppliers.

Strategy	**Estonian market**	**Lithuanian market**	**Latvian market**	**Swedish market**
Sustainability analysis	Yes	Yes	Yes	Yes
Special advisement tools for products with an environmental profile	No	No	No	No
Signing of Swedbank's Supplier Code of Conduct for certain suppliers	Yes	Yes	Yes	Yes

A sustainability analysis for certain credits and signing of Swedbank's Supplier Code of Conduct are demanded in all home markets (see table 14). It was concluded that since no products with a sustainable and/or an environmental profile could be identified in the Estonian, Lithuanian and Latvian markets there are no existing advisement tools for products with such profiles. These strategies are further discussed under *headline 5.5.1* to *5.5.3*.

5.5.1 Advisory services

Advisors within the Swedish market have special advisement tools in their meetings with customers (pers. com., Wesslén, 2013). The aims with these tools are to give advisors support in meetings with customers concerning products or analysis areas. In certain areas specific advisement support is given whereas certain areas only have support through documentation. The advisement tools do not give specific support to the advisement of products with an

* For an explanation of CDP, DJSI, GRI and FTSE4Good see appendix 1

environmental or sustainable profile. However, there is a specific function for savings and pensions that describe if a fund is identified as sustainable or not (*Ibid.*, 2013).

If there is no demand from customers it is possible that the products with an environmental or sustainable profile will not be presented by the advisor, unless the advisor is active and promote these products (pers. com., Bergström, 2013). In the program system that the advisor uses to present products a choice can be made between a "regular" product and a product with an environmental or sustainable profile. The system makes it challenging to compare these products towards each other and present the comparison for the customer since it is difficult to present these products at the same time. The Word Wide Fund card[*] was a product that was simple to present and easy to explain and the customers understood the product easily (*Ibid.*, 2013).

5.5.2 Sustainability analysis

A sustainability analysis is mandatory in credits over EUR 80 000 in Estonia, Latvia and Lithuania for businesses and credits over SEK 1 000 000 for business in Sweden (Swedbank, 2013). This is an analysis in areas connected to human rights, environment and anti-corruption. The analysis is supposed to reveal risks in these areas. The risks that are taken into account are connected to how these might affect banks and the customers' profitability, reputation and the customer's possibility to repay the value (*Ibid.*, 2012).

5.5.3 Suppliers

Swedbank buys products and services from suppliers all around the world; however the majority of purchases are various services from companies based on Swedbank's home markets (pers. com., Heissenberger, 2013). All suppliers with an offer and invoice above EUR 50 0000 /year, consultant missions above EUR 25 000 or offers were the suppliers demand a certain support in the procurement process are risk assessed based on sustainability, sector and country risks (*Ibid.*, 2013).

All suppliers are asked to sign Swedbank's Supplier Code of Conduct (pers. com., Heissenberger, 2013). This code is built upon initiatives such as United Nations Global Compact, United Nations Principles on responsible investments and OECD Guidelines for Multinational Enterprises. The code explains how suppliers are expected to handle specific sustainability aspects such as human rights, business ethics and environment. The suppliers that accept this code are responsible to make sure that the same requirements as in the code of conduct apply to their own supply chain. In addition the suppliers need to be open for a revision. If a supplier does not follow the code the supplier is required to follow an action plan that is put into action within 12 months (*Ibid.*, 2013). Through the use of these tools the bank identified 60 high risk businesses in 2012 (Swedbank, 2012, p.37).

[*] For an explanation of Word Wide Fund Cards see heading *5.6.3 Cards*

5.6 Products and services

Table 15 clarifies the environmental strategies that are used for products and services in the markets.

Table 15. Products and services.

Product	**Estonian market**	**Latvian market**	**Lithuanian market**	**Swedish market**
Energy loans for private customers	No	No	No	Yes
Corporate loans with an environmental profile	No	No	No	Yes
Cards with an environmental profile	No	No	No	No
Responsible investments funds	No	No	No	Yes
Index linked bonds with sustainability criteria	No	No	No	Yes

As clarified in table 15 products with a specific environmental profile could only be identified in the Swedish market, even though between 2009 and 2010 customers in the Estonian market were offered a loan for purchases of climate and environmental friendly houses (Swedbank, 2011). There are no longer cards with an environmental profile in any of Swedbank's home markets since these cards were removed from the Swedish market during the end of 2013 (Internal document, Swedbank 3, 2013). These products are further discussed in *headline 5.6.1* to *5.6.5*.

5.6.1 Energy loans for private customers

In the Swedish market energy loans can be given to customers that want to invest in energy savings. These loans can be approved for additional isolation, change of windows and purchase of wind power shares. Customers can also get some funding from the Swedish Ministry of Energy for some of these improvements. The lowest sum to lend is SEK 30 000 (around EUR 3400). It is a Blanco Credit and the maximal amortizing time is twelve years (Internet, Swedbank 6, 2013). 112, 2 SEKm energy loans were provided in 2012, whereas 80 SEKm was provided in 2010 (Swedbank, 2012, p.38). Between 2009 and 2010 private customers in Estonia were offered loans to buy energy efficient homes (Swedbank, 2010). In Latvia a loan for renovation of apartment houses was identified, depending on how it is used it may help customers save energy (Internet, Swedbank 15, 2013).

5.6.2 Corporate loans with an environmental profile

There is a loan in the Swedish market for businesses that aim to finance renewable energy investments (Swedbank, 2012). It is supposed to provide finance to wind power, biomass district heating, pellets production, hydropower and biogas production. Even though these specific loans could not be identified in Lithuania or any of the other of the home markets, Swedbank provided finance for 60 per cent of all wind farms in Lithuania during 2012. The bank financed renewable energy with 7 257 (SEKm) in 2012 through these corporate loans with environmental profile in the Swedish market, whereas the figure was 4879 SEKm in 2010 (Swedbank, 2012, p. 38).

5.6.3 Cards

"There are currently no cards in the Estonian, Latvian, Lithuanian or Swedish markets that have an environmental profile. However if a customer choose to pay with card instead of cash the environmental impact can be reduced" (pers. com, Hallén, 2013).

Between 1996 and 2013 there were one debit card and a credit card with an environmental profile in the Swedish market (Internet, Swedbank 8, 2013). It was established in cooperation with the World Wildlife Fund (**WWF**). Each time the card was used the bank gave 25 Swedish öre (around EUR 0, 03) to WWF. Around 277 000 customers had WWF cards in 2012, whereas around 190 000 did so in 2010. In 2012 Swedbank gave 6 million SEK (around EUR 6 856 700) to WWF. The card fee was 195 - 275kr/year (around 22 EUR to 31 EUR/year) depending on the choice of card and a certain amount of this fee went to WWF (*Ibid.*, 2013). This cooperation with WWF ended because the bank wants to niche the cooperation with the WWF towards "*the biggest environmental challenge of our time: urbanization and urban development"* (own translation from Swedish) (Internal document, Swedbank 3, 2013, p. 1). How this will be developed further are under discussion (*Ibid.*, 2013).

5.6.4 Investments

Customers can choose to place their savings in various funds. Swedbank Robur is one of Scandinavia's largest mutual fund managers; it is a subsidiary of Swedbank (Internet, Swedbank Robur 1, 2013). Swedbank Robur manages assets over 90 billion EUR for around 3 million customers in Sweden and around 1 million customers in the Baltic region. Out of the 90 billion EUR around 30 are in discretionary accounts and 40 are in social responsible investments. Totally, Swedbank Robur manages 120 mutual funds (Internet, Swedbank Robur 2, 2013). In 2012 the share of assets under management with specific sustainability criteria was 44 per cent, it was 37 per cent in 2010 (Swedbank, 2012, p.39).

Before a fund can be approved as a social responsible investment it needs to go through several steps (Internet, Swedbank Robur 3, 2013). The first step is a value process; the values are in line with United Nations declaration about human rights, United Nations Global Compact, the Rio declaration about sustainable development and International Labor Organization Conventions. The funds also have to fulfill criteria connected to these values. Funds in businesses connected to weapon, war material, tobacco, pornography and alcohol have certain restrictions and are rarely approved (*Ibid.*, 2013). Neither is some oil and natural gas businesses approved since these cannot be combined with sustainable development (Swedbank Robur, 2013). Swedbank Robur investigates several aspects connected to sustainable development (environment is one of these aspects) before a fund can be approved. The review aims to identify whether businesses have control over the environmental and climate impacts that are created by their operations and if they are trying to reduce the impact (Swedbank Robur, 2013).

Equity funds are not that common in Estonia, Latvia or Lithuania (pers.com, Nilsson, 2013). The savings in these markets are mostly placed in fixed-rate products or in regular savings accounts. Equity funds with an environmental or ethical profile are not offered in these markets. However, in theory equity funds that have a focus on environment and ethics could be sold in these countries. Each country has the possibility to establish equity products. If the markets in these countries want to do this Responsible investments will not analyze the products or companies behind the funds (*Ibid.*, 2013).

5.6.5 Index linked bonds with sustainability criteria

The Swedish market has index linked bonds with sustainability criteria (pers. com, Von Knorring Wigren, 2013). These are named SPAX in the Swedish market (Swedbank, 2013). It is a placement where most of the assets are placed in bonds and a smaller part is saved in a

more market related part such as equities, rates, currencies and raw material. Depending on the demands from the customers it is possible to create a sustainable profile in these kinds of savings in the Swedish market. The lowest amount to invest in is 5000 SEK (around 570 EUR) (*Ibid.*, 2013). In 2012 the subscribe SEKm for SPAX with a sustainability criteria was 60, whereas it was 110 in 2010 (Swedbank, 2012, p. 39).

In the Estonian, Latvian and Lithuanian markets the index linked bonds are not structured the same way as in the Swedish market (pers. com, Von Knorring Wigren, 2013). Index linked bonds are therefore commonly referred to as Structured deposits in these markets. There are no structured deposits with sustainability, ethical and environmental criteria in Estonia, Latvia and Lithuania. However, several companies that are included in products connected to equity baskets could be called companies with sustainability focus even though these products are not branded as sustainable, environmental or ethical. Neither are similar products in the Swedish market branded as sustainable, environmental or ethical (*Ibid.*, 2013).

6 Analysis

In this chapter the empirical findings in chapter 5 are further analyzed using the selected terms and models in the theoretical conceptual framework (p.14). The theories that were presented are applied on the empirical results that were found in the research project.

6.1 Organizational structure

There are certain conditions that probably can explain why many strategies are implemented on the Swedish market as a start before these strategies are further progressed to the other markets. The head of Sustainability operation and the Group Environmental Management at Swedbank are positioned in Sweden with one supporting employee on each of the other home markets. The environmental management often starts with strategies in an area that is close to the people in control. It can seem easier to implement these in familiar areas since the market is familiar and it is thereby easier to create an overview (Hart, 1995). There are also other factors that can be a determining factor that may explain why certain strategies often are implemented in the Swedish market as a start, for example it is only the Swedish Swedbank market is ISO-certified. This might put certain requirements on this part of the organization. In part the use of the standard can be explained by market expectations on corporate conduct (Edwards, 2004) which may have motivated Swedbank to use this standard.

6.1.1 Impact factors and implementation

It is possible that the geographical location of the group that manages these questions can be a determining factor for the development of environmental strategies. The location is connected to economical, political and cultural contexts that may form the choice of strategies (González-Benito & González-Benito, 2006). This also implies that there might be different perceived stakeholder pressures and thereby different perceived responsibilities in the home markets which also create challenges (Goldstein, 2002). All of these differences make it inappropriate to generalize the environmental challenges that the bank faces on the markets on sector or organizational specific grounds.

Hermes *et al.* (2005); Laugel & Laszlo (2009) and Scholtens (2009) describe a global and homogenous mind change approach towards the use of proactive strategies among banks. Yet, this research project highlights that the environmental management approach can differ even within the same organization. It is however recognized that an equal implementation of the strategies into all Swedbank's markets might be economically costly in a short term perspective. Buysse & Verbeke (2003) conclude that the shift towards more proactive strategies requires investments in green products, organizational and employee competences, management systems and a change in the strategic planning process. Additionally, it might not even be desirable to implement equal environmental strategies partly due to the different demands from stakeholders on each market.

6.1.2 Decentralization processes

Even though the Sustainability operation and the Environmental Management Group take many decisions there have been attempts to decentralize the environmental management. This has mainly been conducted through the role of the environmental ambassadors in the Swedish market. It is possible that ambassadors can create engagement among the employees through a greater foundation for a discussion platform at different levels within the organization. On

the same grounds, it is also possible that the creation of environmental goals at the different units contributes to this foundation. Hanna *et al.* (2000) conclude that employee involvement is important for a powerful environmental management. If the employees believe in the concept and feel that they are a part of the development it can facilitate the implementation and the further development. A way to achieve this involvement can be through decentralization processes within the organization.

6.1.3 Responsibilities

Lönnroos (2013) explains that Swedbank is aware about that it has a huge role in the societal development and it is seen as essential to minimize the environmental impact. This is also claimed in Swedbank's sustainability report from 2012. Through Swedbank's environmental strategies all home markets recognize that they have certain environmental responsibilities. These responsibilities are sometimes formed as more holistic strategies connected to sustainability with an emphasis on the triple bottom line framework (Elkington, 1997). Examples of these are the index linked bonds and funds that are focused on sustainable development instead of explicitly environmental aspects. These products could be an indicator that the bank uses the broader perspective of CR and that it does not only has a CER focus (Ergi & Ralston, 2008) in some of the identified strategies.

6.1.4 Legitimacy

It could be assumed that the legitimacy of Swedbank became affected by the finance crisis in 2008 since it affected the financial sector as a whole, this created new demands on banks towards intensified responsibilities (Herzig & Moon, 2013). Swedbank partly illustrates its environmental responsibilities through the ambition of an integration of the environmental management into the core business (Swedbank, 2012). This integration can have a positive impact on its legitimacy if it is implemented through proactive environmental strategies (Taylor *et al.*, 2001). However, the legitimacy only increases if the society demands a use of such strategies (Deegan, 2002). It has been claimed that there is an increasing number of stakeholders that are not fully satisfied with values as price, quality, service and value. New values need to be added and many stakeholders demand that businesses use proactive environmental strategies (Dixon, 2004). This assumption about stakeholder pressure can however not directly be applied to Swedbank's stakeholders since no results could confirm it.

6.1.5 Stakeholders

In Swedbank's sustainability report from 2012 its stakeholders are identified as "customers", "employees", "society & the world around us", "shareholder & investors" and "decision makers & social institutions" (Swedbank, 2012). Many stakeholders can be placed into each group. Swedbank's identified stakeholders can be placed into the four stakeholders groups that Roberts (2003) acknowledged as authorizers, business partners, customer groups and external influences. These also correlate with stakeholders identified by Lundgren & Catasus, (2000). They identified banks' stakeholders as federations, employees, rating agencies, customers, non-governmental organizations and shareholders. Swedbank takes several stakeholders into account and not just shareholders which is more or less necessary in a modern stakeholder approach (Kotler, 2000). These stakeholders have expectations on banks partly since banks are at the midpoint of the economy and banks have contact nets all over society. It is often through banking services that societal projects are facilitated. This implies that banks have a huge possibility to impact the societal development depending on what strategies that are used (Lundgren & Catasus, 2000). These expectations may make it understandable why banks in general receive a lot of stakeholder pressures even though this might differ in the case of Swedbank.

Stakeholders may have an impact on the environmental management in Swedbank. Lönnroos (2013) identifies Swedbank's impact factors on the environmental management as pressures from stakeholders as customers and shareholders, key persons at the bank, top management, media and competitors. Lönnroos (2013) answer illustrates that the bank is surrounded by pressures from different stakeholders that may form the choice of strategies. It correlates with the previous research since it has been claimed that the choice of strategies can depend on stakeholder pressures (Porter & Kramer, 2011), commitment among the top management (Blomquist & Sandström, 2004: Stone *et al.*, 2004; Zhu *et al.*, 2006), employees (Hanna *et al.*, 2000), media (Lyon & Maxwell, 2008) and the characteristics of the industry (Caroll, 1991).

6.2 Management strategies

The identified strategies that Swedbank uses concerns the internal operation processes, standards, commitments, contact with customers and suppliers, products and services. These strategies deal with both direct and indirect environmental aspects. Some of these strategies differ between the markets even though some strategies are shared between the markets. A summary of all choices related to strategies can be found in appendix 3.

6.2.1 Management of internal operations processes

Swedbank has established several strategies in order to reduce the environmental impact that is formed by the direct aspects on the home markets. These aspects are mainly created within the internal operations processes as banking offices and through business travel. The strategies that are used include decisions made concerning the use of renewable energy, environmental labeled electricity, environmental labeled paper, a reduce paper toolset, a business travel policy, an ISO 14001 certification, an environmental policy, an environmental strategy, emissions reduction goal and measurements of aspects that create greenhouse gases. Strategies that aim to reduce or transform the consumption towards more sustainable choices are typical strategies that often are used by banks in order to reduce the direct impacts (Bouma *et al.*, 2001; Jeucken, 2004). This also seems to be true in this case if the characteristics in the identified strategies are considered. Young & Tilley (2006) explain that these strategies that address the environmental impact in offices and business travel often are described as first step initiatives that create win-win solutions. Through these strategies it is possible to achieve both economic and environmental benefits. For example it is possible that a reduction in energy use give both economic and environmental benefits. These economic benefits can increase the incentives for an implementation of these kinds of strategies.

The strategies that Swedbank and other banks use to manage these direct aspects can be seen as a foundation for further development of the strategic environmental management and performance. Buysse & Verbeke (2003), Hart (1995), Idowu & Loche (2011) and Jabbour & Santos (2006) have argued that these strategies that handle impacts from the internal operations processes seldom alone can be described as proactive strategies. These authors also claim that businesses in the most proactive stages integrate the environmental management into the core business (which partly is services and products) and the top management promotes the management. They also argue that it is often through the indirect impacts within the core business where the greatest environmental impact reductions can be made. If the direct aspects that the above mentioned strategies manage are assessed banks can be described as organizations with a rather low environmental impact compared to if the indirect aspects in the core business are assessed (Jeucken, 2004).

6.2.2 Measurements on the internal operation processes

Swedbank measures its direct impact on climate change through quantitative data, through the use of the GHG Protocol these measurements are available as CO_2e emissions. Some examples of measured areas are electricity use, water supply, waste, business travel, office supply and paper use. The increased problems with climate change (Intergovernmental Panel on Climate Change, 2013) have made it important for businesses to assess and manage their impact on climate change. Swedbank mainly assess its impact on climate changes with measurement data in line with the GHG Protocol and through its emission reduction goals on all home markets. Two points out of four priorities in Swedbank's environmental strategy focuses on greenhouse gas reductions. These efforts could be described as indicators that Swedbank gives the environmental impact of climate change a priority in the environmental management. This research project puts an emphasis on that these measurements with CO_2e can give an indication on the environmental impact. Yet, impacts that has been highlighted lately such as biodiversity loss, eutrophication, acidification (Rockström *et al.*, 2009) are not directly managed through climate change focused strategies.

6.2.3 Shared environmental policy and strategy

All of Swedbank's home markets share the same environmental policy and environmental strategy. It could be an indicator that all markets share the same ambition to some extent. The environmental strategy and the environmental policy have the ambitions to reduce the environmental impact and these seek continuous improvement. These include risk perspectives, promote enhanced stakeholder involvement and have a focus on environmental challenges through climate change mitigation. It is noteworthy that there are several strategies that are not shared on all markets, especially when it comes to products. This could imply that all markets will not be able to contribute to the achievement of this policy and strategy to the same extent. As Vogel (2005) explains, it is not the implementation of environmental strategies in itself that will determine the outcome; it is how these are integrated into the business that is one of the foremost determining factors. Stakeholders will see the disconnections if these are not fully integrated into the business core which might be costly in the long run due to decreased legitimacy.

6.2.4 Commitments and standards

All home markets have signed several international commitments which can be described as tools that manage indirect aspects. Several of the signed commitments make sure that Swedbank does not only include the economic bottom line but also environmental and social values in line with the triple bottom line perspective (Elkington, 1997). These commitments may facilitate the contact with business partners and other stakeholders since these connect the bank with CR that may have a positive impact on its legitimacy (O'Donovan, 2002; Wilmshurst & Frost, 2000).

It is only the Swedish market that has an ISO 14001 certification as a standard even though the ambition is to implement the Estonian, Latvian and Lithuanian markets into the Swedish EMS (pers. com., Lönnroos, 2013). Chiarini (2013) claims that it is possible that the implementation can lead to further engagement in the organization and work as a benchmarking tool towards competitors and suppliers. It can be argued that the use of ISO 14001 has influenced the environmental management in the other home markets since these markets are supposed to be implemented into the Swedish certification. ‘

6.2.5 Demands on employees, customers and suppliers

Swedbank offers the employees on the Swedish market an environmental training, which also is a requirement in the ISO 14001 standard (Ammenberg, 2012). Swedbank's environmental training is not only useful through the increased awareness of environmental challenges among the employees. It is also useful since it involves the employees and may decentralize the environmental management if it is effective (Hanna *et al.*, 2000). Strategies that put requirements on customers and suppliers can be considered as strategies that control indirect aspects. These stakeholders are not under direct control of Swedbank but they can be influenced through conditions in order to get contracts. It can be challenging to determine how the demands on customers and suppliers will have an impact on Swedbank since there are many different possible scenarios that may occur.

Swedbank puts demands on customers through a sustainability analysis before certain credits are approved on all home markets. Intensified demands on customers have been described as a solution that might reduce the environmental impact since it can steer their choices towards more sustainable practices (Baranes, 2009; Lundgren & Catasus, 2009; Scholtens, 2009). All home markets have demands on the suppliers since they are asked to sign Swedbank's Supplier Code of Conduct. It consists of principles from several international commitments. The suppliers that accept this code are responsible to make sure that the same requirements as in the code of conduct apply to their own supply chain (pers. com., Heissenberger, 2013). This signing can be seen as a way for the bank to follow global responsibilities in a triple bottom line setting since it is connected to international commitments that demand responsible actions. These demands on suppliers have the possibility to create new demands and responsibilities on other businesses which may create incentives for sustainable development on different societal levels (Porter & Kramer, 2011).

To put demands on customers and suppliers are often described as a political issue and therefore regarded as a sensitive issue to many organizations. The demands on stakeholders need to be in line with the demands from the society in order for the business to keep its legitimacy (Deegan, 2002; Dixon, 2004). The demands on these stakeholders are partly used because it can decrease certain risks. For example it is possible that a supplier that cause some kind of environmental harm gives bad brand reputation for the businesses that buy products from the supplier (Thomson & Cowton, 2004). It is also possible for banks to exclude or promote certain stakeholders. Furer et al. (2012) and Laugel & Laszlo (2009) conclude that forerunner banks or game change banks in environmental management can be banks that change risk premium or interest rate for certain businesses that do not promote environmental objectives. This is, however, not something that Swedbank does. Such choices can also be considered as an ethical dilemma because if banks make these choices it can be questioned which banks that should accept businesses with a less attractive environmental management as customers.

6.2.6 Products and services

Swedbank offers products and services that can give rise to indirect aspects. The products with an environmental profile are more developed in the Swedish market compared to the Estonian, Latvian or Lithuanian markets. The Swedish market provides energy loans, index linked bounds with sustainability criteria and responsible investment funds to customers. It could therefore be argued that more proactive strategies are used in the Swedish market when it comes to products (Furrer *et al.*, 2012; Laguel & Lazlo, 2009). Still, several products with an environmental profile have been removed from the Swedish market during the last five years and most recently the WWF-cards. It can however be claimed that fewer products make

it easier for customers to make choices since it create an easier overview. It can also be argued that through products with an environmental profile it could be easier to impregnate the environmental objectives into the business core. This impregnation of environmental objectives is a goal (Swedbank, 2012) and since products and services are a part of the foundation of banks it is also a part of the bank's core business.

Furer *et al.* (2012) and Laugel & Laszlo (2009) conclude that forerunner banks or game change banks that are viewed as the proactive ones have special products with an environmental profile. The product development can be seen as especially important due to the lack of trust among customers towards financial institutions since the finance crisis in 2008 (Herzig & Moon, 2013; Laugel & Laszlo, 2009). Products and services can often be the foremost interaction that customers groups and external influences have with the environmental management. It is possible that well developed products with an environmental profile can increase the legitimacy of the bank since it gives increased possibilities for customers to identify and evaluate the environmental management. Yet, if there are no demands for products with an environmental profile in certain markets such products would probably not create increased legitimacy. A lacking demand also indicates that such products would receive little or no economic benefits for the bank through an implementation. Caroll (1991) argues that a responsibility of businesses is to be economically responsible which could imply that a full implementation might not be an economically responsible action for Swedbank. However, the bank has other responsibilities in a triple bottom line setting. It can be further discussed if banks' responsibilities are to deliver what customers demand or if they should act as a driving force towards sustainable practices in a more political setting. Thus, responsibilities of banks and their great possibilities to impact the development of society need to be addressed.

7 Discussion

This chapter addresses the research questions raised in chapter one. These are the research questions: What strategies are used to manage environmental aspects on the four home markets? In what way does strategic environmental management differ on the four home markets? This chapter also offers a discussion about how the empirics and analysis connect to findings in other studies.

7.1 Identification of environmental strategies

Swedbank uses strategies that aim to manage both indirect and direct aspects on all home markets. The empirics identified the strategies and the differences in the uses of strategies between the home markets. A summary of these findings is illustrated in table 16.

Table 16. Summary of strategies.

Strategies used in all home markets	**Strategies within the Swedish market**
Business travel policy	Environmental ambassadors
Environmental labeled paper	Corporate loans with an environmental profile
Emission reduction goals	Energy loans for private customers
Environmental policy	Environmental labeled electricity
Environmental strategy	Environmental training
Measurements of direct aspects that create greenhouse gas emissions	Index linked bonds with sustainability criteria
Renewable energy (except Lithuania)	ISO 14001 certification
Singing of international commitments	Reduce paper toolset
Sustainability analysis on certain credits	Responsible investments funds
Use of ranking systems	
Swedbank's supplier code of conduct	

This research project did not find any specific strategies that specifically were used in the Estonian, Latvian or Lithuanian markets (see table 16). Some strategies are shared on all home markets. The strategies that are used on all home markets have an organization wide perspective and these partly consist of policies, goals and international commitments with global characteristics. From an organization point of view it can be difficult to manage environmental aspects if different policies and ambitions should be used on the markets. This difficulty is connected to the fact that all markets belong to the same organization and it is policies, standards and commitments that set the overall ambition for organizations. This integration of shared ambitions is also a way to ensure that the environmental management is increasingly integrated into the core business (Henriques & Sadosrky, 1999; Laugel & Laszlo, 2009) which also is Swedbank's ambition (Swedbank, 2012). Yet, a difference in the use of strategies can be found in the product development. No products with a specific environmental profile could be identified in any other market than the Swedish market. The similarities and differences in the SEM on the four markets are discussed more into detail under the two following headlines.

7.2 Management strategies in connection to direct aspects

The direct environmental aspects are mainly created in the internal operations processes especially in the banking offices and through business travels. The strategies that are used to manage these aspects include decisions made concerning; the use of renewable energy, environmental labeled electricity, environmental labeled paper, a reduce paper toolset, a business travel policy, an ISO 14001 certification, an environmental policy, an environmental strategy, emissions reduction goal and measurements of aspects that create greenhouse gases (see table 16).

Swedbank uses renewable energy to some extent on all home markets except in the Lithuanian market. The Swedish market has environmental labeled electricity to a certain extent. These choices correlate with commonly used strategies by banks that aim to reduce this impact. Bouma *et al.* (2001) and Lundgren & Catasus (2009) identified energy use as a direct aspect that often are managed through a combination of organizational, behavioral and technical measures such as increased use of sustainable energy and replacement of equipment. Swedbank's business travel policy is applied to all home markets. It can be considered as a traffic management initiative that was discussed by Jeucken (2004). He claims that a promotion of sustainable travel choices could be considered as a possible strategy and these choices are promoted in Swedbank's business travel policy. According to collected data on direct aspects in Swedbank the biggest greenhouse gas emissions come from business travel and energy consumption (Swedbank, 2012). This also correlates with the assumptions that Jeucken (2004) made. However, he argued that paper consumption could be considered to have a great direct environmental impact in banks. Swedbank uses environmental labeled paper on all home markets and has a reduce paper toolset on the Swedish market. These strategical choices can be connected to previous research. Jeucken (2004) argued that possible strategies that may reduce papers' environmental impact are connected to minimized use of paper, use of environmental friendly paper and recycling.

The ISO 14001 certification, the environmental ambassadors and the mandatory environmental training for employees are unique for the Swedish market. The environmental training is a requirement in ISO 14001 (Ammenberg, 2012). Swedbank's plan is to implement the Estonian, Latvian and Lithuanian markets into the EMS. This will not per se make it necessary to implement new strategies on these markets but it may offer discussion grounds about the environmental management. Furer *et al.*, 2012 and Laugel & Laszlo, 2009 describe EMS as something that is one the first steps that banks take in their environmental management. Hardly any banks used EMS in year 2000 whereas almost half of the bank did so in 2005 according to a study of 32 banks made by Schotens (2009). Even if the intensified use of EMS is considered to be the overall trend there are great differences in how these are implemented which of course will determine the outcome (Vogel, 2005), it is therefore not appropriate to draw any general conclusions about the implementation of these systems.

There are some strategies in management of the internal operations processes that have been identified in this research project that have not been emphasized in the previous academic literature concerning banks and environmental management (Scholtens, 2009). One of these strategical approaches is the measurements of certain direct aspects that create greenhouse gas emissions, which is done through the GHG Protocol on all home markets. The lacking research can partly be explained because of the measurements rather new entrance into business management during the last couple of years (*Ibid.*, 2009). It can be assumed that due to these new measurements the previous literature does not discuss emissions reduction goals

since it is challenging to set such goals if it is not possible to measure the greenhouse emissions.

Swedbank uses an environmental policy and strategy that set the ambition for all home markets. These are connected to both direct and indirect impacts. The environmental policy and strategy that banks choose are considered as tools that set the ambition for banks and therefore highly important for the rest of the environmental management (Bouma *et al.*, 2001). Furer *et al.* (2012) and Laugel & Laszlo (2009) claim that the implementation of these strategies often are one of the first steps that banks take in their environmental management as a foundation for the environmental management.

7.3 Management strategies in connection to indirect aspects

There are some strategies that handle the environmental impact that arise in the core business and outside Swedbank's offices in contact with stakeholders, which often imply that these strategies deal with indirect environmental aspects. The strategical approach that is used to manage this impact involves products and services but also different demands on stakeholders and it connects Swedbank with certain commitments (see table 16, p.44).

The Swedish market has established several strategies that are not available in the Estonian, Latvian or Lithuanian markets when it comes to management of indirect aspects. No products with a specific environmental profile could be identified in any other home market than the Swedish market. The Swedish market was identified as the only market that offers energy loans for private customers, corporate loans with an environmental profile, responsible investment funds and index linked bonds with sustainability criteria. It could therefore be argued that the products in the Swedish market are more developed compared to the other home markets. According to Scholtens (2009) funds and loans that nowadays are the foremost well-developed environmental products within banks and the implementation of these products are steadily increasing. In his comparison of 32 banks worldwide around 75 per cent of the banks offered social responsible investments. In his study 78 per cent of the banks offered loans with an environmental profile (*Ibid.*, 2009, p.165). His sample can be considered small which make it difficult to draw any general conclusions. There are however few similar studies. Furer *et al.* (2012) and Laugel & Laszlo (2009) identified the banks that offer these kinds of products as banks that use a rather proactive approach. This could imply that these authors assume that these products are not standardized in banks yet.

Furrer *et al*. (2012) and Lundgren & Catasus (2000) also discuss the possibility for banks to offer special benefited products or services, for example interest rate to businesses that promote environmental improvements. This exclusion and promotion of certain stakeholders are often considered to be used by banks with the most proactive strategies. Swedbank has not chosen to use such strategies. In addition, these authors argue that proactive banks also put requirements on different stakeholders and their responsibilities. Swedbank puts certain requirements connected to sustainability on stakeholders' responsibilities through the sustainability analysis for certain credits and Swedbank's supplier code of conduct on all home markets.

Swedbank has signed several international commitments that connect all home markets to responsibilities. Swedbank is also ranked in several ranking systems, for example the DJSI, CDP and FTSE4Good, which apply to all home markets. Some commitments have been explained as strategical approaches that may facilitate the contact with external influences

since it may illustrate certain political or ethical standpoints (Roberts, 2003). The possible legitimacy improvement and benchmarking can be considered as possible answers to why businesses use these kinds of commitments and ranking systems to a greater extent (Wilmshurst & Frost, 2000).

It is more difficult to manage the indirect aspects compared to direct aspects. It is a bigger challenge to change the main value creating process which is financing and investments compared to changes in banks' internal operations processes (Furrer *et al.*, 2012). Strategies that deal with indirect aspects can be claimed to be of high importance from an environmental point of view due to the assumption that indirect impact created by banks are likely to be more severe than the direct physical impacts (Lundgren & Catasus, 2000). It can therefore be argued that these strategies meet greater responsibilities than strategies that deal with the direct aspects in the internal operations processes.

The continuously improvement ambition is a part of Swedbank's environmental policy which is applied on all home markets (Internet, Swedbank 5, 2013). Developed and improved strategies that address environmental challenges will probably be necessary in the future since it is likely that the environmental responsibilities will receive increased attention and thereby have an impact on the legitimacy of businesses (Frostensen, 2011; Heikkurinen, 2011). It is possible that the legitimacy impact and the force of competitive advantage (Porter & Kramer, 2011) which is partly created by stakeholder pressures (Baranes, 2009), will make it necessary for banks, in this case Swedbank, to implement strategies with proactive characteristics in a homogenous setting on all home markets. This implementation might be necessary if strategies are supposed to be fully integrated into the business core. This may also give Swedbank opportunities to act as a driving force towards sustainable practices.

7.4 Data quality in the study

As discussed in chapter 3 concerning methods the data has certain delimitations. The use of annual reports, sustainability reports and Swedbank's webpage may have created bias since these kinds of sources often are used as a marketing tool (Manetti & Becatti, 2009). These information sources have limited space where the information is supposed to be available which make it necessary for the organization to choose what information that they want to disclose. These kinds of sources are often created in order to fill demands from different stakeholders. These demands might become highlighted in these sources (*Ibid.*, 2009).

The interviews with the employees at the bank gave increased possibilities to highlight possible uncertainties about the SEM. It is possible that these kinds of sources do not want to disclose information about certain issues due to the fact that they have a moral responsibility to the organization (Bryman & Bell, 2011). However, the interviews made it possible to get information that would have been more challenging to get if just secondary sources would have been used since it was possible to have a conversation with the interviewees. To make the use of triangulation more extended additional interviews with employees at Swedbank could have been made even though the chosen interviewees often were the employees that were responsible for the issues that the questions concerned. It was therefore assumed that these were the most appropriate sources to use since they had well developed knowledge about the issues. As mentioned in chapter 3 the interviews were only conducted with employees at the Swedish market which might have excluded certain strategical approaches. In addition, strategical approaches concerning environmental aspects that were not mentioned in the information sources that were used may exist within Swedbank.

8 Conclusions

This chapter intends to answer the aim of the study. It also describes the need for further research in connection to the studied subject.

The question in many businesses has moved from *if* to *how* they can integrate environmental management into their core business (Epstein, 2008). This is also the case among banks, the increased demands on responsibilities force them to form environmental strategies (Laugel & Laszlo, 2009). The aim of this research project was to describe how a service organization, in this case Swedbank, strategically manages its resources with regards to the environmental aspects in its four home markets.

Swedbank uses several strategies that are supposed to manage environmental challenges that are connected to direct and indirect environmental aspects. Most of the direct aspects are created within the internal operations processes in the banking offices and through business travels. These aspects are dealt with through strategies related to; the use of renewable energy, environmental labeled electricity, environmental labeled paper, a reduce paper toolset, a business travel policy, an ISO 14001 certification, an environmental policy, an environmental strategy, emissions reduction goal and measurements of aspects that create greenhouse gases. The identified strategies correlated with identified strategies in previous studies. It has been claimed that a combination of organizational, behavioral and technical measures is commonly used as strategies to handle the direct impact that may arise from the internal operations processes (Jeucken, 2004; Lundgren & Catasus, 2009).

There are also some strategies that manage the environmental impacts that arise in connection to the core business and outside Swedbank's offices in connection to stakeholders, which often imply that these strategies deal with indirect environmental aspects. Indirect environmental aspects created by banks are often likely to be more severe than the direct physical impacts (Lundgren & Catasus, 2000). This will, however, of course depend on where boundaries are set. These aspects are also often more challenging to control, assess and measure which thereby make them more difficult to manage (Ammenberg, 2012). These aspects are dealt with through strategies experienced in for example; an environmental policy, an environmental strategy, signing of international commitments, products and services with an environmental profile and demands on customers and suppliers.

Different strategies are used on the respective markets even though some strategies are shared. The product development in the Swedish market is more developed compared to the other home markets because no products with a specific environmental profile could be identified in the other home markets. Scholtens (2009) explains that especially funds and credits with an environmental profile are increasingly used as products by banks. Furer *et al.* (2012) and Laugel & Laszlo (2009) argue that in order to be seen as a forerunner bank or a game changer in environmental management it is important to develop strategies that are connected to the core business, which is to provide products and services to customers.

This study found that SEM can differ within the same organization even though some authors have explained an ongoing homogenous change in mind set towards proactive approaches in banks (Hermes et al, 2005; Laugel & Laszlo, 2009; Scholtens, 2009). The development of environmental strategies can be determined by certain factors on the markets. For example

economical, political and cultural pressures (González-Benito & González-Benito, 2006) and different perceived stakeholder pressures and responsibilities (Goldstein, 2002) on the markets can have an impact on the organizations legitimacy and the SEM. This makes it inappropriate to generalize the environmental challenges that the organization faces on sector or organizational grounds.

An interesting discussion regarding the SEM in the service sector is the concern for where the boundaries for environmental responsibilities should be set, what should be defined as the service providers' responsibilities and what are the customers' responsibilities? The definition of these responsibilities could be seen as a foundation for the further development of SEM within the service sector since it is assumed that SEM is partly built upon the perceived environmental responsibilities which are in part created by stakeholder pressures.

Future studies could have a more holistic focus on strategic management of sustainable development within banks. It is assumed that the strict focus on SEM in this research project might create a narrow minded explanation since environment is a part of sustainable development. Issues connected to sustainable development are often interlinked to each other and it was therefore sometimes challenging to identify strategical approaches with just an environmental focus. This is also something that Lungren (1999) mentioned as a possible delimitation when it comes to research concerning environmental management and banks or even businesses in general. This study is focused around one bank which makes it problematic to see any characteristic trends for the sector. Further studies could compare the SEM between banks with the ambition to create an overview or comparison of the SEM between banks perhaps similar to the study the study that Scholtens (2009) did. In his study he tried to identify the sustainable practices within 32 different banks worldwide. The sample could however be bigger than in his study in order to get improved possibilities to create a broader understanding for the SEM and its characteristics within banks. However, since it is assumed that the SEM can be depending on a vast variety of factors (Laugel & Laszlo, 2009) for example economic, social and political factors (González-Benito & González-Benito, 2006) it can be challenging to explain why the SEM differs.

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Personal messages

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2013-10-30

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Social Sustainability Specialist, Swedbank
2013-11-11

Lindberg Anna
Environmental and climate specialist, Swedbank
2013-11-27

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Appendix 1 – Environmental management tools

This appendix gives a short description to some of the commonly mentioned environmental management tools in this research project.

Carbon Disclosure Project
The Carbon Disclosure Project is an organization that discloses greenhouse gas emissions from corporations with the Greenhouse Gas Protocol as a commonly used tool. Some of the biggest businesses in the world use a survey created by carbon disclosure project to evaluate investment related risks related to climate change (Internet, Greenhouse Protocol, 2013).

Dow Jones Sustainability Index
The Dow Jones Sustainability Index was established to measure the sustainability performance of businesses. Since the establishment in 2001 it had been used by many of Europe's sustainability leaders. It is connected to corporate economic, social and environmental performance. Some of the assessments include risks, climate change, labor practices, governance and marketing (Cory & Doaa, 2012).

Environmental management systems
There are more than 300 corporate standards connected to sustainability (Koerber, 2009, p.463). One tool that aims to reduce the environmental harm for many businesses and organizations is environmental management systems. These systems offer different kinds of guidelines, systems and policies that can create possibilities for continuous improvements in environmental management (Edwards, 2004). Many EMS encompass systems thinking, legal and management norms, changed and adapted procedures (Robinson, 2012). It has been argued that these systems can create an improved image for competitors, improved stakeholder satisfaction, increased efficiency within businesses and reduced resource consumption (Iñaki & Olivier, 2013; Chiarini, 2013).

FTSE4Good
FTSE4Good Index Series is a tool that helps the financial sector assess and create responsible investment products. It takes environmental management, climate change, human rights, labour rights, supply chain labour standards, bribery and corporate governance into account and connects these to different industries (FTSE, 2012).

Global reporting initiative
The Global Reporting Initiative has been described as the most used worldwide standard for sustainability reporting. It uses a guide that is based on businesses indicators of environmental performance and other performance measures to create a guide that incorporate sustainability into reporting (Marmion *et al.*, 2012).

Greenhouse Gas Protocol
The Greenhouse Gas Protocol is a widely used international accounting tool. It helps businesses understand and quantify their greenhouse gas emissions. The initiative was founded by World Resources Institute and World Business Council for Sustainable Development (Internet, Greenhouse Gas Protocol, 2013).

ISO 14001

A popular EMS that was introduced in the mid 90's is ISO 14001 (Edwards, 2004). Henk *et al.* (2012) investigated 34 papers that addressed environmental and business impacts caused by ISO 14001. They found a positive relationship between ISO 14001 and business and/or environmental performance in 30 out of 34 papers (Henk *et al.*, 2012). ISO 14001 and other environmental management systems have also been criticized. Aragon-Correa & Rubio-Lopez (2007) state that the ISO 14001 standard does not guarantee any specific level of an output, it only guarantees that business use an environmental management process. Certified organization can still be under the average environmental performance. Neither does the standard actually require that businesses actually follow the law, it just demand a serious commitment to the law (Aragon-Correa & Rubio-Lopez, 2007).

United Nations Global Compact

Businesses connected to United Nations Global Compact businesses recognize certain responsibilities that concerns human rights, labour rights, environment and anti-corruption. Principle 7 to 9 is connected to environment, it state that "*Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies."* (United Nations, 2013, p.30).

Appendix 2 - Interview guide

This appendix contains the different interview guides that were used when the interviews were conducted. Some questions were added during the conversations. As illustrated below a majority of the interviews were done through e-mail conversations meanwhile one telephone interview and one semi structured live interview were made. All e-mail conversations, the telephone interview and the semi structured live interview were conducted in Swedish.

Bergström Andreas, private banking adviser at Swedbank, telephone interview, 2013-11-06.

- Can you describe how the products with a sustainable and/or environmental profile are presented in the system tool that advisors use?
- How does the system help you to compare these products towards other products that do not have a sustainable and/or environmental profile?

Hallén Mårten, Head of Group Card Debit Cards at Swedbank, E-mail conversation, 2013-10-30.

- Can you please inform me if there are any cards with a sustainable or environmental profile in any of the home markets?

Heisenberger Katarina, Social Sustainability Specialist at Swedbank, 2013-11-11.

- I wonder if you can inform me about the demands that the bank has on its suppliers?

Lindberg Anna, Environmental and climate specialist at Swedbank, 2013-11-27

- Can you inform me about the system tool that you use to collect the climate data?

Lönnroos Jenny, Head of Group Environmental management at Swedbank, Semi-structured live interview, 2013-10-20.

- Can you give a historical background to how the environmental work was developed in the bank?
- Which strategies have been used to manage the environmental performance for these direct aspects: energy, water, waste, business travel, secure transport and food?
- Which strategies have been used to manage the environmental performance for these indirect aspects: advising to customers, loans, funds, equipment to customers and transport in contact with the bank?
- How are the employees engaged in the environmental management?
- Can you inform me about the environmental training?
- Can you describe the role of the environmental ambassadors?
- How do you appreciate the possibilities that the bank has to influence the environmental impacts that are created by the direct and indirect aspects?
- Which of the strategies that have been used do you believe are the ones that have decreased the environmental impact the most?
- What differences in the environmental management do you see on the different home markets?
- Which position does the top management takes in the environmental management, how do they view the environmental management?
- How does the bank advertise the environmental management?
- How is the environmental aspects taken into account when new products and services are developed?

- Would you argue that the bank has a proactive or reactive approach in questions regarding environmental management?
- How do you appreciate the integration of the environmental management into the core business?
- How do you believe that the environmental management will be developed in the future?
- How do you perceive the stakeholder attitude internally and externally?
- Do you see any competitive advantage with Swedbank's environmental management towards other banks?
- What are the greatest challenges in the environmental management?

Note: The four home markets were discussed in all questions.

Nilsson Anna, Head of Sustainability Analysis at Swedbank Robur, 2013-10-11.

- I wonder if you can give me information if there are funds with a sustainable and/or environmental profile in any of the Estonian, Latvian and Lithuanian markets?

Von Knorring Wigren Anna, Sales & Marketing Manager Structured Products at Swedbank, 2013-11-07

- Can you give me information if there are any index linked bounds with a sustainability and/or environmental profile in the Estonian, Latvian and Lithuanian markets?

Wesslen Lisa, System Business Manager Advisory Tools, 2013-11-21

- Can you give me information about how the advisement tools that advisors use take environmental products into account? How does it work, what kind of support exist for these products?

Appendix 3 – Identified environmental strategies

This list summarizes all of areas of environmental management that are managed by formalized strategies that were identified in this study.

Business travel policy
Corporate loans with an environmental profile
Emission reduction goals
Energy loans for private customers
Environmental ambassadors
Environmental certified electricity
Environmental labeled paper
Environmental policy
Environmental strategy
Environmental training for employees
ISO 14001 certification
Index linked bonds with sustainability criteria
Measurements of direct aspects that create greenhouse gas emissions
Ranking systems such as DSJI, CDP and FTSE4Good
Reduce paper toolset
Renewable energy
Responsible investment funds
Sustainability analysis on certain credits
Signing of international commitments