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MASTER'S THESIS

SUSTAINABILITY ASSESSMENT OF BANKING BUSINESS

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LIST OF ABBREVIATIONS

SDG – Sustainable Development Goal

ESG – Environmental, Social, Governance

CSR – Corporate Social Responsibility

FI – Financial Institution

GRI – Global Reporting Initiative

TBL – Triple Bottom Line

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INTRODUCTION

Relevance of the topic. Nowadays sustainability assessment plays an important role in various businesses including banking sector as well. It is common to link sustainability with environmental efforts to lower both carbon emissions and usage of scarce resources, however it is also important to address social and economic principles which contribute to improving overall quality of life for future generations. Despite many performed sustainability assessment researches for various businesses including banks, there is still no universal approach that would be suitable for every bank and which would allow to measure their sustainability level. Studies from different countries show that every country prioritise different sustainability aspects, and that they may vary depending on location. Considering the mentioned reasons and lack of studies performed for sustainability assessment of Baltic region main banks, it is important to create a concept that would suit banks operating in the Baltics and would allow commercial banks, shareholders, customers, and general public to assess the sustainability level of different banks.

Relevance of sustainability assessment for enterprises remains increasingly high with its importance seen in various fields and businesses such as gold mining subsidiaries (Amoako, Dixon, Amoako, Marfo, Tuffour, & Lord, 2023) or construction businesses (Tupėnaitė, Žilėnaitė, Kanapeckienė, Gečys, & Geipele, 2021). It is important to assess which environmental, social, governance (ESG) topics to include in sustainability reports (Garst, J., Maas, K., & Suijs, J., 2022) and how it might help businesses to implement more sustainable business practices. Lack of corporate social responsibility (CSR) from banks' side and their engagement in shadow banking activities might even have negative impact on bank's sustainability. Evidence from China, where banks were supporting environmentally harmful businesses (high-polluting, fossil fuel companies) (Zheng, H., 2023), shows that this activity leads to lower sustainability of banks and financial regulation on bad banking practices was required in order to tackle this issue. This indicates that timely sustainability assessment is vital for businesses, including banks, for implementation of strategies which could help to decrease negative impact on economy and environment.

According to Andrijauskaitė, I. (2021), evaluation of companies' sustainability becomes important in research and organisational activities, and their sustainable operation provides benefits not only for the business, but for the society around this business as well. Sustainability could also be evaluated from the point of provided services by banks and it plays important role even in specific operating scenarios such as credit risk management process (Riaubaitė, D., 2020). Considering the fact

that banks play important role in people lives due to provided services which allow customers to manage their personal finances, to perform transactions with people or legal entities even across the border, as well as to receive loans, it is natural that such businesses are considered more impactful on the society and should be analysed deeper, especially from the point of their sustainability.

Assessing banks' sustainability allows investors, society and other governing bodies to understand whether such financial institution (FI) is on a right path to achieve acceptable sustainability goals which, according to Farrington, & Kuhlman (2010), are usually divided into 3 categories: social, economic, and environmental. Looking from customers perspective, clear positive sustainability assessment of certain FI might appeal to clients and for banking businesses might offer advantage over competitors. Looking from investors side, clear focus on sustainability might seem more appealing to them as it shows FI's focus on risk management strategies as well as on optimisation of costs which might lead to higher profits in the future. From governance side sustainable business practices are seen as the ones which allow to have a positive impact on country's economy and society overall.

Level of problem investigation. There are currently no performed sustainability assessments for main Baltic banking businesses as a whole, which limits the ability to assess sustainability of this region's banks separately from others. There have been many sustainability assessments performed for banking businesses in other countries, however these are often not universal and might not always be suitable for Baltic commercial banks. The biggest by number of total owned assets commercial banks in banking sector in Baltics (based on research of Ray, Boratti, Hansen, Brandenburg, & Fischer from 2019), which are Swedish banks' subsidiaries, SEB and Swedbank publish annual sustainability reports where sustainability is assessed (Skandinaviska Enskilda Banken AB, 2024; Swedbank AB, 2024), however it appears that there is no universal approach to what structure or length the sustainability report should be, and what should or should not be included.

Article such as "Corporate sustainability reporting of major commercial banks in line with GRI: Bangladesh evidence" written by Khan, Azizul, Kayeser, & Ahmed (2011) shows that there is a bigger focus on economic dimensions rather than environmental problems in annual sustainability reporting in Bangladesh's major banks, while Roca, & Searcy (2012) focus only on Canadian sustainability reporting where all dimensions play relatively equal role according to the research performed. The results suggest that sustainability assessment varies based on geographical location, and studies such as Ramnarain's, & Pillay's (2016) research which focuses on sustainability of Mauritian banks, and Weber's (2005), who benchmarks European banks and financial service organisations sustainability integration in their products, policies, and other areas, might not be universal and should not be blindly applied for Baltic

banking businesses. Despite various sustainability valuations and assessments of corporate or banking sustainability in various parts of the world including Europe, in-depth analysis of Baltic region banking businesses has not been performed, and from literature analysis it can be seen that assessment of banking sustainability would be more valuable, if it would be performed for specific area and for its banking sector participants.

Essence of the problem. How sustainability of banking businesses operating in Baltics region could be assessed?

The object of the thesis – the sustainability assessment of banking businesses operating in Baltic region.

The aim of the thesis – to assess sustainability of banking businesses operating in Baltics region.

To reach the aim the following objectives have been set out:

1. To analyse the concept, history and importance of sustainability and its assessment.
2. To reveal how sustainability assessment developed in banking sector over the years and why is it important.
3. To evaluate empirical level of sustainability assessment of banking businesses and design a model for assessing sustainability of Baltic banking businesses.
4. Using the designed evaluation model, to perform an empirical analysis of sustainability assessment of banking businesses operating in Baltics region and identify the key factors that should be assessed when measuring such businesses' sustainability.

Structure of the thesis. The first chapter “Theoretical aspects of sustainability assessment in banking business” introduces sustainability topic by discussing the term “sustainability” and explains how it evolved. It also adds explanation of sustainability assessment concept, evaluates its importance. In addition, analysis of development of sustainability assessment in banking sector is provided. Finally, the theoretical model is illustrated in the first chapter which shows key elements which should be included in order to have comparable sustainability assessments of different banks in the Baltics.

The second chapter “Empirical research level of sustainability assessment in banking business” focuses on sustainability researches in banking business mainly analysing qualitative researches. It also provides insights into current sustainability reports of major Baltic banks, and provides hypotheses with Research model for assessing Baltic banking businesses' sustainability.

The third chapter “Empirical research level of sustainability assessment in banking business” provides analysis of answers from pan-Baltic banks employees' received after performed structured

interviews. This chapter also provides explanations of factors which should be evaluated when assessing pan-Baltic bank's sustainability.

Thesis' and Research methods. The analysis of the theoretical and analytical premises of banking sustainability and its assessment was performed by using general scientific research methods: analysis of scientific literature and systematisation methods.

Literature used in the thesis. The theoretical part of the master's thesis mainly used works by foreign and Lithuanian authors with articles related to sustainability and its assessment in various businesses including banking sector. The main references are Hahn, & Kühnen (2013), Farrington, & Kuhlman (2010), Baldissera (2023), and other authors related to the analysed topic. It also includes sustainability reports from major commercial banks which operate in Baltic states.

The analytical part of the master's thesis mainly used works by foreign authors who performed researches in the area of banking sustainability. The main references are Sani et al. (2024), Zimmermann (2019), Wuaku (2025), and other authors.

Theoretical significance of the thesis:

1. The theoretical analysis on the topic of the sustainability concept allowed for the identification of historical evolution of this term highlighting five key milestones as well as understanding how the popularity of this term increased.
2. Evaluation of theoretical material related to sustainability assessment concept and its importance overall shows that there are challenges of measuring sustainability due to the lack of universal standard. Despite the introduction of GRI framework as an attempt to make sustainability reporting more standardised, there is still no common approach on how to make sustainability reports more comparable with frequent limiting factors identified being: too big emphasis on positive parts and lack of consistent measurement units. In addition, theoretical analysis allowed to understand that sustainability assessments are often seen as tools which help decision-makers to evaluate ecological, social, and economic performance of various companies including banks. Finally, it allowed to deeper analyse TBL framework and understand its importance as well as its possible implementation for commercial banks' sustainability assessment.
3. Analysis of sustainability assessments in banking sector showed shifting emphasis from one sustainability topic to another over the years. It also allowed to understand that ESG scores are crucial for objective assessment of sustainability and that strong ESG scores often have positive impact on bank's finances and reputation.

Practical significance of the thesis:

The thesis provides a practical evaluation model that can be directly applied by pan-Baltic banking businesses to assess their sustainability easier and in more comparable way. By focusing on organisational impact, sustainability performance, and employee engagement the model allows banks to identify their strengths and areas for improvement in their sustainability practices. The research statements tested in this thesis offer insights for bank managers, HR specialists and other employees, who directly work with sustainability related matters, to introduce trainings for employees and understand which SDGs are valued most by bank workers. Furthermore, the model's emphasis on employee perspectives ensures that sustainability assessments reflect real experiences of employees within the Baltic bank organisation making the results more relevant for practical decision making. Consequently, this thesis can serve as a valuable tool for Baltic banks seeking to enhance their sustainability strategies, comply with stakeholder expectations, and foster a culture of sustainable development.

Limitations of the thesis. Due to the chosen structured interview research method and the fact that research mainly relied on personal experiences and subjective opinions of respondents, most of whom not being highly familiar with sustainability topic, there is a high probability that performed research with other chosen respondents would have provided slightly different results. However, it is considered unlikely that answers from other respondents would have affected denial or confirmation of set statements.

1. THEORETICAL ASPECTS OF SUSTAINABILITY ASSESSMENT IN BANKING BUSINESS

This chapter provides a literature overview of sustainability assessment importance, and sustainability assessment in banking business including theoretical model for assessing Baltic banking businesses' sustainability

1.1. Concept of sustainability

In today's world, businesses begin to recognise the connection between social, environmental, and economic well-being. Concept, which is known as sustainability, forms strategies of many corporates including banks. In order to understand how companies implement sustainable practices, it is important to understand the origin of sustainability term overall.

According to Farrington, & Kuhlman (2010), the concept of sustainability became more popular after Brundtland Report was published in 1987 which highlighted conflict between human aspirations and limitations of nature. Over time this term expanded into 3 main dimensions: social, economic, and environmental. The main idea behind sustainability was to meet own present needs without sacrificing the needs of future generations. Even though the concept became more popular less than 40 years ago, its roots, according to Farrington, & Kuhlman (2010), date back to 18th century when this term in German language was used in forestry and meant not harvesting more than could be grown in the future. The article also mentions that resource management was important topic throughout our history with provided examples of Palaeolithic hunters who used to think about limited availability of prey and of early farmers who cared about the fertility of the soil. Efficient use of resources is also important nowadays due to the scarcity of natural materials and is continuously studied by economists, who see "understanding how limited resources are used by society" as their one of the main research topics. Farrington, & Kuhlman (2010) in their work "What is Sustainability?" provide a clear timeline for released important theories and reports related to sustainability topic and analyse various scientific works. One of such being English economist's Thomas Malthus' "An Essay on the Principle of Population" (1798), which claimed that there could be a potential famine due to inability to feed increasing population with agricultural land. Another important work discussed in the article was American economist's Harold Hotelling's theory (1931) related to optimal use of non-renewable resources and that commodities from non-renewable resources should be produced only if they generate more revenue than other financial interests. Another

milestone mentioned in the work is the report for the Club of Rome “The Limits to Growth” written by Meadows, Meadows, Randers, & Behrens III (1972), who brought global attention due to their prediction that limits to growth might be reached within the next 100 years due to exponential growth of population, industrialisation, resource depletion, pollution, and other factors. The last work mentioned in the historical timeline was already mentioned report of UN World Commission on Environment and Development better known as Brundtland Report. Timeline of important sustainability related works and reports mentioned in “What is Sustainability?” article are provided in the Table 1 (pages 12-13).

Table 1

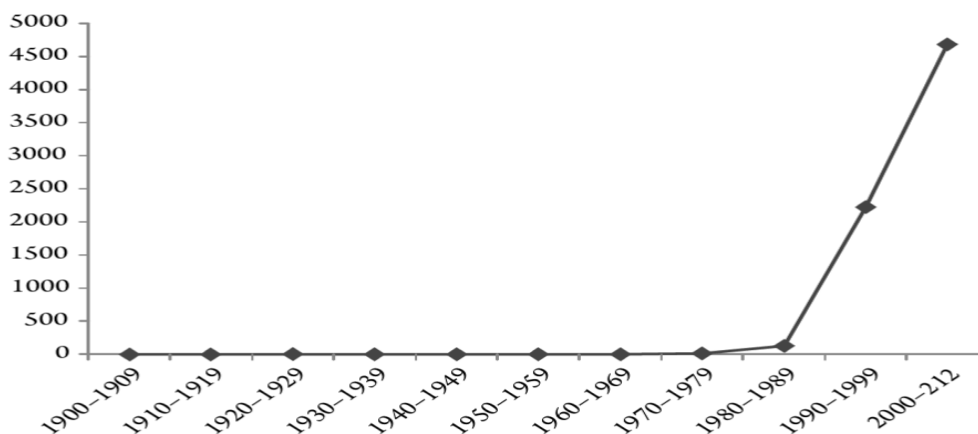
Timeline of sustainability		
Year of origin	Author(s)	Event description
1713 (Grober, 2007)	Hanns Carl von Carlowitz (Grober, 2007)	The term “Nachhaltigkeit” is first used in forestry to mean sustainable yield, ensuring that only as much wood is harvested as the forest can regrow.
1798	Thomas Malthus	“An Essay on the Principle of Population Theory” is published where potential for mass starvation due to resource limits is described. It emphasises the importance of managing resource scarcity.
1931	Harold Hotelling	The article “The Economics of Exhaustible Resources” which included theory on the optimal rate of exploitation of non-renewable resources is published in the Journal of Political Economy. It significantly contributed to the economic perspective on sustainability.
1972	Meadows, Meadows, Randers, & Behrens III	Report “The Limits to Growth” predicting the exhaustion of crucial natural resources within 100 years is published and brings global attention to sustainability issues.

Table 1 (continued)

Year of origin	Author(s)	Event description
1987	UN World Commission on Environment and Development	The Brundtland Report (“Our Common Future”) is published. It popularizes the modern concept of sustainable development which is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Source: created by author in accordance with Farrington, & Kuhlman (2010). “*What is Sustainability?*”, p. 2.

According to Caradonna (2022), the concept of sustainability also stretches back to at least late 17th century, which matches the proposed timeline of Farrington, & Kuhlman. Despite this fact, the author was not able to find any book with the titles that would use words “sustainable” or “sustainability” before 1976, and presented figure (Figure 1) which showed that these words began to be used more frequently in 1980 and skyrocketed from 1987. This could be linked with the publishing of Brundtland Report in 1987 and defined sustainability concept.

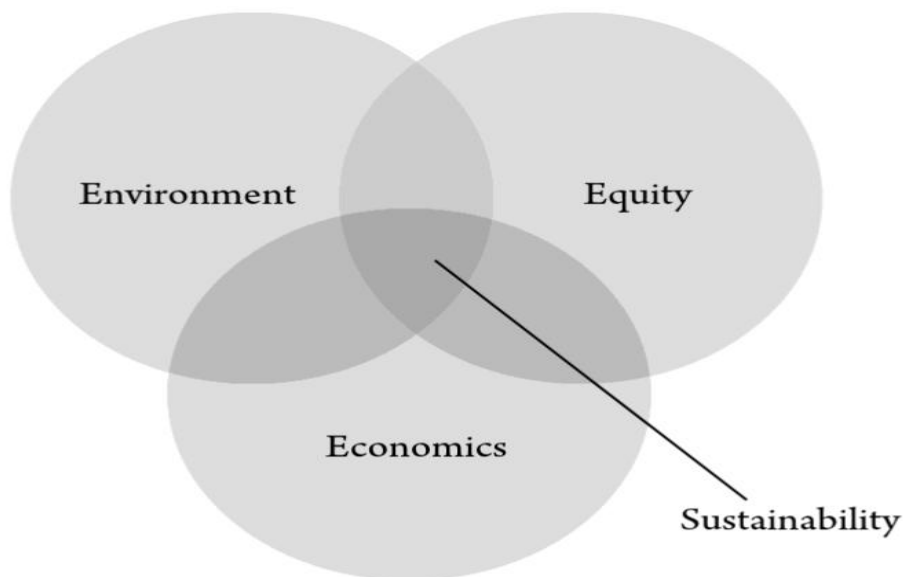


Source: Caradonna, J. L. (2020). *Sustainability: A History*, p. 3.

Figure 1. Books with the word “sustainable” or “sustainability” in the title, 1900-2012

Caradonna (2022) also identifies that majority of sustainability definitions put emphasis on ecological part and that society and economy are tightly attached to the natural environment. This means that there should be harmony between natural world and humanity in order for people to be able to exist

on our planet in the future. Author also identifies that definition of sustainability caused lot of debates due to being too indefinite and that it could be even abused in certain scenarios. Considering these insights, in further research it is important to analyse whether Baltic banks use words such as “sustainability” reasonably and are not just implementing “greenwashing” strategies to appear more environmentally friendly than they truly are. Caradonna (2022) also identified that the most frequent model used for explaining sustainability is “three Es” model which became mostly used after being endorsed by UN World Summit in 2005 (Figure 2). It shows that balance and equal emphasis on social equality, economics, and environment is required in order to have a sustainable environment.



Source: Caradonna, J. L. (2020). *Sustainability: A History*, p. 8.

Figure 2. The three Es of sustainability

Based on analysed literature, it can be seen that businesses and society begin to understand the connection between social, economic and environmental well-being. The concept of sustainability emphasises meeting present needs without compromising future generations and this idea must be included in corporate strategies of various entities including banks. This subchapter outlined historical evolution and theoretical ideas which contributed to the today’s understanding of sustainability. Even though the concept is explained, it is still important to understand how it could be measured and analysis of literature showed that sometimes this word might be vague and clearer guidelines are required in order to be able to measure it and avoid exploitation from corporate side. The following subchapter will

provide analysis of concept of sustainability assessment and how companies are measuring their sustainable practices.

1.2. Concept and importance of sustainability assessment

While the growing focus on sustainability resulted in more and more businesses, including banks, to adopt sustainable practices, it requires a big effort in order to effectively measure their impact and implementation. Considering the fact that each business sector is unique, this task becomes even more challenging. Despite difficulties, it is still important to understand how different businesses understand sustainability assessment and why is it important.

Sustainability assessments, according to Shortall, Davidsdottir, & Axelsson (2015), are required in order to make coordinated and strategic steps for sustainable development with involved understanding of ecological, social, and economic conditions. It should act as a tool which would allow policy makers or decision makers inside the company to understand which actions should be or should not be taken in order for society and businesses to become more sustainable. Other authors such as Pope, Annandale, & Morrison-Saunders (2004) and Ness, Urbel-Piirsalu, Anderberg, & Olsson (2007) also see sustainability assessment mainly as a tool which helps to navigate towards sustainable development as well as towards its overall promotion.

According to Vormedal, & Ruud (2009), GRI (Global Reporting Initiative) set standard, which is defined as publication issued by a company or organisation that assesses the economic, environmental, and social impacts resulting from its day-to-day operations, was one of the main factors which contributed to the growth of sustainability-related reports and is currently considered as global standard for sustainability reporting. According to GRI (2024), GRI Standards allow companies to show their contributions to the sustainable development in more transparent way which is often valued by many stakeholders including policy makers, investors, and society overall.

Boiral, & Henri (2017), by analysing various literature, identified that ability to compare sustainability performance of the companies is crucial for stakeholders and is a core principle of the GRI framework. Despite that, their study showed that sustainability performance information provided in GRI reports is often difficult to measure and makes it difficult for companies to be credibly compared. Identified limitations were mostly related to unspecific details, bigger emphasis put on positive aspects in sustainability reports, incomplete data, and difference of measurement units. Authors noticed that reports are usually nicely presented having clear structure with serious emphasis on company's

commitment to sustainable practices, however such reporting is more suitable for evaluating individual company's performance rather than having clear sustainability data and indicators which could be used when comparing assessed sustainability of a company to other entities or competitors. Often limiting factors might result in seen inconsistencies and weaknesses in these reports. The similar gaps could also be seen in the sustainability reports of major Baltic financial institutions where there are even differences in the presentation form. While Swedbank AB (2024) and Skandinaviska Enskilda Banken AB (2024) include sustainability reports together with their annual reports, Luminor Bank AS (2024a), on the other hand, releases separate sustainability report. Despite having separate report for sustainability, Luminor Bank also includes section related to environmental impact and climate risk management section on its annual report as well (Luminor Bank AS, 2024b). This shows that despite having separate sustainability report, this topic remains important when evaluating annual performance as well.

Bhakar, Digalwar, & Sangwan (2018) in their work address the issue of absence of effective methodological frameworks for assessing the sustainability in manufacturing processes and see measuring sustainability as a challenge not only for manufacturers, but for other parties such as governments and researchers as well. Their proposed framework includes the triple bottom line perspective (TBL), which is one of the key frameworks used by businesses to evaluate their success in specific areas, however it is also important to understand this concept from theoretical perspective as well. According to Slaper, & Hall (2011), this term and accounting framework was introduced by John Elkington in mid-1990s and includes financial, social, and environmental dimensions. TBL approach, which evaluates performance based on people, planet, and profits (also known as 3Ps), gained significant popularity in among various businesses. Slaper, & Hall (2011) indicate that even though it is not difficult to define TBL, the hardest part is to calculate it due to the lack of global standard and agreed variables which should be included in each of TBL category. Mentioned authors provide possible variables which could be included when calculating TBL, however they still suggest that the final measures should be determined based on type of business and mainly by stakeholders or matter experts. Limitations due to lack of data availability are also mentioned. Considering the type of banking businesses, it is important to understand which variables could be measured or identified and should be included when assessing banks' sustainability based on TBL framework. For example, when evaluating economic variables, revenue of banks that contribute to gross state product could be evaluated. Direct environmental impacts such as electricity consumption might be taken into calculations. Social measures, for instance, might reflect the number of employees or percentage of females working in organisations.

Gender equality is one of the 17 Sustainable Development Goals (SDGs), which are included in the 2030 Agenda proposed in 2015 and adopted by all United Nations Member States (United Nations, 2015). Considering the fact that all 3 Baltic states (Lithuania, Latvia, and Estonia) are members of United Nations, it is important for these countries to identify key areas where certain steps or strategies should be implemented in order to meet SDGs by 2030. Even though SDGs are proposed on national level, importance of business roles in achieving these goals are being more and more recognised (Palau-Pinyana, Llach, & Bagur-Femenías, 2023). In further analysis it would be important to understand how banks interpret and use SDGs in their daily business operations.

The growing emphasis on sustainability led various businesses, including banks, to implement sustainable practices. This consequently resulted in increased efforts to measure their sustainable impact effectively. Each sector's uniqueness makes this task challenging, however by understanding various approaches to sustainability assessment it is possible to identify key areas required for further research related to Baltic banks sustainability assessment. These measurements are essential for strategic sustainable development and serves as great tools for decision-makers and other parties. In addition, global GRI standards for sustainability reporting have become benchmarks which are valued for their transparency and are used more and more frequently. Literature analysis showed that these reports often lack specific details and consistent measurement units which limits the ability to effectively compare companies with each other. Valuable insights and identified limitations of sustainability reports will be taken into consideration when assessing sustainability of Baltic banking businesses.

1.3. Development and importance of sustainability assessment in banking sector

In today's competitive banking sector every advantage over competitors is valued, and integration of sustainable practices as well as their reporting becomes one of the key factors which attract new customers and investors. For further research it is important to understand how various banks approach sustainability and how their sustainability performance was measured over the years in order to identify key aspects which are included in sustainability assessment of banks.

Considering the importance of sustainability in various processes such as supply chain management (Cataldo, 2022), investors' attraction for investments (Hawn, Chatterji, & Mitchell, 2018), and overall sustainability literacy's value for the sustainable societal development (Gedvilaitė, Gudaitis, Lapinskienė, Brazaitis, Žižys, & Podvieszko, 2022), the assessment of sustainability in banking sector, which is responsible for people's funds management, loan issuance, and other services that contribute to

overall social and economic aspects of citizens' lives, becomes very important. According to Baldissera (2023), the importance of sustainability reporting in banks has increased over the years due to their role as intermediaries in the allocation of capital. Study analysed the development of bank's sustainability reporting based on over 30 years of studies. According to the article and based on analysis of explored literature, it can be seen that Dierkes (1979) in 1970s suggested the idea of social responsibility of banks with the integration of economic objectives. According to Hahn, & Kühnen (2013), in 1980s environmental issues became more important than social reporting. This is also confirmed by Rich (1985), who identified the involvement of the banks during 1980s for supporting environmental issues by providing loans for projects in environmentally fragile agricultural areas, for renewable energy projects, and for other environment protection related projects. Hahn, & Kühnen (2013) identified 1990s as being the beginning of joint reports which included environmental and social dimensions that were frequently published together with financial reports. This practice can be seen up to this day based on analysed annual reports of Banks operating in the Baltics. According to Milne, & Gray (2013), during mid-1990s the number of stand-alone reports for social, safety, and health issues has increased with large corporations operating in high environmental impact industries generally being the most frequent publishers of such reports. However, recently more and more financial services providers such as commerce banks began to publish similar reports. Summarised timeline of key developments related to banks' sustainability reporting evolution can be seen in Table 2.

Table 2

Timeframe and evolution of banks' sustainability reporting and their involvement in sustainable activities

Timeframe	Key developments
1970s	Introduction of the idea of social responsibility of banks with integration of economic objectives.
1980s	Environmental issues became more important than social reporting: environmental projects were supported by banks through loans.
1990s	Beginning of joint reports which included environmental and social dimensions along with financial reports.
Mid-1990s up to nowadays	Increase in stand-alone reports for social, safety, and health issues with increasing number of financial services providers who publish similar reports.

Source: created by author

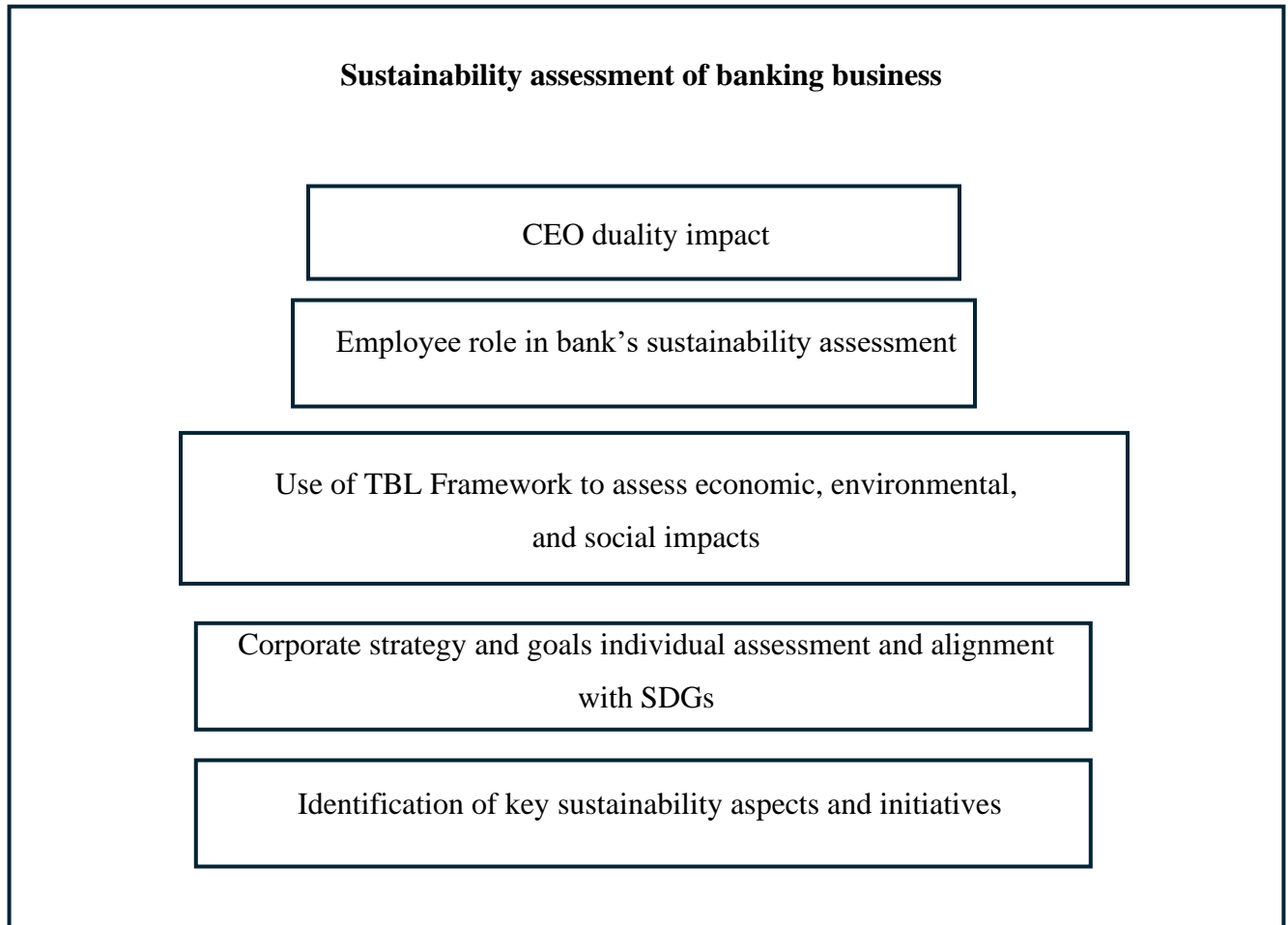
Considering the history of the sustainability, it can be concluded that sustainability in banking and other businesses plays an important role. Sustainability reporting in banks has gained importance over the years, with an analysis spanning over 30 years indicating a shift from economic objectives with

social responsibility in the 1970s to a focus on environmental issues in the 1980s, and followed by joint reports integrating environmental and social dimensions in the 1990s. Despite higher amount of sustainability reports being published in the past mainly by companies that pose higher environmental risk, the banking industry also joined the trend and introduction of GRI standard made the reporting easier.

Ielasi, Bellucci, Biggeri, & Ferrone (2023) indicated that for proper assessment of financial institutions' sustainability, both direct and indirect impacts on sustainability of these FIs should be taken into consideration. Clément, Robinot, Élisabeth, & Trespeuch (2023), on the other hand, focused more on ESG (environmental, social, and governance) scores which, according to authors, were at first introduced for financial companies, but saw increased adaptation by other companies due to possible use of this tool as something what could even improve legal entity's reputation. ESG scores is a powerful tool which could have huge impact on a company's financial performance (Glebavičiūtė, 2021), investments (Vaitiekūnaitė, 2020), and overall company's value for shareholders, and customers (Zumente, & Bistrova, 2021). This analysis indicates that ESG aspects should be included when assessing sustainability of banks. Salim, Disli, Ng, Dewandaru, & Nkoba (2023) identified that poor corporate environmental performance negatively affects banks stability confirming the idea that evaluation of impact on environment should be one of the main priorities of the banks. There was also research performed by Jizi, Salama, Dixon, & Stratling (2014) which showed that banks' CEO's duality could mean that they might promote CSR activities of their controlled financial institutions for pleasing stakeholders often for their private benefits, however due to the difficulty of measuring choices and sincerity of decisions of banks' CEOs, it is decided not to include evaluation of individuals decisions in sustainability assessment model.

Proper assessment of financial institutions' sustainability should consider both direct and indirect impacts as well as include ESG aspects evaluation due to their possible significant impact on financial performance, investments, and overall company value. Authors' provided insights and tendencies allowed to establish a theoretical model for assessing sustainability of banking businesses operating in Baltic region. Considering the importance of identifying key standardised metrics for sustainability assessment, the empirical research level of sustainability assessments of banks operating in Baltic region will be analysed further.

Based on analysed literature, the theoretical model for assessing Baltic banking businesses' sustainability is shown in Figure 3.



Source: created by author

Figure 3. Theoretical model for assessing Baltic banking businesses' sustainability

This model shows what are the key requirements for banking business' sustainability assessment in Baltic region based on analysed scientific literature and will be supplemented in Chapter 2.

2. EMPIRICAL RESEARCH LEVEL OF SUSTAINABILITY ASSESSMENT IN BANKING BUSINESS

This chapter provides an overview of performed empirical researches in the area of sustainability in banking businesses and also provides hypotheses for the research including research model for assessing Baltic banking businesses' sustainability.

2.1. Analysis of researches in the area of banking sustainability

There have been numerous sustainability assessment researches performed for banking sector. One example is provided by Sengupta, Pramanik, Datta, Dutta, Dasgupta, & Kirtania (2023) who investigated the public disclosures (including sustainability, annual reports, websites, and other sources) of 50 banks across 9 geographical segments over a span of five calendar years (2018–2023). Using inductive methods, co-word assessments, and content analysis, qualitative commentaries were developed and evaluations of geo-specific performances of banks were generated. During the research it was identified that banks in Eastern Europe (countries in this section include Israel, Poland, Turkey, Czech Republic, and Hungary) primary focus on SDGs 5, 8, 9, 11, 12, and 13. The research also identified that banks have different motives for adopting SDGs, but main motives are mainly linked to 3 key areas being: core business objectives, providing support and financial backing to other industries, organizations, and governments for sustainable initiatives, and for fulfilling corporate citizenship responsibilities. The research confirmed the idea that banks from different geographies focus on different SDG goals and in further research it will be important to identify if employees of Lithuania, Latvia, and Estonia, who work in banking sector, have similar or different focus on specific SDGs.

Another research performed by Zimmermann (2019) identified that banks play important role in advancing SDGs. Research, based on insights from 26 in-depth interviews conducted with 26 executives within the German banking sector, developed typology of sustainability strategies used by banks. 4 strategies were identified being narrow, peripheral, balanced, and integrative. Each of strategies have similar structure but differ by implementation and practice. Choice of strategy is influenced by combination of social, environmental, and business motives. During research it was also identified that banks haven't yet fully use SDGs to make targeted contributions towards SDGs such as SDG 3 (Good Health and Well-being) or SDG 6 (Clean Water and Sanitation). Zimmermann also recommends including sustainability into core business activities and avoid greenwashing practices for increasing

trustworthiness. Suggestion to avoid greenwashing practices indicates that during sustainability assessment it is important to examine how sustainable or “green” banks truly are and whether they are not overstating their actual impact towards environmental benefits. Research performed by von Cotzhausen, & Linde (2023) investigated how Scandinavian Nordea bank (which formerly was present in all Baltic states before merger with DNB and becoming Luminor in 2017) avoids greenwashing. Semi-structured interviews were conducted with Nordea employees from various departments. The decision to use this interview method was made in order to provide opportunity for informants to be able to divert to other subjects, to have open dialogue, and for ability of new ideas to come up during the interview itself. It was identified that Nordea avoids greenwashing mainly by providing e-learning materials for employees, which indicates that employees could contribute to greenwashing, and adherence to code of conduct. In the further research it will be important to investigate whether employees of bank understand and can identify greenwashing as well as understand all risks it could bring.

Hacking (2019), using Asian Development Bank (ADB) as a case study, identified that further work is needed to fully incorporate SDGs into sustainability assessment for banking projects and suggested that usage of SDGs to inform operational performance of companies might be a practical way for achieving a strategic perspective as well as could help with decision-making. This confirms Zimmermann’s idea that SDGs usage is not fully utilised by banks. In further research it will be important to understand the level of SDG usage in banking projects and which SDGs lack required attention.

Fifth study by Saeudy, Atkins, & Barone (2022) used semi-structured interviews with 25 senior representatives from small and medium-sized banks operating in the United Kingdom. The main goal was to understand representatives’ views towards the implementation of sustainability initiatives and whether such initiatives in banking sector are more implemented just for reputational risk management or there is genuine response to social concerns. It was identified that the primary driver for implementation of sustainability initiatives was in fact reputational risk management as society puts greater emphasis on sustainable development. However, there was some evidence found that there are also some internal sustainability initiatives which could be linked with personal commitment due to ethical reasons. Macve, Chen, Burritt, & Schaltegger (2010) in their research also identified that environmental benefits were mainly a side effect of risk management rather than a primary goal of banks. In the further research it will be important to investigate whether sustainability initiatives are used only for risk management or banks and their employees actually care about broader impact of their activities.

Research performed by Sharma, & Choubey (2022) confirms the theoretical idea that higher sustainability scores of banks provide positive impact on company’s reputation. During the research it

was revealed that green initiatives impact how society sees banking businesses. By conducting semi-structured in-depth interviews with 36 middle-to-senior level managers of 12 public and private banks in India it was identified that 60% of managers believe that corporate social responsibility initiatives such as green products development or green internal processes have positive impact on customer trust and brand image. Considering the vast cultural differences, further research would be required to identify how sustainability initiatives are viewed by Baltic bank employees and whether this has any impact on customers' views towards a bank.

TBL framework in theoretical part was recognised as a key framework used by businesses to evaluate their success in specific areas and Sani, Gbadamosi, & Al-Abdulrazak (2024) in their research identified how the triple bottom line is related to sustainable banking. The data was collected by performing in-depth interviews with 33 bank staff members in various units and departments from different commercial banks in Nigeria. Purposive sampling method was chosen and participants were selected based on their ability to provide insightful answers to given questions. Questions were divided into 3 themes of TBL framework: profit (economic dimension), people (social dimension), and planet (environmental dimension) to better understand sustainable banking operations from the standpoint of TBL. It was discovered that Nigerian banks are prioritising profit maximisation over environmental and social concerns. Study showed that Nigerian banks often treat their employees unfairly offering them lower wages and fewer benefits. On the "planet" dimension, it was identified that Nigerian banks also do very little to preserve environment and practices such as use of paper-based transactions contribute to ecological degradation. The main conclusion of the research was that without specific regulations or enforcement, Nigerian banks are unlikely to include more sustainable practices in the near future. The research shows that sole focus on profit maximisation leads to unsustainable business practices and that all 3 spheres of TBL should be evaluated when assessing banks' sustainability. TBL approach can also be seen in case study research performed by Adam, Adhariani, & Herdiansyah (2018) who identified that bank itself can decide whether to make a shift in their operations and not only focus on profits, but contribute to the benefit of society, for example by increasing the presence in remote areas, despite such decision not necessarily being profitable. It was also identified that their studied ABC bank even assess potential customers' efforts to preserve the environment when granting services. During the empirical research it will be important to assess whether Baltic based banks focus only on profit maximisation, or they also provide positive impact towards environment and society.

Another important aspect for assessing bank's sustainability is to understand the role of CEO and management board in promoting sustainability initiatives. Wuaku, Koomson, Abraham, Markwei, &

Agyapong (2025) conducted 5 interviews with former and current employees of the Bank of Ghana, who have been board members there, to understand how corporate governance practices such as CEO duality, board size, and foreign ownership affect the sustainability of banks (mainly economical aspects). The main findings were that CEO duality (one person holding both CEO and board chair positions) is not necessarily bad idea; however, CEO must be actively engaged and perform well. On the other hand, if person holding these two positions takes bad decisions, it could also have a significant impact on survival of the bank. Such duality might lead to CEO-board chair to exceeding a bank's risk appetite as there would be no other monitoring persons who could prevent that. Additionally, it was identified that larger board size could be costly, but if members are independent, have diverse skills and expertise, it could improve overall sustainability of the bank. The last main finding of the research was that foreign ownership of the banks or formed strategic alliance might be beneficial for locally present banks, however adequate knowledge about local market preferences should be gained for profits increase over time. Research shows that for proper sustainability assessment it will also important to understand the role and actions of its senior management. Summarised overview of researches can be seen in Table 3 (pages 23-24).

Table 3

Overview of researches on sustainability in banking business topics

Author(s)	Year	Research aim	Method	Results
Macve, Chen, Burritt, & Schaltegger	2010	To investigate both the nature of the success and the shortcomings of equator principles reporting.	Interview.	The research revealed that banks widely adopted equator principles, however actual environmental benefits were mainly a side effect of risk management rather than a primary goal of banks. It also identified that detailed reporting and standardised evaluation methods are needed to measure true environmental impact of the equator principles.
Adam, Adhariani, & Herdiansyah	2018	To analyse the philosophical reasons behind the implementation of sustainable finance in ABC Bank in Indonesia.	Case study.	The research revealed that analysed bank demonstrates TBL approach and considers social welfare as well as environmental protection alongside profit.
Zimmermann	2019	To create a typology of the sustainability strategies that banks implement.	Interview.	The research revealed that banks implement sustainable practices based on mix of motives and also identified that banks haven't fully utilised SDGs as a framework and that certain SDGs do not receive significant attention from banks.

Table 3 (continued)

Author(s)	Year	Research aim	Method	Results
Hacking	2019	To conceptualise sustainability assessment and explore the potential to develop SDG-focussed forms for use at the project-level.	Case study.	The research revealed that impact assessments are not yet commonly used in support for SDGs and that further work is needed to adopt sustainability/SDGs as assessment goals from global to local project levels.
Saeudy, Atkins, & Barone	2022	To contribute to a growing literature in sustainable and green banking by exploring the views of senior banking representatives towards the implementation of sustainability initiatives.	Interview.	The research revealed that banks in the UK propose sustainability initiatives more for reputational risk management rather than genuine concern about social issues, however a few internal sustainability initiatives were identified to be more linked with personal commitment.
Sharma, & Choubey	2022	To examine the impact of green banking initiatives on green brand image and green trust in Indian banks.	Interview.	The research revealed that 63% of respondents said their bank develops green banking products, 53% incorporate green internal processes, and 78% undertake green corporate social responsibility initiatives, with over 60% believing these initiatives positively impact customer trust and brand image.
Sengupta, Pramanik, Datta, Dutta, Dasgupta, & Kirtania	2023	To assess the sustainability focus of global banks in the context of achieving SDGs.	Narrative analysis, co-word analysis, and content analysis.	The research showed how different regions have different SDG priorities also showing link between bank's initiatives and regional sustainability needs. It also identified 3 main motives for banks' sustainability focus: achievement of core business objectives, support and financing of other industries' sustainable initiatives, and improvement of corporate citizenship.
von Cotzhausen, & Linde	2023	To research how a bank avoids greenwashing.	Interview.	The research revealed how Nordea avoids greenwashing mainly through provision of e-learning materials, adherence to code of conduct, and participation in banking industry initiatives. Moreover, it was identified that management's clear stance against greenwashing passes to other employees of organisation contributing to company-wide commitment to avoiding greenwashing.
Sani, Gbadamosi, & Al-Abdulrazak	2024	To investigate sustainability practices in the banking industry, focusing on a developing economy.	Interview.	The research revealed that banks in developing countries tend to primarily focus on profitability often neglecting fair labour practices and ignoring environmental issues.
Wuaku, Koomson, Abraham, Markwei, & Agyapong	2025	To re-examine the corporate governance-bank sustainability relationship using a qualitative design to generate in-depth, useful, and novel insights that may be hidden behind quantitative data.	Interview.	The research identified that larger management boards do not always promote bank sustainability, but members with diverse experience and expertise do. In addition, it also provided insights that local market expertise helps foreign-owned and managed banks to increase bank's profitability, as well as that CEOs duality is not necessarily a bad practice, if they are actively engaged and can perform well, however it could also lead CEO-board chair to exceed a bank's risk appetite.

Source: created by author

From the Table 3 it can be seen that interviews are the common method for conducting banking sustainability related researches. Zimmermann (2019) saw qualitative research design more suitable for explorative nature of research aim and indicated that semi-structured interviews are considered as “the heart” of qualitative studies. Sani et al. (2024) also mentioned that semi-structured interviews provided flexibility in wording and sequence, guided by interviewees' responses and allowed in-depth exploration. These explanations provide the idea for further empirical research to implement interview as qualitative research method.

To conclude, numerous researches related with banking sustainability topic have yielded valuable insights and different approaches. It was identified that different regions prioritise different Sustainable Development Goals and that banks could be using sustainability initiatives primarily for reputation risk management, although there are examples of some initiatives that could be linked to personal commitment of the banks. Additionally, researches showed that the Triple Bottom Line approach is crucial for assessing banks' sustainability and for understanding whether only profit maximisation is the primary goal of banking businesses. Moreover, corporate governance practices such as CEO duality or board members composition as well as possible greenwashing also play significant role in bank's sustainability assessment. Study of scientific researches contribute to better understanding of sustainable banking practices and provide ideas for further research that will focus on sustainability assessment of Baltic region banking business. The following subchapter will analyse the sustainability reports of major Banks in the Baltic region

2.2. Analysis of Sustainable Development Goals in Baltic banks' sustainability reports

As stated in Chapter 1, majority of banking businesses recently started to publish sustainability reports which often include certain SDGs that financial institutions put great emphasis on. SDGs' importance for banks is also highlighted by various scientists who performed researches on banking sustainability topic. Focus on Sustainable Development Goals can additionally be seen on published sustainability reports by banks operating in Baltics (Luminor Bank AS, 2024a; Swedbank AB, 2024; Skandinaviska Enskilda Banken AB, 2024; AS Citadele banka, 2024) all of which include SDGs in their proposed sustainable strategies. All 4 reports include different SDGs which confirm the idea that there is no universal approach when it comes to reporting. Included SDGs in analysed banks' sustainability reports for 2023 are provided in Table 4 (page 26) using systematization method. Banks were chosen based on criteria of being present in more than one Baltic country and based on number of customers

from Baltic countries. Despite the provision of various financial services, FinTech (Financial Technology) sector companies were not included due to access to their services being decentralised through online platforms (Navaretti, Calzolari, Mansilla-Fernandez, & Pozzolo, 2018) and lack of physical branch presence.

Table 4

SDG Goals included in major Baltic banks' sustainability reports for 2023

	Swedbank AB	Skandinaviska Enskilda Banken AB	Luminor Bank AS	AS Citadele Banka
SDG 1 (no poverty)	+	-	-	-
SDG 2 (zero hunger)	+	-	-	-
SDG 3 (good health and well-being)	-	-	-	+
SDG 5 (gender equality)	+	+	-	-
SDG 6 (clean water and sanitation)	-	+	-	-
SDG 7 (affordable and clean energy)	-	-	-	+
SDG 8 (decent work and economic growth)	+	+	+	+
SDG 9 (industry, innovation and infrastructure)	-	+	-	+
SDG 10 (reduced inequalities)	+	-	-	-
SDG 11 (sustainable cities and communities)	+	-	-	-
SDG 12 (responsible consumption and production)	+	-	-	-
SDG 13 (climate action)	+	+	+	+
SDG 14 (life below water)	-	+	-	-
SDG 15 (life on land)	-	+	-	-
SDG 16 (peace, justice and strong institutions)	-	-	+	-
SDG 17 (partnerships for the goals)	-	-	-	-

Source: created by author

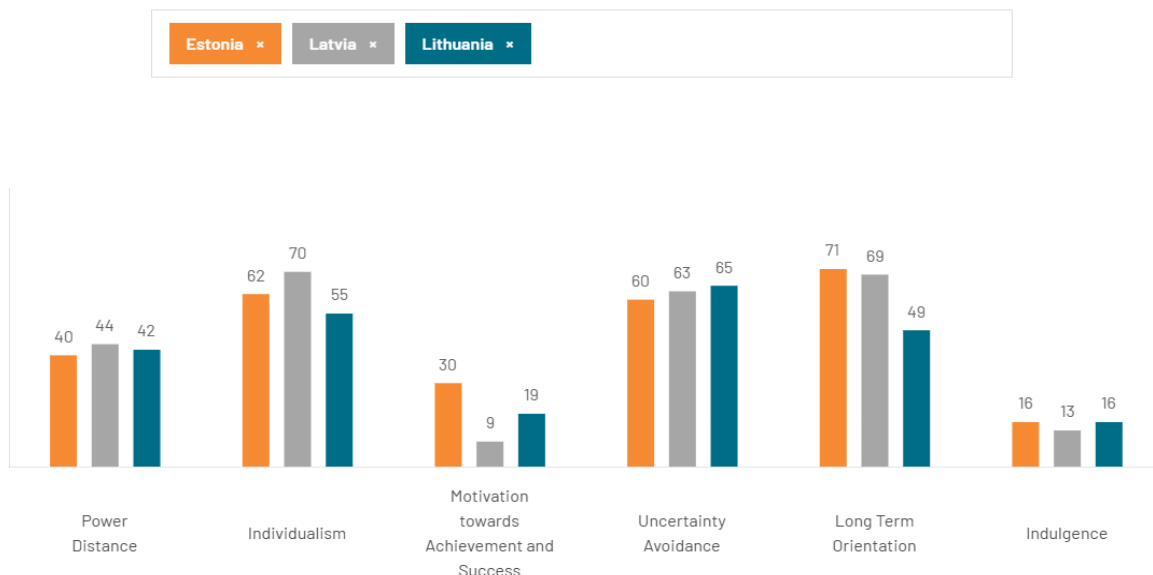
Systemised results show that only SDG 8 and 13 goals were present on all reports indicating that analysed banks understand importance of contribution towards decent work and economic growth as well as assessment of possible impact on climate change. Swedbank AB and Skandinaviska Enskilda Banken AB mention SDG 5 (gender equality) in their reports, however it should be noted that all reports included

information about gender diversity and held positions by gender. According to Henrietta King (2024), major banks often report similar gender distribution numbers, but the actual management positions are still predominated by men. This shows that even despite of indication of SDG 5 goal on reports, actual situation and emphasis on different goals should be critically evaluated.

To conclude, the analysis of sustainability reports revealed increasing focus on SDG goals in the Baltic banking sector with clear focus on SDG 8 and SDG 13 showing common focus on economic development and climate change mitigation. In the further research it will be important to evaluate whether declared SDG goals of a bank would actually match employee chosen SDGs where focus of the bank should be put on. The following subchapter will reveal hypotheses for empirical research and research model for assessing sustainability of Baltic banks.

2.3. Objective and Development of Conceptual Model

Sustainability assessment will be performed on pan-Baltic level, so it is important to evaluate possible cultural differences between countries before making any assumptions or statements. One of the widely used tools to do so is country comparison tool, which was created based on Geert Hofstede's studies of cultural influence on values in the workplace (The Culture Factor, 2025). Comparison between Lithuania's, Latvia's, and Estonia's cultural dimensions can be seen in Figure 4 below.



Source: The Culture Factor (2025). *Country comparison tool: Estonia, Latvia, Lithuania.*

Figure 4. Comparison of cultural dimensions between Baltic countries

From Figure 4 (page 28), three notable differences can be noticed between Lithuania, Latvia, and Estonia, which could affect employee perspectives on sustainability and their responses. First bigger difference could be noticed in individualism section, which suggests that Latvians are the most individualistic out of all three countries and could express more personal values and interests which would not necessarily go in line with set by organisation goals. Although it can also be seen that all three countries are considered to be more individualistic, so no significant differences in responses are expected and employees would most likely prioritise goals where they personally would benefit from. Another dimension where differences could be seen immediately is motivation towards achievement and success. It shows that Estonians might highlight their personal contributions towards sustainability more than Latvians or Lithuanians. The third noticeable difference that could be seen from Figure 4 is long term orientation. It would be expected from Latvians and Estonians to prioritise goals that would focus more on long-term environmental impact like climate action, while Lithuanians might prefer goals which would address more current and immediate needs like well-being or decent work related goals.

Based on analysed researches, it can be seen that great emphasis is placed on SDGs and related economic, social and environmental factors. One of crucial factors for proper assessment of sustainability in banking sector is understanding that different regions are unique and might face different sustainability issues. Even though there are some cultural differences, but considering the fact that in business world, especially in banking business, Baltic states are often seen as a whole, which is also supported by seen presence of major banks in all 3 countries and the fact that 1 sustainability report includes all 3 Baltic countries, naturally the first statement could be:

Statement 1: Implemented sustainability initiatives in pan-Baltic bank will be the same across all 3 Baltic countries.

Since there is no universal approach for measuring bank's sustainability and since each person is unique, also taking into consideration mentioned cultural differences, it is logical to assume that each employee will have different opinion and understanding about sustainable banking practices and recognition of their involvement in such practices. Consequently, second statement could be formulated:

Statement 2: The level of employee involvement in and understanding of sustainable banking practices and initiatives would differ between all 3 Baltic countries.

As analysed sustainability reports of major Baltic banks showed, each bank focuses on different SDG goals, however it does not necessarily indicate that employees of the same bank will choose the same SDG goals that a bank should prioritise. As a result, third statement is formed:

Statement 3: Prioritisation of specific SDGs in the bank's sustainability assessment will differ among employees of all 3 countries.

Lithuania, Latvia, and Estonia are considered as developed economies by United Nations, and it is expected that banking businesses in these countries are making positive contributions towards social and environmental aspects alongside the attempt to maximise profits as opposed to the example seen from Nigeria (Sani et al., 2024), where profit maximisation was the main goal of this developing country's banks. According to these facts, Statement 4 could be stated as:

Statement 4: Triple Bottom Line will be clearly identifiable in bank's decision-making process and its practices.

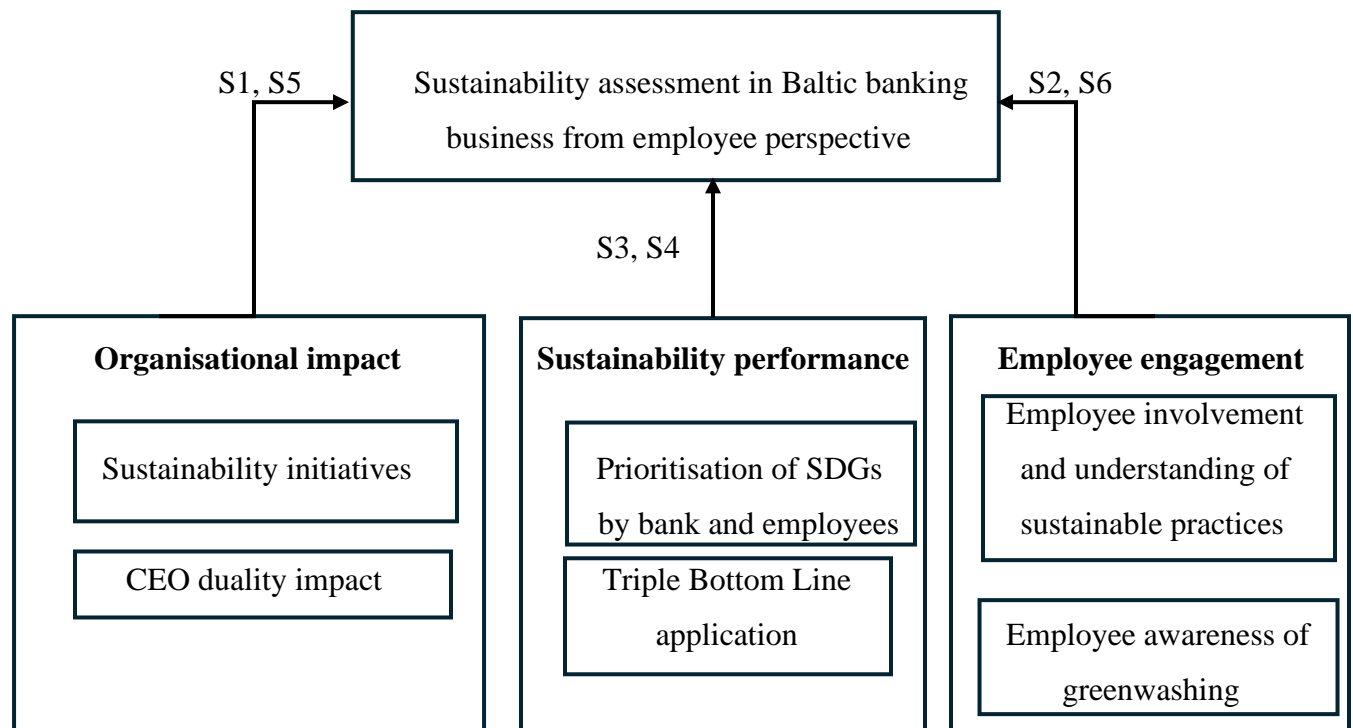
Researches on CEO duality (Jizi et al., 2014; Wuaku, 2025) showed that there are significant risks when appointing CEO also as board chair since one person could gain too big decision-making power without many consequences for their actions due to the lack of supervision. This might possibly lead to CEO's insincere promotion of CSR just for pleasing stakeholders or, in the worst-case scenarios, collapse of financial institution due to poor one-man decision making. Collapse of major bank would possibly result in significant sustainability issues in economic (job loss), social (loss of trust in banking system from community), or even environmental (decreased options for financing green initiatives or projects) areas. However, from Baltic banks sustainability reports it is seen that all major banks have supervisory bodies which mostly consist of independent members whose primary purpose is to supervise the activities of the Bank, and CEO duality should not be a concern when assessing sustainability of Baltic banks, thus statement is formed:

Statement 5: CEO duality will not be considered as a factor which negatively affects Baltic bank's sustainability assessment.

Greenwashing recently has been recognised as quite frequently used form of advertising where companies try to convince customers and stakeholders that organisation's actions, goals, and products are more environmentally friendly than they truly are. Certain banks such as Nordea even implement e-trainings for employees to avoid greenwashing practices in their daily operations. This indicates that such practices could occur in banking businesses as well. Consequently, in the further research it will be important to understand whether greenwashing occurs or at least is recognisable in pan-Baltic bank and the sixth statement is formed:

Statement 6: Bank employees from all 3 Baltic countries will be able to identify greenwashing and will be aware of greenwashing risk

Based on analysed literature, the possible model for assessing Baltic banking businesses' sustainability is shown in Figure 3.



Source: created by author

Figure 5. Research model for assessing Baltic banking businesses' sustainability

This updated model is created based on main findings from chapter 1 and 2 and 6 statements. All 3 pillars should be taken into consideration when assessing bank's sustainability.

CEO duality impact and sustainability initiatives were added under organisational impact as they are related with organisational structure. CEO duality could bring some risks due to lack of supervision, thus leading to decisions which might please shareholders in short term but could also lead to an organisation's collapse. Assessment of sustainability initiatives was also added under organisational impact as all major banks operating in the Baltic region publish sustainability reports which cover all 3 countries and main identified sustainability initiatives were proposed on organisational level without having specific countries in mind. Sustainability performance pillar focuses on identifying which SDG goals are prioritised by banks and employees and whether bank's implement the Triple Bottom Line framework in their decision-making and daily operations. Considering the importance of employees, who are behind of majority of banking business operations, assessment of their involvement and

understanding of sustainable practices as well as their ability to identify greenwashing risks is vital for assessing overall sustainability of banking business.

It is worth noting that there could be additional aspects and steps required to be taken into consideration for full sustainability assessment of a bank such as standardisation and identification of key sustainability metrics, however due to the nature of chosen qualitative research type and lack of statistical data, research would not provide statistically approved metrics or guidelines for measuring certain contributions to society or environment such as information about financial contribution towards local communities or percentage of renewable electricity used.

3. EMPIRICAL RESEARCH LEVEL OF SUSTAINABILITY ASSESSMENT IN BANKING BUSINESS

3.1. Research methodics

The aim of the research – to understand how employees working in pan-Baltic bank assess sustainability of their organisation.

To reach the aim of the research the following objectives have been set out:

1. To assess employees' awareness and perceptions of sustainability initiatives.
2. To evaluate employees' understanding and prioritisation of sustainability goals.
3. To reveal employees' perspective on sustainability governance and risks.

Research methods. Analysis of empirical data showed that qualitative research method was frequently used when investigating banking sustainability topic (Table 3 on pages 24-25). Even though Zimmermann (2019), Sani et al. (2024), and von Cotzhausen, & Linde (2023) selected to use semi-structured interviews for their researches due to their explorative nature, it is important to note that Zimmermann's (2019) research was performed interviewing executives within the German banking sector, who were familiar with sustainability topic, and Sani et al. (2024) chose interview respondents based on their ability to provide insightful answers using purposive sampling method while von Cotzhausen, & Linde (2023) investigated only greenwashing topic and wanted to leave ability to move to other subjects during interviews. Considering the fact that one of this research purposes is to understand how employees of specific banks assess the sustainability of their organisation also investigating their opinion and familiarity with the topic, option to ask additional questions, like it would be possible with previously mentioned semi-structured interview method, was not considered due to possible lack of respondents' familiarity with the investigated topic and several different categories of questions.

Survey sample. For interview participants **criterion selection** was applied. Participants were working in the bank, which is present in all 3 Baltic countries, and they did not hold managerial positions. The latter criterion was selected to exclude any biased opinions and to investigate how specialist/analyst level employees are familiar with the topic. Majority of performed researches in the past focused on interviewing managers/CEOs or people familiar with sustainability topic, however that does not necessarily represent how other employees feel or are informed about sustainability in their organisation and overall. 9 people were interviewed during this research with varying experience and different job

titles. Interview participants were coded with 1 or 2 letters and 1 number with letter(s) indicating country and number being randomly assigned to separate employees from the same country e.g. – LV1 – Latvian employee no. 1, LT2 – Lithuanian employee no. 2, E3 – Estonian employee no. 3, and so on. All participants can be visible in Table 5 below.

Table 5

Participants of the interview

No.	Interview participant code	Job title	Country	Working experience at the current bank
1.	LV1	Analyst	Latvia	4 years
2.	LV2	Officer	Latvia	8 months
3.	LV3	Analyst	Latvia	9 years
4.	E1	Officer	Estonia	17 years
5.	E2	Analyst	Estonia	1 year
6.	E3	Analyst	Estonia	4 months
7.	LT1	Senior Specialist	Lithuania	2 years
8.	LT2	Specialist	Lithuania	4 years
9.	LT3	Specialist	Lithuania	3 years

Source: created by author

Classification and analysis data processing method was used to group interview responses under specific categories and subcategories in tables with each table representing a particular statement and then analysing grouped responses in more detail. **Research organisation.** For research **structured interviews** were performed in order to ask specific questions in specific order, which would help to confirm or deny set statements (Nor Rashidi, Ara Begum, Mokhtar, & Pereira, 2014). It is worth noting that explanations about specific terms like “greenwashing” were provided by interviewer and SDG goals table was shared during the interview. Interviews were conducted in May 2025 and took approximately 24 minutes (varied from 16 to 31 minutes). Duration of the interview very much depended on respondent’s familiarity with the topic, openness to share their personal experience, and length of work at the bank. 9 people were questioned – three from each Baltic country. 6 out of 9 respondents worked in other than current financial institution in the past. With every interviewee individual meeting was arranged after questionnaire with set questions was formed. Interviewees provided answers related to sustainability topic in banking business. Interviews were performed verbally via Microsoft Teams platforms and were transcribed using built-in transcription function. Questions were asked and answers were provided in respectful manner. There were no issues during interviews, respondents were open and

did not try avoiding any specific questions. All interviews were performed during one week based on availability of respondents and took place from 5th till 9th of May. Total duration of all interviews excluding arrangements took 219 minutes (3.65h).

Structured interview questions seen in Table 6 below were created based on main aspects which affect bank's sustainability analysed in Chapter 2 and created model at the end of Chapter 2.

Table 6

Main interview questions

Category	Questions to reveal category	Purpose of the questions
Common characteristics	1. Which Baltic country are you based in and what is your current position?	These questions are for gathering background information on the respondents' role, experience, and their level of knowledge on sustainability topic within the bank.
	2. How long have you been working at the bank?	
	3. How much are you informed about your bank's sustainability initiatives or policies?	
Sustainability awareness and regional differences (statements 1-2)	4. Do you think the bank applies same sustainability initiatives across Lithuania, Latvia, and Estonia or are there any differences?	These questions help to understand whether employees perceive sustainability initiatives as standardised or adapted across the Baltic countries. Questions also help to gather insights about employees' personal involvement and their views on regional differences in sustainability area.
	5. How much do you think your work contributes to bank's sustainability goals?	
	6. Did you notice any differences in how sustainability is approached by colleagues in other Baltic countries?	
Understanding and prioritisation of SDGs (statement 3)	7. Are you familiar with the United Nations Sustainable Development goals? If yes, which, in your opinion, are the most relevant to your bank's work?	These questions help to understand employees' familiarity with SDGs, also to gather their opinion on which SDGs seem most relevant for them and to understand whether bank workers see differences in SDG prioritisation among their colleagues from other Baltic countries.
	8. Which sustainability issues the bank should focus more in your country?	
	9. Do you think your colleagues from other Baltic countries would prioritise different sustainability goals than you do?	
Triple Bottom Line (statement 4)	10. How do you think the bank balances making profits with being socially, economically, and environmentally responsible? Maybe you know any good examples?	This question is for understanding whether bank uses Triple Bottom Line Approach in its daily work.
CEO duality and governance (statement 5)	11. Do you know who leads bank's board and management?	These questions help to understand whether employees are familiar with their management board members, do they see CEO duality as a good or bad business practice, and how do they evaluate management board's work regarding sustainability topic.
	12. Do you think that the same person who holds CEO position and board chair could affect how the bank handles sustainability issues?	
	13. Do you think current management board does a good job ensuring that the bank moves towards sustainable banking?	
Greenwashing awareness (statement 6)	14. Do you know what is greenwashing?	These questions help to assess employees' understanding of greenwashing and its risk in banking sector. They also help to understand whether employees receive required training to recognise greenwashing and whether they have seen some of greenwashing examples from their organisation itself.
	15. In your opinion is greenwashing a risk in banking sector?	
	16. Have you received any greenwashing related training or information on how to recognise or avoid greenwashing?	
	17. Did you feel at any point that some of the bank's sustainability claims were exaggerated or misleading?	

3.2. Research data analysis and the discussion of the results

This section provides insights into interviewees' responses linking them to set statements and analysing the results.

In order to confirm or deny first two statements, which are related to implemented sustainability initiatives in pan-Baltic bank and the level of employee involvement in and understanding of sustainable banking practices and initiatives, Table 7 was created grouping interviewees responses based on questions 4-6.

Table 7

Sustainability awareness and regional differences of employees

Category	Subcategory	Supporting statement
Sustainability awareness and regional differences	Perceived consistency of initiatives	E1: "Probably there are differences because of different laws, but overall, those United Nation guidelines are the same. So overall objective is the same, but I am not really sure how it's in specifics." E3: "I would assume that it's similar across three countries. I don't see any reason why it should be different." LT2: "I'm not aware of any differences, but I believe the initiatives are similar." LT3: "I think same sustainability initiatives are being applied throughout Baltics."
	Personal contribution to sustainability goals	E1: "<...> we are not making paper documents and etc, moving towards digital direction." E2: "Probably our work ensures that we have those effective controls and that we as a bank are compliant. So, I believe this ensures that we have stable economic growth." LV1: "Taking under consideration that I am working from home I'm saving supplies. I'm not using any paper printouts." LV3: "I think mine work exactly doesn't really."
	Regional differences	E3: "I haven't noticed any differences at all, but if there were, I think these are just like individual differences and not based on the country because I would assume that overall alignment, not only in the bank, but on country level is quite strong because all three countries are EU members and are like in the same developmental stage." LT2: "Actually, I don't think there are differences."

Created by author

As it is visible from Table 7, employees believe that their bank applies same sustainability initiatives in all 3 Baltic countries based on statements "*I don't see any reason why it should be different*", "*I believe the initiatives are similar*" and "*I think same sustainability initiatives are being applied throughout Baltics.*" One employee had a thought that "*...there are differences because of different laws, but overall, those United Nation guidelines are the same. So overall objective is the same...*" meaning

that there could be some differences due to different laws in countries, but that branches in all three countries most likely have the same objective due to United Nations guidelines.

Moreover, when evaluating personal contribution of employees towards bank's sustainability goals, two personal contributions were pointed out: compliance with existing laws "...our work ensures that we have those effective controls and that we as a bank are compliant...", which contributes to "stable economic growth...", and savings of paper due to indicated action of "...moving towards digital direction..." and "...remote work...". These answers indicate that few respondents were able to recognise how their work contributes to bank's sustainability goals, mainly from the aspect of paper savings, however there were multiple answers as well where employees said that they did not think that their work contributed towards bank's sustainability goals "...I think mine work exactly doesn't really." This shows that understanding of personal contribution varies.

In addition, employees were also asked if they have noticed any differences in how sustainability is approached by colleagues from other Baltic countries. Answers showed that cultural differences between Baltic countries are not considered as a factor which plays the biggest role when determining person's approach towards sustainability, and it were either more personal individual factors pointed out that make the difference "...I think these are just like individual differences and not based on the country..." or no differences were noticed at all "...I don't think there are differences."

Overall, it can be stated that bank employees believe that sustainability initiatives across the branches in all three Baltic countries are similar. Some of interviewees were also able to understand how their work contributes towards bank's sustainability goals but not all, showing varying understanding of personal contribution. Moreover, it could be understood from interviews that employees believed cultural differences not to be the main factor when determining if bank workers from other countries are more sustainable or not and that it more depends on individual decisions and beliefs.

In order to confirm or deny statement 3, which is related to prioritisation of specific SDGs in the bank's sustainability assessment, Table 8 (page 38) was created grouping employee responses with interview questions 7, 8, and 9.

Understanding and prioritisation of SDGs

Category	Subcategory	Supporting statement
Understanding and prioritisation of SDGs	SDG awareness and relevance	E1: “No, we had just maybe trainings last year, but I don't remember. <...> based on table good health and well-being. Decent work and economic growth probably. Affordable and clean energy.” E2: “Yeah, I have seen the course. I have studied SDGs in school, but it's not that everyday someone speaks about those goals and especially at work. <...> most relevant are probably 8 so decent work and economic growth and also 12. And 16 probably, 13 as well.” LT3: “Yes, I am familiar with SDGs. In my opinion quality education, gender equality, decent work and economic growth, reduced inequalities, peace, justice and strong institutions”
	National sustainability priorities	E1: “Gender equality.” [In Estonia] E2: “I think [the bank should focus on] SDG 13 because in Estonia we have a lot of big clients who are known polluters.” LV1: “Good health and well-being. People are overworked and stressed. This needs more consideration in Latvia.” LT3: “Decent work and economic growth should be Lithuanian branch priority.”
	Differences in SDG prioritisation	E2: “I think Baltic countries are quite the same, but it depends how much knowledge each person individually has.” ³ LV1: “Estonians could be better at this [focus on SDGs and sustainability] because they have a longer policy and they are like looking towards Scandinavia, which has been historically greener from the beginning, so they could be better at this than Lithuanians and Latvians.” LT2: “There are differences in each country. One is modest, one is more open. Maybe this could have an impact.” LT3: “Colleagues in other Baltic countries would prioritise differently depending on issues most relevant to them”

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As it is visible from Table 7, three areas of understanding and prioritisation of SDGs could be separated: SDG awareness and relevance, national sustainability priorities, and differences in SDG prioritisation. These categories reveal whether employees are familiar with SDGs and which in their opinion are most relevant to their employer, also separating banks' national sustainability priorities and interviewees' opinion about their pan-Baltic colleagues prioritisation of SDG goals.

Employees' awareness and perceived relevance of SDGs varied quite significantly. For example, one interviewee thought that good health and well-being, decent work and economic growth, and affordable and clear energy are most relevant to their bank's work while other others emphasised the importance of gender equality and peace, justice, and strong institutions goals. Interviews also showed that majority of respondents were required to be shown SDGs table to answer related questions indicating that even though awareness exists, SDGs are not regularly referenced in the daily work of people who are not directly working in sustainability area. This suggests that uniformity is not ensured across all employees and knowledge depends on possible frequency of trainings or educational background.

Furthermore, it was also noticed that respondents indicated different goals that should be focused on by banks not only in different Baltic countries, but within the same country as well. For example, in Estonia one interviewee mentioned that gender equality should be main focus indicating that “...it is like widely known issue in banks regarding gender equality...” and pointing out the main issue with it being “...big salary gaps between women and men...” while other bank employee from the same country indicated that climate action should be focused more on mentioning the issue of having “...a lot of big clients who are known polluters...”. This shows that despite regional similarities, each Baltic country and even each branch or team faces unique social and economic challenges which shape how sustainability is perceived within the Baltic banking sector by employees.

In addition, majority of interviewees also thought that colleagues in other Baltic countries might have different priorities due to Estonia “...looking towards Scandinavia, which has been historically greener from the beginning...” or one country being modest and other being open pointing out possible cultural differences. Possible differences among colleagues in other countries were also guessed to be because of differences in “...how much knowledge each person individually has.” Such findings indicate the importance of considering both: regional context and individual perspectives when assessing the effectiveness of sustainability strategies even in pan-Baltic banks.

It can be stated that while pan-Baltic banks’ employees have basic SDG awareness, both national and individual aspects play a significant role in shaping which goals are prioritised. For example, seeing focus from Estonian respondent on long-term orientation when indicating pollution. This shows possible importance of locally adapted sustainability strategies and trainings/learnings for ensuring that SDG initiatives are understood among employees and implemented within organisation.

In order to deny or confirm statement 4, which is related to recognition of Triple Bottom Line in bank’s decision-making process and its practices, Table 9 (page 40) was created grouping employee responses with interview question 10.

Triple Bottom Line

Category	Subcategory	Supporting statement
Triple Bottom Line	Balance between profit and sustainability	E2: "I think overall we help with sustainability goals as well because we ensure that no environmental crimes are happening through the bank. If our bank is growing, clients trust us more. So basically, that ensures that we support clean, fair economic growth, fair economy." E3: "Basically, I think that currently the bank manages to get profits and also be sustainable at the same time." LT2: "I think the bank is working not only through making a profit but also through environment changes, and I think their behaviour is somewhat positive towards that."
	Good examples	E1: "Home loan percentage is favourable and there are some conditions for corporate customers that are tied to sustainability." LV1: "The bank is trying to get involved in some charity events, like asking employees to participate as teams or individually <...> for example, going to some part of seaside and collecting garbage." LV3: "People that we have like we are thinking about that, and lot of people are catching on that like just because of that, they are like agreeing to open 3 rd pillars and maybe take some loans because other banks do not give this or doesn't have this opportunity. So, I think it's very good marketing at these times."

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As can be seen from Table 9, two main areas could be separated when analysing employee perspectives on the Triple Bottom Line in Baltic banks: the perceived balance between profit and sustainability and good sustainability practices coming from bank.

When answering questions about bank's ability to balance profit and sustainability, employees mainly expressed opinion that their bank is able to achieve both objectives. One respondent said that as a bank they "...ensure that no environmental crimes are happening through the bank..." also pointing out that if "...bank is growing, clients trust us [banks] more. So basically, that ensures that we [bank] support clean, fair economic growth, fair economy...". This shows that the growth of the bank and its reputation could be linked to responsible practices. Another two employees also confirmed this statement "...currently the bank manages to get profits and also be sustainable at the same time...", "the bank is working not only through making a profit but also through environment changes".

In addition, employees were also able to provide good sustainability practices such as favourable conditions for sustainable home loans by providing good interest rates or by offering "...[good] conditions for corporate customers that are tied to sustainability..." indicating that such financial products might encourage corporate customers to adopt sustainable practices or private persons to choose more environment friendly housing. Another interviewee also mentioned bank's involvement in charity events "...The bank is trying to get involved in some charity events, like asking employees to participate as teams or individually <...> for example, going to some part of seaside and collecting garbage..."

showing its commitment towards environment protection. Respondent from Latvia also pointed out that “...People [who think about sustainability] <...> are like agreeing to open 3rd pillars...” due 3rd pillar pension funds offering funds with investments exclusively into sustainable businesses additionally contributing to possible higher pensions for pensioners. These examples show how banks manage to combine profits and contribute towards society and planet.

Overall, it can be stated that employees from the Baltic country see their banks as effective businesses when it comes to balancing profitability with sustainability objectives. Employees were also able to identify specific examples where the bank’s practices align with the principles of the TBL showing their awareness about sustainability related products.

In order to deny or confirm statement 5, which is related to CEO duality impact on pan-Baltic bank’s sustainability, Table 10 was created grouping employee responses with interview questions 11, 12, and 13.

Table 10

CEO duality and governance

Category	Subcategory	Supporting statement
CEO duality and governance	Awareness of leadership structure	E2: “Well, the CEO, I do know who is the CEO and some of those board members.” E3: “I don't know every management board member’s name but CEO name yes.” LV2: “I know only CEO” LT1: “Yes I know”
	Perceived risk of CEO duality in sustainability	E1: “If one man can make 2 decisions, then for sure it’s a risk, but I believe that’s not happening in our bank [about CEO duality]”. E2: “I think bigger decisions are made altogether in the board, but overall CEO already sets the tone for all employees and how the bank works.” LV1: “I don't think that one person can hold so much power regarding that kind of topic. Because we do work together with the regulators and the laws and requirements coming from EU and etc. So, I don't think one management body can influence too much.” LT1: “Of course, of course. Because then any human being is biased, but if more people are doing the judgment call the probability of bias decreases because you hear different opinions, and if you are alone and you are CEO, you do not care about ESG matters, you do nothing. <...> Although I don’t think this is the risk in our organisation.”
	Management board’s evaluation	E1: “Now I can't say that [management board moving bank towards sustainable direction] because you know, it's like, no news, no proposals <...>. So, it's quite quiet topic.” E2: “Well, we are doing a lot of efficiency projects right now, but I feel that current management is focusing on bigger issues than ESG itself.” LT1: “Currently believe the focus of this highest level is not on the sustainability. We do what we have to do. We have much more important things at the moment.”

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As can be seen from Table 10, employee perspectives on CEO duality and governance in pan-Baltic banks can be grouped into three main areas: awareness of leadership structure, perceived risk of CEO duality in sustainability, and evaluation of the management board's focus on sustainability.

When asked about awareness of the leadership structure, employees demonstrated different levels of familiarity. Everyone knew who CEO was “...*I don't know every management board member's name but CEO name yes...*”, however only few of respondents could name management board members. This indicates that CEO is well-known figure in their workplaces, however awareness of full management board is limited.

Furthermore, few interviewees identified CEO duality as possible risk for the banking business indicating that “...*If one man can make 2 decisions, then for sure it's a risk...*”. Other bank employee added explained that this is due to “*any human being <...> biased <...> if you are alone and you are CEO, you do not care about ESG matters*”. However, all employees agreed that CEO duality is not an issue in their banks emphasising that “...*bigger decisions are made altogether in the board...*” and “...*regulators and the laws and requirements coming from EU and etc. So, I don't think one management body can influence too much.*” These responses align with findings from Baltic bank's sustainability reports which showed that supervisory boards are composed of independent members who oversee management and prevent possible misuse of or excessive concentration of decision-making power.

Question related to evaluation of management board's focus on sustainability topic responses were mixed. Employees indicated that management board most likely “...*do what we [they] have to do...*” and “*focusing on bigger issues than ESG itself...*”. Another response was related to lack of information received from management board regarding sustainability matters pointing out that there are “...*no news, no proposals...*” and sustainability being “...*quite quiet topic.*”

Overall, it can be stated that in the context of Baltic banks, CEO duality is not considered as factor which negatively affects sustainability assessment mainly because there are supervisory bodies in place and collective decision-making process is usually happening which safeguards against possible CEO duality risks.

In order to deny or confirm statement 6, which is related to greenwashing and related risks in banking sector, Table 11 (page 43) was created grouping employee responses with interview questions 14, 15, 16, 17.

Greenwashing awareness

Category	Subcategory	Supporting statement
Greenwashing awareness	Awareness and understanding of greenwashing	E1: “No” LV2: “Greenwashing is when companies pretend to be environmentally friendly without actually making significant efforts to reduce their environmental impact.” E2: “Basically, organisations, companies who are saying that they are following ESG or saying that they are eco-friendly, but in reality, they are not.” LV3: “Like false information that something is related with sustainable, but it really doesn't.” LT2: “Not sure”
	Risk of greenwashing in the banking sector	E2: “Of course, because in banking sector we can say that we are financing all those green projects, but at the same time, we are also funding these biggest polluters and fossil fuel companies.” LT1: “Of course it is, and I believe we are already facing it on some occasions like recycled plastic cards that actually create more plastic.”
	Training and information on greenwashing	LV1: “I don't remember the last time I learned. I think it was mentioned a little bit, but not so much.” LV2: “I have not received any trainings” LT1: “<...> bank provided basic trainings on this topic.”
	Experiences with greenwashing claims	E3: “No, so far I haven't.” LT1: “Yes, I do regarding those plastic payment cards.” LT2: “No, I don't think that's an issue”

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As it is visible from Table 11 (page 41), employee perspectives on greenwashing in Baltic banks can be divided into four main areas: awareness and understanding of greenwashing, perceived risk of greenwashing in the banking sector, training and information on greenwashing, and experiences with greenwashing claims.

Responses gathered from interviewees regarding their familiarity with greenwashing varied significantly from “...No...” and “...Not sure...” to clear definitions “...when companies pretend to be environmentally friendly without actually making significant efforts to reduce their environmental impact...” or as “...false information that something is related with sustainable, but it really doesn't.” Such variation suggests that employees have different depth of this term’s understanding indicating possible training gaps.

Regarding greenwashing risk in the banking sector, respondents were able to acknowledge that this is a significant concern. In one of the answers the example was brought out that “...in banking sector we can say that we are financing all those green projects, but at the same time, we are also funding these biggest polluters and fossil fuel companies...” showing that banks could be financing green projects, but at the same time provide funding to biggest polluters in countries. This could increase the risk of misleading sustainability claims. Another example was brought out regarding “...recycled plastic cards

that actually create more plastic...” suggesting that recycled plastic cards being not as environmentally friendly as marketed because old cards were being thrown away. This shows the need for critical awareness of potential greenwashing practices.

In order to be aware of greenwashing, trainings are considered a must to be able to identify possible risks and misleading claims, however interviewees indicated that they either “...*have not received any trainings...*” or their employer “...*provided basic trainings on this topic.*” These answers show that even though some awareness among employees exist, learnings on greenwashing are still uncommon or lacking in pan-Baltic financial institutions.

Finally, respondents were also asked about their personal experiences related to greenwashing claims and only one respondent indicated that they encountered greenwashing related to aforementioned “...*plastic payment cards...*”. This possibly indicates that certain isolated greenwashing cases are possible in pan-Baltic banks.

To conclude, it can be stated that general awareness among employees in Baltic banks differ significantly. This could be linked to possible lack of formal trainings. On the other hand, greenwashing claims in pan-Baltic banks are not considered widespread, but further trainings could ensure that employees would be able to recognise misleading sustainability claims in their daily work easier, especially those who have not encountered it before.

To conclude, the analysis of interview data revealed that Baltic branches are seen by employees as generally having standardised sustainability initiatives, however prioritisation of sustainability goals and knowledge about certain sustainability related terms such as greenwashing among employees differed. This was impacted more by individual experience and educational background rather than cultural differences. Employees were also able to recognise bank's efforts to balance profitability with sustainability and also pointed out potential risks related to CEO duality although this risk did not seem as relevant to Baltic branches. Interviews also revealed lack of trainings on sustainability topic provided to specialist/analyst level employees, so there are still some improvement steps required from the management and Human Resources in order to enhance employee knowledge about sustainability.

3.3. Evaluation of research results

During the research it was revealed that sustainability assessment in Baltic banking business is strongly shaped by organisational impact, employee engagement and sustainability performance.

Pan-Baltic bank employees believed that sustainability initiatives are most likely to be the same across all 3 Baltic countries which confirms statement 1, although it is worth noting that there were a few employees who did not think that their work somehow contributes towards sustainability, so personal employee commitment or perceived commitment differed. Moreover, cultural factor was also identified by employees as not the key one when speaking about pan-Baltic sustainability approach despite country comparison tool indicating that there could be some minor differences. Moreover, it was also identified that interviewees have not noticed differences in sustainability practices in other countries. These findings go in line with the sustainability reports analysed in Chapter 2 where it was discussed that major pan-Baltic banks include all three countries' performance in the same report.

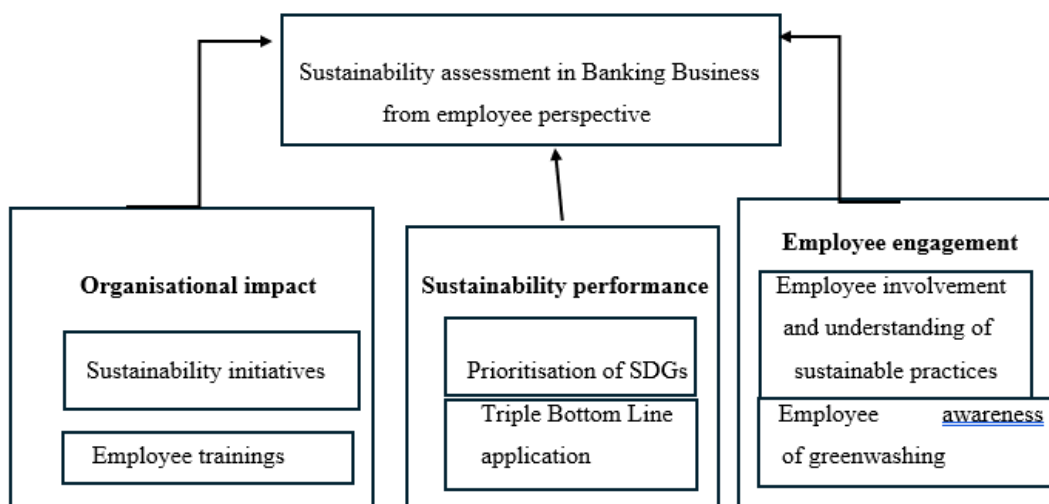
Another topic falling under organisational impact section is CEO duality. This phenomena and risks associated with it were investigated by Jizi et al. (2014) and Wuaku (2025) and were also identified by respondents. However, due to presence of supervisory boards at all pan-Baltic banks and EU legislation, this risk was considered as mitigated and not raising additional concerns by respondents. These insights confirm the statement that CEO duality does not negatively affect Baltic banks' sustainability assessment and shows that CEO duality could be excluded from sustainability assessment model due its insignificant risk in the Baltics. However, during interviews one of the main problems identified was related to lack of trainings provided within the organisations on sustainability topic and identified knowledge gaps among employees. Even though few respondents indicated that they had received some trainings in the past, but they were not able to remember specific details about aforementioned trainings indicating that those happened either long time ago or were not extensive to remember. Considering the fact that trainings were received internally, responsibility to organise them fall on organisation. These insights suggest that the new aspect "employee trainings" should be added under organisational impact when measuring Baltic bank sustainability instead of CEO duality. Employee knowledge gained from these trainings would increase the number of experts in this area and new sustainability related ideas could be implemented in other departments as well.

The research related with sustainability performance confirmed that identification of prioritised SDGs and the application of the TBL framework are central to sustainability performance assessment in Baltic banks. Although employees acknowledged that economic factor remains a dominant one similar to findings in Bangladesh (Khan et al., 2011), but growing attention to social and environmental factors were noticed by employees as well which allows to confirm statement that TBL approach will be clearly identifiable in bank's decision-making process and its practices. In addition, it is also important to note that each employee prioritised different SDGs despite of the fact that some of the issues were widely

known as gender equality in banking sector investigated by Henrietta King (2024). This confirmed the statement that prioritisation of specific SDGs in the bank's sustainability assessment will differ among employees of all 3 countries and also showed why it is challenging for banking sector to agree on which specific SDGs to focus in Baltic region (due to opinion differences and different priorities).

Furthermore, research on employee personal engagement, which included employee awareness about greenwashing, showed that majority of respondents (7 out of 9) knew what is greenwashing, however only a few were able to recognise it at their workplace showing that there could still be training gaps and maybe it would be reasonable to apply Nordea strategy (von Cotzhausen, & Linde, 2023) and implement e-trainings in order to tackle greenwashing or be able to recognise it easier. On the other hand, statement number 2 from employee personal engagement section was confirmed and it was evident that employee involvement in and understanding of sustainable banking practices and initiatives differ between all 3 Baltic countries.

To conclude, research results largely support theoretical concepts and empirical findings discussed in Chapters 1 and 2. Study demonstrated that for effective sustainability assessment in banking business strong organisational leadership, active employee engagement, and clear focus on TBL framework and SDG goals are required. Lack of employee training on sustainability topic showed a key area for improvement while CEO duality in pan-Baltic bank was proved to be irrelevant. Based on the insights from the research, updated model of research chapter is provided in Figure 6 below.



Source: created by author

Figure 6. The model of the results chapter

CONCLUSIONS

The theoretical research reveals that sustainability is a multidimensional concept that links social, economic, and environmental factors. It has been identified that businesses are increasingly integrating sustainability into their strategic frameworks, reflecting a shift from traditional profit-oriented models to those prioritizing long-term ecological balance, social equity, and economic resilience. This transition is essential for ensuring that business strategies evaluate positive contribution to broader societal goals without depleting future resources. The concept and importance of sustainability assessment highlight its critical role as a tool for measuring and guiding the implementation of sustainable practices within businesses, including banks. By assessing performance across environmental, social, and governance (ESG) criteria, these assessments offer a comprehensive framework for transparency and accountability. They are vital for identifying risks and opportunities, fostering stakeholder trust, and ensuring alignment with global sustainability standards, thus enhancing the credibility and competitiveness of financial institutions.

The theoretical research also highlights the rapid evolution of sustainability assessment in the banking sector, showing increase in comprehensive reporting practices. It was discovered that the adoption of frameworks such as the Global Reporting Initiative (GRI) was one of the main causes for rapid increase of sustainability reports. This development is critical as it enables banks to better manage environmental risks, attract socially responsible investments, and build a strong reputation as leaders in sustainable finance.

The analysis of empirical researches showed that there are many factors which contribute to sustainability of the banking business such as implementation of TBL framework into organisational goals, prioritisation of SDG goals, and management's as well as employees' role in understanding and implementation of sustainable business practices in their daily work. Research results allowed to build research model for assessing Baltic banking businesses' sustainability on which empirical research will be based on.

The results of the empirical research, conducted through structured interviews with pan-Baltic bank employees almost confirmed the validity of designed research model. Standardisation of sustainability initiatives across Baltic countries were confirmed by employees. Interviews also revealed that employee involvement and understanding of sustainability practices varied significantly not only among different countries, but within same country as well indicating that personal beliefs and former education has higher impact on understanding sustainability initiatives and terms. Moreover, it was also

identified that interviewees see their employers as capable of balancing profit with social and environmental responsibility. CEO duality was identified not to be causing significant risk to pan-Baltic banks, thus showing that it could be skipped when evaluating sustainability of such FIs. Finally, awareness of greenwashing risks was identified to be lacking due to lack of trainings indicating that proper trainings are required to ensure that employees are familiar with the term and would be able to identify misleading sustainability claims easier.

RECOMMENDATIONS

1. Bank Management Boards. Bank management boards should enhance internal communication and trainings on sustainability topic within the bank. The research showed that while most employees are aware of the bank's sustainability initiatives, understanding and knowledge of bank's specific SDG goals, on which banks mainly focus on, and personal contribution remains inconsistent. Management boards should implement regular training sessions on sustainability topics including SDGs, greenwashing, and the bank's own sustainability strategy. In addition, internal communication channels such as Teams or Intranet pages could be used to share clear examples of how employees' daily activities support sustainability objectives, ensuring all staff understand both: the broader goals and their own role in achieving them.

2. Sustainability and HR Departments. Relevant sustainability or HR departments should think about introducing programs which would recognise employee contribution towards sustainability goals. Many employees struggled to identify their own impact on the bank's sustainability goals and certain programs such as "Sustainability Champion" awards, could encourage and show individual and team contributions. This would foster a sense of ownership and could motivate staff with any position held to actively participate in sustainability efforts.

3. Employees. Employees should take initiative in sustainability learning and in sharing knowledge with other colleagues. It is also important for employees to stay informed about the bank's sustainability policies. By doing this, employees would be able to both: deepen their own understanding and contribute to a more sustainability-aware workplace culture.

Drungilas, Ivas (2025). *Bankininkystės verslo tvarumo vertinimas*. Magistro baigiamasis darbas.
Kaunas: Vilniaus universitetas Kauno fakultetas, 62p.

SANTRAUKA

Magistro darbe nagrinėjama bankų veiklos tvarumo vertinimo svarba ir ypatumai Baltijos šalių kontekste. Tyrimo aktualumą lemia tai, kad šiuo metu nėra universalaus tvarumo vertinimo metodo, tinkamo visiems bankams, o skirtingose šalyse prioritetai ir supratimas apie tvarumą skiriasi.

Darbo objektas – Baltijos šalyse veikiančių bankų tvarumo vertinimas.

Darbo tikslas – įvertinti Baltijos šalių bankų tvarumo lygį.

Siekiant tikslo, buvo iškelti šie uždaviniai:

1. Išanalizuoti tvarumo sampratą, istoriją, svarbą bei jo vertinimą.
2. Atskleisti tvarumo vertinimo raidą bankiniame sektoriuje ir kodėl tai yra svarbu.
3. Įvertinti empirinį bankinio verslo tvarumo vertinimo lygį ir sukurti Baltijos šalių bankinio verslo tvarumo vertinimo modelį.
4. Taikant sukurtą vertinimo modelį, atlikti Baltijos šalių regione veikiančių bankų verslo tvarumo vertinimo empirinę analizę ir nustatyti pagrindinius veiksnius, kurie turėtų būti vertinami matuojant tokio verslo tvarumą.

Teorinėje darbo dalyje aptariama tvarumo sąvoka, jos raida ir vertinimo svarba, išskiriami pagrindiniai tvarumo vertinimo modeliai bei pabrėžiama ESG (aplinkosaugos, socialinių, valdymo) kriterijų reikšmė bankų sektoriuje. Analitinėje dalyje atlikta pagrindinių Baltijos šalių bankų tvarumo ataskaitų analizė, suformuluoti tyrimo teiginiai ir sukurtas tyrimo modelis, kuriame tvarumo vertinimas atliekamas per darbuotojų prizmę. Empirinėje dalyje, taikant kokybinio tyrimo metodą (struktūruotus interviu su darbuotojais), nustatyta, kad darbuotojų įsitraukimas, supratimas apie tvarias praktikas ir gebėjimas atpažinti „žaliąjį smegenų plovimą“ (greenwashing) skiriasi tarp Baltijos šalių bankų darbuotojų. Tyrimas parodė, kad tvarumo iniciatyvos ir vadovų vaidmuo yra esminiai veiksniai, lemiantys tvarumo integraciją bankuose, o kultūriniai skirtumai turi įtakos darbuotojų požiūriui ir įsitraukimui. Darbo apimtis – 47 puslapiai, pateikta 11 lentelių, 6 paveikslai, priedų skaičius – 2.

Darbo rezultatai leidžia teigti, kad siekiant objektyvaus tvarumo vertinimo Baltijos šalių bankuose, būtina atsižvelgti į darbuotojų nuomonę ir užtikrinti nuoseklią tvarumo iniciatyvų komunikaciją bei įgyvendinimą.

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Annex 1 (excerpt from interview transcription with Informant 001):

Researcher: Which Baltic country are you based in and what is your current position?

Informant 001: I am from Estonia and my current position is anti-financial crime officer.

Researcher: How long have you been working at the bank?

Informant 001: Next month it will be 17 years.

Researcher: How much are you informed about Luminor Bank's sustainability initiatives or policies?

Informant 001: Well, I know that they exist, but nothing more, so not really informed sorry. I do not remember any trainings or meetings regarding this topic.

Researcher: Do you think the bank applies same sustainability initiatives across Lithuania, Latvia, and Estonia or are there any differences?

Informant 001: I haven't searched for this information, but I think it should be at least similar. Maybe there is some differences, but I think as we have like Baltic bank, we should have like common approach in this area.

Researcher: How much do you think your work contributes to bank's sustainability goals?

Informant 001: I think it does, but I don't know how to explain it. We are like, at least from I don't know how to say it, but basically you know we are doing everything. For example, we are not making paper documents and etc., moving towards digital direction, so yeah.

Researcher: Did you notice any differences in how sustainability is approached by colleagues in other Baltic countries?

APPENDIX 1 (CONTINUED)

Informant 001: Yeah, I can make an example from KYC area. In Estonia we are collecting, you know those paper documents from customers and actually Latvia and Lithuania receiving those via emails. So, this one. And yeah, basically that's it.

Researcher: Are you familiar with the United Nations Sustainable Development goals? If yes, which, in your opinion, are the most relevant to your bank's work?

Informant 001: No, we had just maybe not like last year but trainings. I don't know. Is it related to something like remove the plastic and I don't know stuff like that? What was there? But I don't remember. Based on the table I would say good health and well-being, decent work and economic growth probably, and affordable and clean energy.

Researcher: Which sustainability issues the bank should focus more in your country?

Informant 001: Gender equality.

Researcher: Do you think your colleagues from other Baltic countries would prioritise different sustainability goal than you do?

Informant 001: I think it may be the same because it's like widely known issue in banks regarding gender equality. Basically over the Europe that there is like big salary, you know gaps between women and men. So yeah, but this is basically my opinion.

Researcher: How do you think the bank balances making profits with being socially, economically, and environmentally responsible? Maybe you know any good examples?

Informant 001: Well, I think the example applies that like the home loan percentage is a favourable or in case maybe there are like some conditions for corporate customers that are tied to sustainability. I haven't seen that side of the bank. But I think that there's like one way that you could say that bank manages to balance.

Bank employees' responses grouping into categories and subcategories

Category	Subcategory	Citation from answer
Main characteristics	Country	E1: "Officer" LV2: "I am currently working as an AFC Officer" LV1: "My current position is quality assurance analyst" LT1: "I am senior specialist"
	Experience	LV1: "I've been working since 2021" LT2: "I've been working in the bank for four years." LT3: "Almost 3 years, 1 year as consultant, 2 years as specialist" E2: "In banking sector over three years, but in current position for a year." LV2: "I am here for 8 months already"
	Knowledge about bank's sustainability initiatives or policies	LV3: "Well, to be honest, not very informed." E3: "Well informed, there was some information in like the onboarding trainings." LT3: "On a surface level from posts I've seen on LinkedIn and various meets." LT2: "I'm not very informed about the sustainability of policies."
Sustainability awareness and regional differences	Perceived consistency of initiatives	E1: "Probably there are differences because of different laws, but overall, those United Nation guidelines are the same. So overall objective is the same, but I am not really sure how it's in specifics." E3: "I would assume that it's similar across three countries. I don't see any reason why it should be different." LT2: "I'm not aware of any differences, but I believe the initiatives are similar." LT3: "I think same sustainability initiatives are being applied throughout Baltics." LV3: "I would like I think that it is same."
	Personal contribution to sustainability goals	E1: "<...> we are not making paper documents and etc, moving towards digital direction." E2: "Probably our work ensures that we have those effective controls and that we as a bank are compliant. So, I believe this ensures that we have stable economic growth." LV1: "Taking under consideration that I am working from home I'm saving supplies. I'm not using any paper printouts." LV3: "I think mine work exactly doesn't really." LT2: "I don't think my work contributes much for the sustainability goals." LT3: "If something related to ecology/environment, then 0%"
	Regional differences	E3: "I haven't noticed any differences at all, but if there were, I think these are just like individual differences and not based on the country because I would assume that overall alignment, not only in the bank, but on country level is quite strong because all three countries are EU members and are like in the same developmental stage." LT2: "Actually, I don't think there are differences." LV2: "I guess not." LV3: "It's hard to say."
Understanding and prioritisation of SDGs	SDG awareness and relevance	E1: "No, we had just maybe trainings last year, but I don't remember. <...> based on table good health and well-being. Decent work and economic growth probably. Affordable and clean energy." E2: "Yeah, I have seen the course. I have studied SDGs in school, but it's not that everyday someone speaks about those goals and especially at work. <...> most relevant are probably 8 so decent work and economic growth and also 12. And 16 probably, 13 as well." LT3: "Yes, I am familiar with SDGs. In my opinion quality education, gender equality, decent work and economic growth, reduced inequalities, peace, justice and strong institutions"

	National sustainability priorities	<p>E1: "Gender equality." [In Estonia]</p> <p>E2: "I think [the bank should focus on] SDG 13 because in Estonia we have a lot of big clients who are known polluters."</p> <p>LV1: "Good health and well-being. People are overworked and stressed. This needs more consideration in Latvia."</p> <p>LT3: "Decent work and economic growth should be Lithuanian branch priority."</p>
	Differences in SDG prioritisation	<p>E2: "I think Baltic countries are quite the same, but it depends how much knowledge each person individually has."</p> <p>LV1: "Estonians could be better at this [focus on SDGs and sustainability] because they have a longer policy and they are like looking towards Scandinavia, which has been historically greener from the beginning, so they could be better at this than Lithuanians and Latvians."</p> <p>LT2: "There are differences in each country. One is modest, one is more open. Maybe this could have an impact."</p> <p>LT3: "Colleagues in other Baltic countries would prioritise differently depending on issues most relevant to them"</p>
Triple Bottom Line	Balance between profit and sustainability	<p>E2: "I think overall we help with sustainability goals as well because we ensure that no environmental crimes are happening through the bank. If our bank is growing, clients trust us more. So basically, that ensures that we support clean, fair economic growth, fair economy."</p> <p>E3: "Basically, I think that currently the bank manages to get profits and also be sustainable at the same time."</p> <p>LT2: "I think the bank is working not only through making a profit but also through environment changes, and I think their behaviour is somewhat positive towards that."</p>
	Good examples	<p>E1: "Home loan percentage is favourable and there are some conditions for corporate customers that are tied to sustainability."¹</p> <p>LV1: "The bank is trying to get involved in some charity events, like asking employees to participate as teams or individually <...> for example, going to some part of seaside and collecting garbage."⁴</p> <p>LV3: "People that we have like we are thinking about that and lot of people are catching on that like just because of that, they are like agreeing to open pillars and maybe take some loans because if other banks doesn't give this. Doesn't have this opportunity. So I think it's very good marketing at this times."⁵</p>
CEO duality and governance	Awareness of leadership structure	<p>E2: "Well, the CEO, I do know who is the CEO and some of those board members."</p> <p>E3: "I don't know every management board member's name but CEO name yes."</p> <p>LT1: "Yes I know"</p>
	Perceived risk of CEO duality in sustainability	<p>E1: "If one man can make 2 decisions, then for sure it's a risk, but I believe that's not happening in our bank".</p> <p>E2: "I think bigger decisions are made altogether in the board, but overall CEO already sets the tone for all employees and how the bank works."³</p> <p>LV1: "I don't think that one person can hold so much power regarding that kind of topic. Because we do work together with the regulators and the laws and requirements coming from EU and etc. So, I don't think one management body can influence too much."⁴</p> <p>LT1: "Of course, of course. Because then any human being is biased, but if more people are doing the judgment call the probability of bias decreases because you hear different opinions, and if you are alone and you are CEO, you do not care about ESG matters, you do nothing. <...> Although I don't think this is the risk in our organisation."</p>
Greenwashing awareness	Awareness and understanding of greenwashing	<p>E1: "No"</p> <p>E2: "Greenwashing is when companies pretend to be environmentally friendly without actually making significant efforts to reduce their environmental impact. They might use misleading labels, vague claims, or</p>

		<p>flashy ads to make their products seem "green" or "eco-friendly" when they aren't."</p> <p>E2: "Basically, organisations, companies who are saying that they are following ESG or saying that they are eco-friendly, but in reality they are not."</p> <p>LV3: "Like false information that something is related with sustainable, but it really doesn't."</p> <p>LT2: "Not sure"</p>
	Risk of greenwashing in the banking sector	<p>E2: "Of course, because in banking sector we can say that we are financing all those green projects, but at the same time, we are also funding these biggest polluters and fossil fuel companies."</p> <p>LT1: "Of course it is, and I believe we are already facing it in some occasions like recycled plastic cards that actually create more plastic."</p> <p>LT2: "Yes, I think this is a big risk because greenwashing might attract people by providing that you are environmentally friendly."</p>
	Training and information on greenwashing	<p>E2: "I don't think I've had any training on that."</p> <p>LV1: "I don't remember the last time I learned. I think it was mentioned a little bit, but not so much."</p> <p>LT1: "<...> bank provided basic trainings on this topic."</p>
	Experiences with greenwashing claims	<p>LV1: "I don't have proof. I haven't looked where we are actually investing."</p> <p>E3: "No, so far I haven't."</p> <p>LT1: "Yes, I do regarding those plastic payment cards."</p> <p>LT2: "No, I don't think that's an issue"</p>