



Integration of social responsibility in Lithuanian banks' sustainability reports under the EU taxonomy framework

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Abstract

In recent years, the EU Taxonomy has become a pivotal regulatory framework, aiming to direct financial flows towards environmentally and socially sustainable activities. This paper examines how Lithuanian banks integrate the social dimension of the EU Taxonomy framework, focusing on disclosures in their sustainability reports (often referred to as CSR reports by some institutions). Using qualitative content analysis, the study reviews the 2023 reports of Artea, Citadele and Swedbank to evaluate the clarity and depth of social disclosures and their explicit links to EU Taxonomy requirements. Findings reveal that although banks acknowledge the significance of aligning with EU sustainability principles, the social dimension remains underdeveloped in Taxonomy-related sections. These results highlight the importance of systematically integrating social and environmental dimensions and ensuring that social responsibility data is both quantitative and verifiable. The study concludes that while there is progress in social responsibility reporting in Lithuanian banks, further efforts are needed to align fully with EU Taxonomy standards and enhance data-driven reporting practices. The paper contributes to ongoing discussions on strengthening CSR practices in the Lithuanian banking sector, highlighting current challenges and opportunities for improvement.

Keywords: EU Taxonomy, social responsibility, CSR disclosure, banking, ESG reporting, social dimension, qualitative content analysis.

1. Introduction

In the wake of intensifying climate and sustainability challenges, the European Union (EU) has introduced several regulatory instruments to steer financial markets toward greener and more socially responsible practices (European Commission, 2018). The EU Taxonomy Regulation, introduced in 2020, stands as a cornerstone in this regulatory landscape, offering a detailed framework for determining whether economic activities qualify as environmentally and socially sustainable (Kuzmin, Mirzaev, & Alimov, 2024). While Taxonomy's primary focus is on climate and environmental criteria, it also acknowledges the critical role of social safeguards and the broader ESG (Environmental, Social, Governance) framework (Tettamanzi, Gotti Tedeschi, & Murgolo, 2024; Kuzmin et. al., 2024).

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The Lithuanian banking sector provides a compelling case for examining how social responsibility is reflected within the EU Taxonomy disclosures. This sector is characterized by a dual dynamic: it includes both international banks with strong Scandinavian ties and local banks that play significant roles in the domestic economy. Both international and domestic banks in Lithuania are subject to ongoing regulatory obligations to report on activities aligned with the EU Taxonomy's sustainability objectives. However, while environmental disclosures tend to be more established and quantitatively oriented, social responsibility aspects often remain qualitative, fragmented, and at risk of being overshadowed by environmental concerns. This raises questions about whether social responsibility is genuinely integrated into the banks' sustainability strategies or merely presented as a rhetorical addition – an issue commonly referred to as “social washing.” Troje and Gluch (2020) imply that social washing involves the superficial inclusion of social criteria in sustainability reports or procurement policies, where organizations formally adopt such criteria but do not genuinely work towards achieving these social goals in practice. In the context of the Lithuanian banking sector, this paper explores whether current EU Taxonomy-aligned disclosures reflect meaningful social engagement or if social aspects remain secondary to environmental concerns, both in substance and visibility.

This study conducts a qualitative content analysis of the 2023 sustainability reports of three banks: Artea (formerly known as Šiaulių Bankas), Citadele and Swedbank. While some institutions still refer to these as CSR reports, the term “sustainability reporting” is used here to reflect the broader scope of environmental, social, and governance (ESG) disclosures, in line with current EU regulatory terminology. The selection of exactly these banks was based on their differing backgrounds and relevance to the Lithuanian banking landscape. Swedbank represents Scandinavian capital and long-standing ESG integration; Citadele offers a regional Baltic perspective as a Latvian-based bank operating in Lithuania; and Artea reflects local banking practices. This mix allows for a meaningful comparison of how diverse institutions approach social responsibility and EU Taxonomy alignment. Sustainability reports from 2023 were chosen for analysis, as they represent the most recent and complete data available at the time of writing. Reports for 2024 had either not yet been published by all selected banks or were still in preparation, making the 2023 reports the most reliable and consistent data source for this research. The analysis focuses on the presence and depth of social responsibility disclosures, their explicit links to the EU Taxonomy framework, and the balance between environmental and social aspects.

2. Literature review

The concept of CSR has been a prominent topic of academic research for decades, reflecting business' evolving role in balancing economic performance with social and environmental considerations. According to Čiegis and Norkutė (2012), CSR should be viewed as a key element within the broader framework of sustainable economic

development. Although businesses have often been criticized for their negative impacts on society and the environment, there is an increasing recognition of their potential to contribute to addressing pressing global challenges and building a sustainable future. Čiegis and Norkutė emphasize that businesses – whether small enterprises or large international corporations – can no longer focus solely on profit. To remain relevant in changing markets, they must also consider societal values, public expectations, and shared responsibilities. CSR, in this view, represents the crucial link that connects businesses with the wider society, ensuring that economic activities create mutual benefits not just for owners and shareholders but also for employees, consumers, communities, and the environment (Čiegis, & Norkutė, 2012). CSR reporting in banks has been also explored by authors such as Md Habib-Uz-Zaman Khan, Abdel K. Halabi, and Martin Samy, who argue that banks serve as both recipients and facilitators of socially responsible investments, with CSR initiatives yielding benefits like enhanced human resource practices and stronger community engagement. However, they also note that CSR reporting practices vary widely across countries, with some (like France) mandating disclosure and others treating it as a voluntary activity (Khan, Halabi, & Samy, 2009).

The EU Taxonomy Regulation has added a new dimension to CSR and sustainability reporting in banks by providing a classification system for environmentally sustainable activities (European Commission, 2020). Scholars such as Garcia-Torea et al. (2024) and Kuzmin et al. (2024) argue that although the taxonomy's initial focus was on environmental goals, there is an increasing need to integrate social criteria to ensure a holistic approach to sustainability. This echoes earlier critiques by Elkington (1997), who advocated for the triple-bottom-line framework, emphasizing the need to balance economic, social, and environmental goals in sustainability practices.

Overall, existing research highlights the importance of robust and transparent sustainability reporting in banks as part of sustainable finance practices. The inclusion of social criteria in frameworks like the EU Taxonomy presents an opportunity to move beyond environmental priorities and towards a genuinely integrated approach to sustainability.

3. Methods

This study employs a qualitative research design grounded in content analysis to examine how Lithuanian banks integrate social responsibility within the EU Taxonomy framework in their sustainability reporting. The objective is to assess not only technical compliance with environmental standards but also the depth and positioning of social responsibility within Taxonomy-aligned disclosures.

3.1 Research Design and Data Collection

A qualitative content analysis approach was chosen to allow for an in-depth examination of how banks communicate and integrate social aspects within the broader EU Taxonomy discourse. This method is well-suited to capture the nuanced

ways in which social responsibility is disclosed, often through descriptive narratives and qualitative information rather than solely quantitative data (Krippendorff, 2018). It also supports systematic comparisons across different banks, enabling the identification of reporting patterns and variations.

These banks were deliberately selected to capture both local and international perspectives on sustainability reporting, providing a balanced view of how social responsibility is approached across different ownership structures and institutional practices. The reports were retrieved from official bank websites to ensure data authenticity and reliability. The reports were systematically reviewed and analysed by identifying keywords and phrases related to key social responsibility themes, such as employee well-being, diversity and inclusion, human rights, and community engagement. The findings were then compared across the selected banks – Artea, Citadele, and Swedbank – to highlight differences in the disclosure of social responsibility aspects.

3.2 Research Limitations

This study focuses solely on publicly available reports, which reflect how banks choose to present their social responsibility efforts to external stakeholders. While these documents are an essential communication channel and offer valuable insights into institutional priorities, they may not fully capture the internal realities of decision-making, implementation practices, or potential gaps between policy and practice.

Additionally, the study is based on a small sample size of three banks, which raises the possibility of selection bias. Although the selected institutions were chosen to represent both Scandinavian and Baltic capital banks, the limited number reduces the generalizability of the findings. Broader comparisons, including a larger sample and more diverse banking models, could offer deeper insights into sector-wide patterns.

While ethical considerations in this research were minimal – due to the exclusive use of publicly available data and no involvement of human subjects – the absence of qualitative input, such as interviews with bank representatives or stakeholders, limits the ability to assess how sustainability principles are interpreted and implemented in practice. Nevertheless, the study aimed to maintain an objective and data-driven approach.

3.3 Analytical Framework

To ensure a systematic and comparable assessment of social responsibility integration within EU Taxonomy disclosures, each report was evaluated on seven criteria, using a 0–3 point scale (Table 1).

Table 1
Criteria for Evaluating Social Responsibility Integration in EU Taxonomy
Disclosures

No	Criterion	Evaluation Scale
K1	Presence of dedicated EU Taxonomy section in the report.	<p>0 points: No mention of the EU Taxonomy.</p> <p>1 point: A brief mention without context (e.g., “We align with EU Taxonomy.”).</p> <p>2 points: Some discussion of the EU Taxonomy, but not structured (e.g., references within a broader ESG chapter).</p> <p>3 points: A separate, dedicated section labeled “EU Taxonomy” or “Taxonomy Alignment,” with clear explanations and supporting visuals.</p>
K2	Explicit references to social responsibility (internal and broader societal aspects)	<p>0 points: No examples provided.</p> <p>1 point: A passing mention of social responsibility without detail (e.g., “We care about social aspects.”).</p> <p>2 points: Clear references to social responsibility internally (e.g., employee well-being) or externally (e.g., community initiatives), but no link to broader sustainability frameworks.</p> <p>3 points: Clear links between social responsibility and EU Taxonomy, covering both internal and societal aspects.</p>
K3	Clarity and transparency of social data, including any quantitative indicators or performance measures.	<p>0 points: No social data disclosed.</p> <p>1 point: General statements without numbers (e.g., “We value diversity.”).</p> <p>2 points: Some quantitative data provided, but lacking context or explanation.</p> <p>3 points: Clear, structured quantitative or performance data (e.g., percentage of portfolio aligned with social goals, number of social initiatives) with explanations.</p>

Table 1 (continued)

No	Criterion	Evaluation Scale
K4	Balance between environmental and social dimensions in the overall ESG narrative, in relation to EU Taxonomy alignment.	0 points: Only environmental aspects are covered.
		1 point: Social aspects are briefly acknowledged, but overshadowed by environmental content.
		2 points: Social responsibility is present but still secondary.
		3 points: Clear and balanced discussion of both environmental and social aspects throughout the report, with supporting data.
K5	Use of visual elements (charts, tables, diagrams) to communicate social responsibility data.	0 points: No visual elements (tables, graphs).
		1 point: One or two basic charts or tables without clear labels or context.
		2 points: Some relevant visual elements, but lacking explanation.
		3 points: Clear, professional visual elements (e.g., charts, tables, diagrams) with proper explanations and integration within the text.

Note: points on the evaluation scale are interpreted as follows: 0 – no mention, 1 – general mention, 2 – partial integration, 3 – detailed integration.

Source: designed by the author.

4. Results

This section presents the evaluation of social responsibility integration within the Sustainability reports of Artea, Citadele, and Swedbank, using a set of criteria designed to assess how these banks align with the EU Taxonomy's social dimensions and reporting standards. By examining the presence of dedicated Taxonomy sections, explicit social responsibility references, clarity of social data, balance between environmental and social topics, and the use of visual elements, the analysis provides a nuanced understanding of each bank's approach to communicating its social responsibility efforts.

4.1. Sustainability Report of Artea

K1: The report mentions the EU Taxonomy in the context of green asset ratio (GAR) and includes it as part of the broader ESG strategy. However, there is no dedicated, standalone section labeled “EU Taxonomy” or “Taxonomy alignment” limiting the reader's ability to clearly assess how Artea systematically aligns with the Taxonomy framework – particularly regarding the social responsibility aspect. Instead, references to the Taxonomy are embedded within general ESG discussions, without explicit attention to social responsibility in the EU Taxonomy context. For example, the report states: “In 2023, the Bank also started periodic monitoring of other ESG

risk indicators, for example, in the environmental area, the Bank monitors the amount of fuel used in the Bank's company cars and the amount of paper used in the Bank's operations, as well as the amount of *taxonomy-eligible* and *taxonomy-aligned* assets; in the social area, it monitors employee satisfaction; in the governance area, it monitors the pay gap in management positions, gender diversity in the Bank's management bodies and management positions, and the level of completion of the Bank's mandatory training." (p. 56)

Additionally, the report notes: "For the financial year 2023, the Bank provides information on the share of *taxonomy-eligible* and *taxonomy-aligned* assets in the Bank's total assets. *Taxonomy-aligned* assets are *taxonomy-eligible* assets that are subject to the environmental objectives of the *taxonomy* and meet the criteria of the *Taxonomy Regulation*" (p. 56).

These statements illustrate that while the report acknowledges the EU Taxonomy, it does so within a broader ESG narrative and primarily focuses on environmental aspects, without systematically integrating social responsibility considerations. Also, the report indicates that:

"Following a more detailed assessment of the requirements of Regulation (EU) 2020/852 of the European Parliament and of the Council (hereinafter, the *Taxonomy Regulation*), the definition of a Green Mortgage Loan has been expanded, which has led to a broader provision of such loans." (p. 18).

Although this signals a proactive approach to regulatory alignment, it lacks specific details on how these social aspects are implemented or monitored. The report demonstrates a moderate level of disclosure by integrating multiple references to EU Taxonomy alignment (particularly in the environmental area) within its broader ESG narrative. This goes beyond a cursory mention and is supported by quantitative figures (e.g., green asset ratio) and regulatory references (e.g., Regulation (EU) 2020/852). However, the absence of a dedicated EU Taxonomy section and the lack of explicit mapping of social responsibility aspects result in a low level of alignment, justifying a score of 1.

K2: For the second criterion – explicit references to social responsibility or social safeguards within Taxonomy-related disclosures – the report scores 2. While Artea includes several social topics in its broader ESG narrative, such as employee satisfaction and development (pp. 37, 56, 61, 64), staff gender diversity (p. 56), these topics are not explicitly linked to the EU Taxonomy disclosures. The report also discusses social projects and initiatives for employees and clients (p. 20), as well as the Supplier Code of Ethics and social standards in procurement (pp. 33, 41, 58). However, the report primarily addresses social responsibility through the lens of internal employee well-being and governance issues. It lacks a broader perspective on social responsibility towards the wider society, such as community engagement, financial literacy initiatives, or support for vulnerable social groups. This narrow focus suggests that while Artea is attentive to internal social issues, it has not yet fully expanded its social responsibility efforts to address wider societal impacts. Also, while the already mentioned examples of Artea's social responsibility demonstrate a

clear bank's commitment to it, the report does not directly link them to the EU Taxonomy framework.

K3: Artea's 2023 Sustainability report provides a range of quantitative indicators and performance measures that reflect the Bank's social responsibility efforts. Specifically, it discloses average monthly salaries by gender for both management and other employees, along with the total number of employees in each group (p. 34). The report also presents gender distribution in management roles (53% women, 47% men) and in governance bodies (25% women, 75% men), as well as the number of employees returning to work after parental leave (p. 35). Further, it includes visual charts showing the age and educational distribution of employees across the organization (p. 28). These numeric indicators are clearly structured and consistently reported, making the social responsibility data highly transparent and measurable. Although these data are not directly tied to the EU Taxonomy framework, the thorough presentation of social indicators demonstrates robust and transparent social data reporting practices, supporting a score of 3 for this criterion.

K4: The 2023 report presents both environmental and social aspects of the bank's sustainability efforts, but the environmental dimension is more prominently featured and quantified. The environmental section includes detailed figures such as the green asset ratio (GAR) in the annexes of the report, GHG emissions by year and scope, expansion of the Green Mortgage Loan definition in line with the EU Taxonomy, and data on financed renovation projects that contributed to energy savings of approximately 271 MWh/year and a reduction of 62 tonnes of CO₂ emissions (p. 22). These indicators are directly linked to strategic environmental targets and are consistently supported with numerical evidence. On the social side, the report addresses multiple initiatives – such as gender pay equality, parental leave, employee well-being programs, and community-focused lending for SMEs – and provides several clear data visualizations (e.g., gender ratios in management, education levels, employee turnover, and parental leave statistics – as it was noted in K3). However, social responsibility initiatives are less integrated into the overall strategic ESG framework, and they do not receive the same depth of analysis or narrative prominence as environmental topics. Moreover, social data are mostly descriptive, and while performance indicators are present, they are not accompanied by forward-looking social targets or deeper strategic framing. Thus, although both “E” and “S” are present in the ESG narrative, the balance tilts in favor of the environmental pillar. This partial imbalance supports a score of 2 for this criterion.

K5: Report includes several tables and charts displaying quantitative social responsibility data, as mentioned in K4. They contribute to a clearer understanding of the bank's social performance and make the data more accessible to readers. However, while these visuals are clear and well-formatted, they are not fully contextualized within the report narrative – there are few explanations of why these figures matter or how they align with the Bank's social responsibility strategy. As a result, while the presence of multiple visuals strengthens the transparency of social reporting, the absence of detailed explanations and the lack of direct integration with Taxonomy-related disclosures justify assigning a score of 2 for this criterion.

Figure 1 breaks down Artea's evaluation results by criterion (K1–K5), highlighting specific strengths and gaps in relation to EU Taxonomy social responsibility requirements.

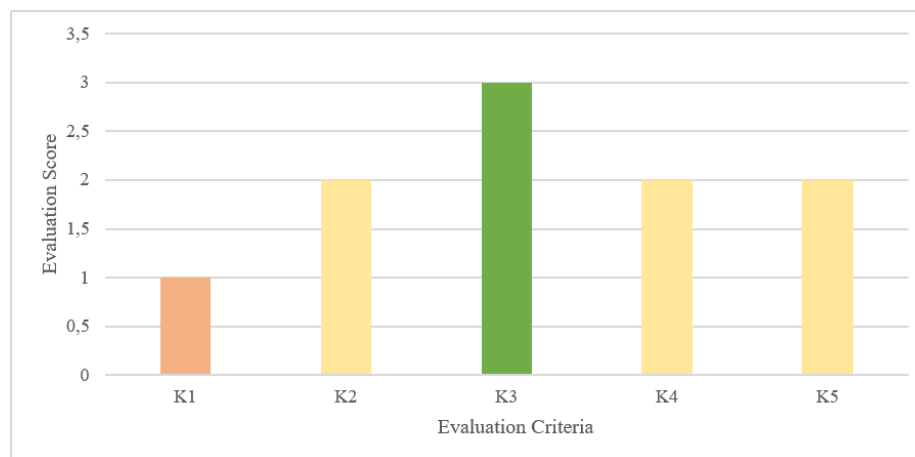


Fig. 1. Artea's Evaluation by Social Responsibility Criteria (K1–K5)

Source: designed by the author.

4.2. Sustainability Report of Citadele

K1: The 2023 Sustainability report of Citadele includes a clearly defined EU Taxonomy section that describes the legal framework, key disclosure requirements, and data sources for alignment and eligibility of assets. Specifically, the section “EU Taxonomy reporting” (p. 36) outlines the relevant articles of the EU Taxonomy Regulation, the conditions for classifying economic activities as sustainable, and Citadele's compliance as a financial institution required to publish the Green Asset Ratio (GAR). This dedicated section provides a transparent and structured overview, demonstrating that Citadele has incorporated EU Taxonomy disclosure requirements explicitly and separately in its report. As such, this clear and systematic presentation of the EU Taxonomy section fully meets the evaluation criteria, justifying a score of 3.

K2: The report's EU Taxonomy section (p. 36) explicitly mentions the requirement for economic activities to comply with minimum social safeguards of human rights as set out in the Taxonomy Regulation. The majority of the social responsibility information is provided in separate sections of the report – such as the “Social Responsibility” and “Employees” sections – covering topics like employee well-being, diversity, and supplier codes of conduct (pp. 25–31). Also, page 31 states: “Citadele believes that a financial institution's social impact is based on the ability to leverage its expertise, financial products and services to enable people and communities to prosper and grow.” (p. 31)

The bank outlines a comprehensive commitment to social responsibility, including the responsible provision of banking services, promotion of financial education and literacy, and tolerance in society. It also prioritizes customer trust, accessibility of services through digital channels, and partnerships with stakeholders

to achieve broader societal goals. These explicit references to social responsibility demonstrate that Citadele's initiatives are not superficial but are integrated into the bank's operational strategy and societal role. Consequently, this criterion is fully met and justifies a score of 3.

K3: The 2023 Sustainability Report of Citadele demonstrates a strong commitment to transparency by providing a wide range of quantitative indicators that reflect the bank's internal social responsibility efforts. Notably, the report includes detailed data on employee engagement and satisfaction, such as an eNPS (employee Net Promoter Score) of 47% and a survey participation rate of 79% in 2023. These indicators are further supported by a multi-year timeline chart, tracking changes in engagement from Q1 2021 to Q4 2023 (p. 28), which adds context and allows the reader to evaluate progress over time. In addition to engagement data, the report provides quantitative information on gender distribution across different levels of the organization, including the workforce and governance bodies (p. 26). It also discloses the average number of training hours per employee (p. 27), showing commitment to staff development, and offers numeric data on parental leave usage, disaggregated by gender (p. 26). These indicators follow GRI standards, adding comparability and credibility to the reporting process. Altogether, the structure, clarity, and scope of these quantitative social indicators support a data-driven, transparent approach to social responsibility reporting, justifying a full score of 3 for this criterion.

K4: The Citadele 2023 Sustainability Report covers both environmental and social aspects in a structured manner, with separate sections on Environmental impact (pp. 11–17) and Social responsibility (pp. 25–31). However, despite these detailed disclosures, the environmental dimension is more consistently framed as a strategic priority, especially in relation to the EU Taxonomy and regulatory compliance (p. 36). In contrast, social responsibility – although well-represented – remains a supporting aspect rather than an equal priority in the overall narrative. This partial imbalance leads to a score of 2 for this criterion.

K5: The 2023 Sustainability Report of Citadele uses a variety of clear, well-integrated visual elements to effectively communicate social responsibility data. Notably, it includes a timeline chart of employee engagement scores (eNPS) from Q1 2021 to Q4 2023 (p. 28), tables showing gender balance in management and across the workforce (p. 26), and numeric breakdowns of parental leave usage by gender (p. 26). Beyond these internal social metrics, the report presents visually engaging content on governance structures for ESG integration—such as diagrams of the governance structure for ESG risk management and the three lines of defence framework (p. 33). Furthermore, the report uses infographics to illustrate employee participation in ESG-related training, noting an 80% participation rate for all employees and 75% certification for the ESG core team. These visuals are integrated seamlessly with the accompanying text, offering readers a clear, narrative-driven understanding of the bank's social responsibility efforts.

To illustrate the scoring process in more detail, Figure 2 presents Citadele's performance across the five social responsibility criteria (K1–K5), reflecting its alignment with the EU Taxonomy framework.

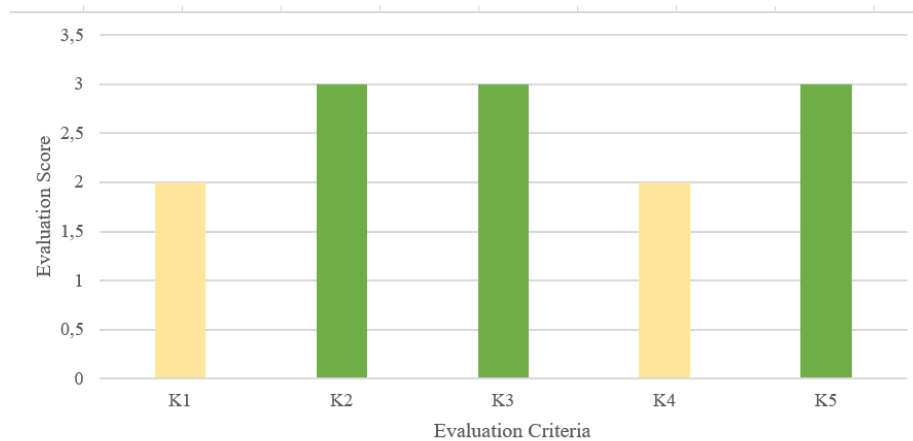


Fig. 2. Citadele's Evaluation by Social Responsibility Criteria (K1–K5)

Source: designed by the author.

4.3. Sustainability Report of Swedbank

K1: Swedbank's 2023 Sustainability Report demonstrates a robust and detailed commitment to the EU Taxonomy framework. The report includes a comprehensive and well-structured section dedicated to explaining Taxonomy-aligned assets, focusing on the Green Asset Ratio (GAR) and the bank's broader sustainable lending and investment strategy (pp. 219–244). The text details Swedbank's proactive engagement with updates to the EU Taxonomy, including regulatory developments and the bank's internal adaptations to align with these changes. Notably, the term "Taxonomy" is mentioned 234 times throughout the report, reflecting its deep integration into the bank's ESG narrative and regulatory compliance discourse. Swedbank also addresses the challenges associated with implementing the Taxonomy. For example, it highlights the lack of best practices and guidance for applying the Taxonomy in certain areas, stating: "The EU Taxonomy is a new regulation and there is a lack of guidance and best practice in many areas. Accordingly, Swedbank is in the start-up phase of updating customer processes and developing new products." (p. 219)

The report also mentions difficulties with system limitations that prevent the bank from fully tracking the use of proceeds in corporate lending, noting: "Swedbank's current systems are yet to be able to demonstrate and follow up on the use of proceeds of corporate loans, which adds difficulties" (p. 219)

These straightforward disclosures about regulatory and operational challenges further illustrate Swedbank's transparency and advanced understanding of the EU Taxonomy's significance, solidifying a score of 3 for this criterion.

K2: Swedbank's 2023 Sustainability Report explicitly addresses the need to comply with social minimum safeguards as part of its EU Taxonomy alignment (p. 219). It states that all Taxonomy-aligned activities must also ensure respect for human rights, employment standards, and social protection measures. For example, Swedbank highlights that compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the ILO Core Labor Standards are integral parts of its social safeguard framework (p. 255). These references illustrate a clear understanding of how social responsibility extends beyond environmental objectives. Furthermore, the report specifies that Swedbank's approach to social safeguards includes due diligence measures in its lending and investment processes, ensuring that borrowers and investees also uphold these social principles. For instance, the report states that credit risk assessments and supplier codes of conduct are tools used to verify that social safeguards are respected (p. 113). These explicit examples demonstrate that Swedbank's social responsibility within the Taxonomy is not merely a declarative statement, but an operationalized part of its decision-making and risk management practices.

K3: Swedbank's 2023 Sustainability Report demonstrates a clear commitment to data-driven social responsibility reporting. It includes a variety of quantitative social indicators throughout the report that provide a transparent view of the bank's performance in this area. Key examples include the employee Engagement Index, which reached an impressive 85% (p. 251) and the gender parity data (p. 253). In addition, the report quantifies aspects of employee well-being, providing figures on the sickness rate (2.9%) and stress index levels (p. 251), etc. Additionally, Swedbank sets quantifiable goals for future social initiatives, stating: "Swedbank aligns its business strategy to be consistent with and contribute to individuals' needs and society's targets, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks" (p. 265)

For example, Swedbank's "SMART" targets can be found on page 266. These targets provide measurable and time-bound objectives that enhance the transparency and credibility of the bank's social responsibility commitments.

K4: Swedbank's 2023 Sustainability Report achieves a well-balanced ESG narrative by systematically integrating social dimensions alongside environmental aspects. While it's true that environmental metrics – such as the Green Asset Ratio (GAR) and climate-related data – are prominently featured in the report's EU Taxonomy section (pp. 219–244), social responsibility topics are also thoroughly and consistently addressed across multiple sections. For example, the report includes detailed quantitative data on employee well-being, diversity, and inclusion (e.g., gender balance figures and engagement index) as well as descriptions of financial literacy programs that target broader community needs. Social impact initiatives are also highlighted through narratives about Swedbank's efforts to improve community resilience and promote economic inclusion, demonstrating the bank's belief in the strong relationship between social and environmental sustainability. Moreover, Swedbank's discussion of challenges – such as the lack of best practices and data collection barriers – equally applies to environmental and social issues, showing that

these dimensions are treated with comparable importance in risk and impact assessments (p. 219). This systematic inclusion of social responsibility considerations ensures that social data is not merely a token mention but an integral part of Swedbank's overall sustainability strategy. Thus, despite the environmental focus in some sections, the clear, quantitative, and narrative treatment of social issues justifies assigning a score of 3 for this criterion.

K5: Swedbank's 2023 Sustainability Report makes extensive use of numerous tables, charts, and diagrams to clearly present social responsibility data. These visuals appear throughout the report, as it was noted in K3. The frequent and systematic use of these visuals demonstrates the bank's commitment to clarity and transparency, justifying a score of 3 for this criterion.

Figure 3 provides a visual representation of Swedbank's scores across the five social responsibility criteria (K1–K5), illustrating its degree of alignment with the EU Taxonomy framework.

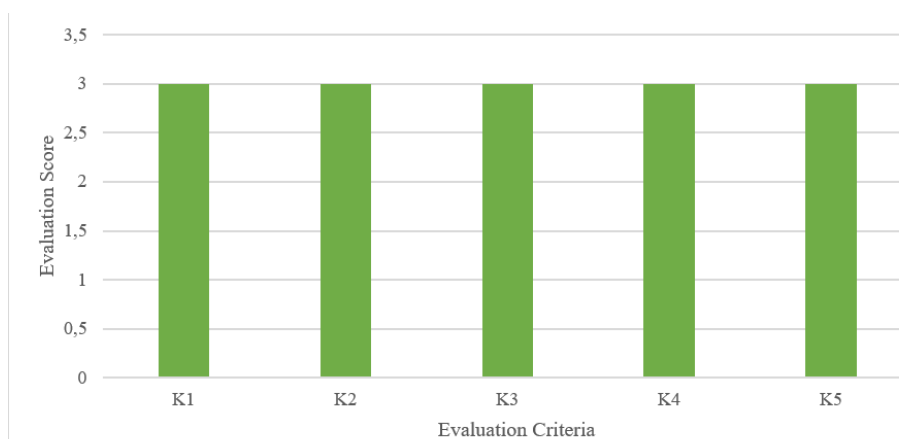


Fig. 3. Swedbank's Evaluation by Social Responsibility Criteria (K1–K5)

Source: designed by the author.

4.4. Social Responsibility Evaluation

Table 2 summarizes the performance of the three evaluated banks across the five social responsibility criteria (K1–K5), using a comparative scoring system to highlight differences in alignment with EU Taxonomy principles.

Table 2
Summary of Banks' Comparative Scores Based on Five Social Responsibility
Criteria (K1–K5)

Criteria \ Bank	K1	K2	K3	K4	K5	Total
Artea	1	2	3	2	2	10
Citadele	2	3	3	2	3	13
Swedbank	3	3	3	3	3	15

Source: designed by the author.

The comparative evaluation of social responsibility integration across the three banks – Artea, Citadele, and Swedbank – highlights notable differences in the maturity and depth of their reporting practices. Swedbank consistently scores the highest across all criteria, reflecting a sophisticated and well-integrated approach to social responsibility within the EU Taxonomy framework. Its thorough attention to both environmental and social dimensions, coupled with robust visual elements and quantitative data, suggests a comprehensive commitment to transparency and best practices in sustainability reporting.

Citadele's social responsibility integration profile reveals a generally high level of maturity, with particularly strong performance in K2 (explicit social references), K3 (clarity and transparency of social data), and K5 (use of visuals). These results demonstrate Citadele's advanced capacity to articulate social issues in a clear, data-driven manner that is well supported by visual aids, reinforcing commitment to transparent stakeholder communication. Nevertheless, the slightly lower scores in K1 (dedicated EU Taxonomy sections) and K4 (balance between environmental and social narratives) highlight important areas for further development. Collectively, these results position Citadele as a proactive and engaged actor in the field of social responsibility but also highlight opportunities to further solidify its leadership by deepening the Taxonomy linkages and ensuring a more balanced and integrated ESG perspective.

Artea's social responsibility performance profile reveals a more moderate level of maturity compared to its regional peers, with the strongest result in K3 (clarity and transparency of social data). This suggests that Artea is making foundational progress in providing clear, data-driven communication about its social initiatives. However, the consistently lower scores in K1 (dedicated EU Taxonomy sections) and K2 (explicit social references) highlight significant gaps in aligning social responsibility disclosures with the EU Taxonomy framework and in explicitly embedding social safeguards within its overall reporting narrative. These limitations indicate that while Artea is able to provide some narrative-level transparency on social responsibility, it still lacks the structural and regulatory integration that is increasingly expected by European stakeholders. Similarly, the modest results in K4 (balance between environmental and social aspects) and K5 (use of visuals) underscore that the bank's current approach tends to prioritize environmental data

over social considerations and lacks a fully developed visual communication strategy. Collectively, these results suggest that while Artea demonstrates an emerging awareness of social responsibility in its reporting, there remain clear opportunities to elevate its practices by systematically integrating social considerations within the Taxonomy narrative, balancing the ESG dimensions more holistically, and leveraging visual tools to communicate these aspects more effectively.

5. Conclusions

This article describes how OECD BEPS Action 6 functions as both a legal and policy mechanism to prevent treaty abuse and promote sustainable tax integrity, with a particular focus on the Swiss legal and administrative framework. The analysis revealed that Switzerland has successfully integrated the minimum standards under Action 6 through targeted treaty amendments and consistent administrative practices, especially by reinforcing beneficial ownership tests and implementing anti-abuse clauses. These efforts have enhanced the alignment between treaty benefits and genuine economic activity, although some interpretive complexities persist, notably in the application of the PPT and its interaction with domestic substance requirements.

A comparative analysis of Swiss jurisprudence with international case, notably the Canadian Court's decision, further illuminates different judicial approaches to treaty abuse and treaty shopping. This case underscores the delicate balance between permitting legitimate tax planning and combating abusive structuring, reinforcing the importance of clear legal standards and mutual trust across jurisdictions.

Switzerland's approach demonstrates how cooperative international frameworks can address abusive practices without unduly hindering legitimate cross-border business operations. For practitioners, these developments underscore the growing importance of demonstrating substantive economic presence when claiming treaty benefits.

In parallel, other initiatives related to the BEPS project continue in Switzerland (SIF, 2024a): addressing the challenges of the digital economy, hybrid arrangements, transfer pricing. Switzerland has officially declared the implementation of the BEPS 2.0, which demonstrates its commitment to adhering to international tax standards while remaining an attractive location for business (EY, 2023).

As an international financial center, Switzerland must strike a balance between alignment with global tax standards and the maintenance of its economic competitiveness for international investors. By complying with the requirements of the OECD's inclusive framework while fostering a stable and competitive fiscal environment, Switzerland reinforces its reputation as a reliable and innovative financial hub, capable of meeting the challenges of the constantly evolving global tax landscape.

Looking ahead, a key challenge will be ensuring consistency in interpretation and enforcement. The PPT must be applied fairly, with safeguards for taxpayers. Beneficial ownership rules must be detailed yet flexible. And international

cooperation must deepen to ensure that no country becomes a weak link in the global system. Ultimately, sustainable taxation is about building trust - between governments, taxpayers, and international partners. BEPS Action 6 is a significant milestone in this journey, and Switzerland's measured implementation provides a valuable case study in how to pursue transformation without compromising legal certainty or economic vitality.

Moving forward, further research should address not only the long-term effects of Action 6 on inbound and outbound investments, but also the evolving intersection between anti-abuse mechanisms and new challenges such as digital economy taxation and emerging avoidance strategies. Comparative studies with other jurisdictions may provide valuable insights for refining anti-abuse measures and ensuring the continued sustainability and integrity of the international tax framework.

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