



Plagiarism Checker X - Report

Originality Assessment

0%

Overall Similarity

Date: Jun 8, 2026 (01:37 PM)

Matches: 0 / 2981 words

Sources: 0

Remarks: No similarity found,
your document looks healthy.

Verify Report:

Scan this QR Code



Understanding ESG Scores Based On Companies With Well-Recognized Reputation: A Comparative Analysis Of LSEG Methodology And Corporate Performance

ABSTRACT

This comprehensive analytical study investigates the critical divergence between perceived corporate reputation and technical Environmental, Social, and Governance (ESG) performance. As global financial markets migrate from "Shareholder Capitalism" to a more complex "Stakeholder Capitalism" model, the necessity for a standardized, rigorous data architecture has become paramount. This paper utilizes the London Stock Exchange Group (LSEG) ESG methodology—a framework encompassing over 16,000 global entities—to dissect the sustainability profiles of five industry leaders: Grupo Bimbo, Nestle, Alphabet, BBVA, and MercadoLibre.

The research addresses the "Reputation Tax" paradox, wherein firms with high public visibility often suffer from significant valuation discounts due to underlying controversies and governance failures. By examining the LSEG "Combined Score" (ESGC), which integrates reported performance with real-time controversy overlays, the study exposes the limitations of self-reported corporate social responsibility (CSR) narratives. Key findings indicate that technical operational excellence in specific pillars—such as BBVA's governance or Alphabet's resource efficiency—is frequently undermined by material risks like water scarcity, litigation burdens, and governance immaturity. The analysis provides a strategic roadmap for sustainable investment strategists to navigate information asymmetry, advocating for the transition from subjective sentiment to objective, percentile-based data normalization.

Keywords: ESG Integration, Materiality, Corporate Governance, Sustainable Finance.

JEL CODES:G30, M14, Q56, L21.

INTRODUCTION

The global transition towards sustainable finance is not merely a shift in asset allocation but a fundamental re-engineering of the financial data lifecycle. As

we move from the front matter into the core introduction, we must evaluate why ESG scores have evolved from peripheral marketing metrics into the foundational "backbone" of institutional risk management and alpha generation (Elhady & Shohieb, 2025)

The contemporary investment landscape is defined by the erosion of traditional barriers between financial and non-financial data. In an era where a single supply chain scandal or a data breach can erase billions in market capitalization, Environmental, Social, and Governance (ESG) scores have transitioned from elective disclosures to the non-negotiable backbone of modern finance (Zhao, (2024).

This shift is driven by the realization that "well-recognized reputation" is no longer a sufficient proxy for corporate resilience. Instead, institutional investors require granular, auditable, and normalized data architectures to mitigate the pervasive risks of information asymmetry (Savchenko, 2025)

In Sustainable Investment Analysis, the primary challenge is the noise inherent in the proliferation of sustainability reports. While thousands of firms now issue annual CSR documents, the lack of standardization creates a fertile ground for greenwashing—where firms project an image of sustainability that is disconnected from their operational reality. Transparency is no longer a luxury for high-reputation firms; it is a competitive necessity (Sari & Muslim, 2024).

The "Reputation Tax" is real:

companies that fail to align their internal governance with their external brand promises face severe penalties from both regulators and capital markets.

Information asymmetry remains the greatest hurdle in ESG integration. Historically, firms could mask systemic vulnerabilities through strategic philanthropy or opaque reporting (Loss, 2025).

Standardized methodologies, specifically the LSEG ESG Scoring Engine,

have been engineered to dismantle these asymmetries. By employing a relative, percentile-based ranking system rather than an arbitrary absolute scale, these frameworks force a market-driven performance standard. This ensures that a company's "A" rating is not just a reflection of its own goals, but a measure of its leadership relative to its industry peers in aspects related to Environmental, Social and Governance. (Zhao, Ngan, Jamil, Salleh & Yusoff, 2025).

This analysis is rooted in the "Combined Score" (ESGC). This metric serves as a reality check, overlaying a company's self-reported performance with a "Controversy Score" derived from global media and legal proceedings. For global leaders, this creates a high-stakes environment where every operational failure is quantified and discounted (Elamer & Boulhaga, 2024). The purpose of this document is to bridge the gap between corporate reputation and technical reality, using five distinct case studies to illustrate how the LSEG architecture exposes the "Disconnected Leaders" and identifies the true "Institutional Benchmarks."

GENERAL OBJECTIVE

To analyze the relationship between corporate reputation and ESG performance through the LSEG methodology to determine the resilience of global leaders in the face of evolving sustainability standards and heightened market scrutiny.

SPECIFIC OBJECTIVES

First, to detail the LSEG scoring mechanics: To deconstruct the technical architecture of the LSEG methodology, including its four-stage quality control process, percentile-rank formula, and the specific Boolean logic governing its 870+ metrics. Next, to assess the ESG profiles of five industry leaders: To provide a deep-dive technical assessment of Grupo Bimbo, Nestle, Alphabet, BBVA, and Mercado Libre, evaluating their performance across 10 distinct ESG categories. Next, to compare operational performance vs. controversy impact: To quantify the "Reputation Tax" by analyzing the delta between the reported ESG Score and

the Combined ESGC Score, specifically focusing on how controversy severity weights impact valuation. And finally, to synthesize investment insights based on sustainability data: To translate raw ESG data into actionable strategic recommendations for portfolio managers, highlighting the risks of "Governance Anemia" and the benefits of institutional stability.

THEORETICAL FRAMEWORK

The LSEG ESG methodology represents a pinnacle in data architecture, designed to transform heterogeneous corporate narratives into a strategic competitive advantage. It is a system built on objectivity, relativity, and dynamic materiality (Sikacz, Teneta & Fabijańska, 2025).

The LSEG database encompasses approximately 16,000 companies, including 14,500 public entities and 1,300 private firms. This extensive coverage is vital for cross-sectoral benchmarking. One of the most significant architectural features is the data history extending back to 2002. This allows for time-series analysis that effectively mitigates "survivorship bias." Analysts can observe how ESG maturity correlates with financial performance across multiple economic cycles, providing a longitudinal view that recent "start-up" ESG providers cannot replicate (Benvissuto, 2025).

The LSEG engine processes over 870 ESG measures per company, filtered through a rigorous four-stage quality control architecture (Laokulrach, 2025):

1. Entry/Pre-production: The proprietary UI integrates over 1,700 logical error checks. These checks prevent the entry of contradictory data (e.g., a firm reporting recycled water volume that exceeds its total water withdrawal).
2. Post-Production: Daily algorithmic screenings detect "outlier" annual variations or sector-wide inconsistencies based on TRBC - The Refinitiv Business Classifier - Industry Group benchmarks.
3. Independent Audits: Daily random samples are audited by senior analysts in Beijing, Bangalore, and Manila to ensure manual processing accuracy.

4. Management Reviews: Monthly "HeatMaps"

identify thematic or geographic areas of concern, allowing for systemic improvements in data harvesting techniques.

To protect the integrity of quantitative backtests, LSEG employs the 5-Year Definitive Rule.

While scores are updated weekly, once a fiscal year is five years in the past, its data becomes "definitive" and inalterable. This prevents companies from retroactively "restating" their sustainability performance

to mask historical failures. The methodology also utilizes Transparency Stimulation.

The model actively penalizes opacity by assigning higher weights to non-reported data points that are deemed "highly material" for a specific sector. If a firm fails to disclose a material metric, the category score drops drastically, incentivizing better disclosure (Parfitt, 2024).

LSEG uses a dynamic materiality matrix where category weights (1 to 10) vary by industry.

Table 1. Industry-Specific ESG Materiality Weights in the LSEG Dynamic Materiality Matrix

Industry (TRBC)

Emissions Weight

Innovation Weight

Human Rights Weight

Management Weight

Banking Services

1

4

4

10

Chemicals

9

9

10

10

Coal

10

1

3

10

WaterUtilities

9

8

3

10

Source: (Grassetti&Marazzina, 2026)

When a controversy occurs, the system applies Severity Weights based on market capitalization (Dodsworth, Bourne, Schlich&Kooroshy,2023):

- LargeCap ($\geq$ \$10bn): 0.33 weight (reflecting higher media scrutiny).
- MidCap ($\geq$ \$2bn): 0.67 weight.
- Small Cap ($<$ \$2bn): 1.00 weight (where a single event is more likely to be fatal).

The Evolution of the ESG Information Ecosystem

The global financial architecture is currently navigating a fundamental transition from traditional shareholder-centric models toward the multidimensional principles of Stakeholder Capitalism. This shift reflects an empirical consensus that long-term corporate value is intrinsically linked to non-financial externalities, specifically Environmental, Social, and Governance (ESG) performance. Consequently, ESG information has evolved from a peripheral niche of corporate social responsibility (CSR) reporting into the quantitative backbone of sustainable finance, risk mitigation, and global asset allocation. For institutional investors, the ability to decompose and compare ESG data across sectors is no longer optional but a prerequisite for rigorous fiduciary duty (Biancone, Secinaro, Brescia & Calandra, 2024).

Within this landscape, the LSEG ESG scoring model serves as a

strategic standardization tool, providing objective performance metrics for approximately 16,000 companies globally. By utilizing a universe of more than 870 metrics, the methodology aims to resolve historical issues of data fragmentation and reporting opacity, enabling comparability across diverse jurisdictions.

This systematic approach transforms heterogeneous corporate disclosures into a structured data architecture, facilitating more informed and transparent investment decision-making.

This macro-economic transition necessitates a granular, pillar-based measurement structure to capture the nuances of corporate conduct (Schleipfer, 2025).

The Tripartite Pillar Framework and Thematic Categorization

Strategic granularity is the prerequisite for an effective ESG assessment.

By decomposing corporate performance into three distinct pillars and ten constituent categories, the LSEG methodology enables targeted risk management and a precise evaluation of corporate responsibility. This structural decomposition ensures that the final score is not merely an aggregate figure but a nuanced reflection of a firm's specific operational impact and strategic focus (Yılmaz & Taşkın, 2024).

The framework categorizes 186 material measures into three pillars (London Stock Exchange Group, 2026):

- Environmental (Env): Measures a company's impact on living and non-living natural systems, including the air, land, and water.
- Social (Soc): Evaluates the quality of relationships and the trust a company builds with its workforce, customers, and the broader community.
- Governance (Gov): Assesses the internal systems, processes, and structures by which a firm is directed, controlled, and held accountable.

The following table defines the focus of each category within these pillars:

Table 2. LSEG ESG Pillars and Categories: Definitions and Assessment Focus

Pillar
Category
Focus and Definition

Environmental

Resource Use

Performance in reducing the consumption of materials, energy, or water through eco-efficient solutions.

Emissions

Effectiveness in mitigating environmental emissions in production and operational processes.

Innovation

Capacity to reduce environmental burdens for customers through eco-designed products and technologies.

Social

Workforce

Provision of job satisfaction, safety, diversity, and equal development opportunities.

Human Rights

Effectiveness in respecting fundamental international human rights conventions.

Community

Commitment to business ethics, public health, and responsible corporate citizenship.

Product Responsibility

Capacity to produce quality goods while ensuring customer safety and data privacy.

Governance

Management

Commitment to best-practice corporate governance principles and board effectiveness.

Shareholders

Effectiveness in ensuring equal treatment of shareholders and the use of anti-takeover devices.

CSR Strategy

Integration of financial, social, and environmental dimensions into day-to-day decision-making.

Source: LSEG ESG Scores Methodology (London Stock Exchange Group, 2026).

These qualitative themes are distilled into quantitative inputs through a rigorous normalization process, transitioning from subjective narratives to standardized data points.

Methodological Foundations: From Raw Metrics to Percentile Ranks

The LSEG methodology mitigates reporting bias through a rigorous normalization process.

Although the data collection framework captures more than 870 metrics, the scoring model focuses on 186 material indicators.

Metric relevance is determined using predefined transparency thresholds: a metric is included only if it is reported by at least 5% of companies within an industry for numerical data and 7% for Boolean data. By applying these thresholds, the methodology reduces transparency bias and avoids rewarding companies simply for disclosing large volumes of information. Instead, it emphasizes the reporting of material and industry-relevant data points (London Stock Exchange Group, 2024).

The framework's quantitative assessment is based on a percentile ranking methodology that assigns each company a score between 0 and 100 according to its performance relative to industry peers. Specifically, a company's score reflects its position within the distribution of all companies reporting a given metric.

It is calculated by comparing the company's value with those of its peers and determining the proportion of firms that perform worse, while assigning half weight to firms with the same value (London Stock Exchange Group, 2024). An important feature of this methodology is metric polarity, which determines

whether higher or lower values indicate better performance. For Boolean metrics (e.g., Yes/No indicators), non-disclosure of a positive metric—such as the existence of a water-efficiency policy—is assigned a value of zero.

This prevents companies from benefiting from the absence of disclosure and encourages transparency on material sustainability issues (London Stock Exchange Group, 2024).

The resulting metric scores are then aggregated and weighted according to their relevance within each industry. Additional adjustments are made through geographic benchmarking to account for differences in regional reporting practices and operating environments (Clément & Grenon, 2025).

Dynamic Weighting and Benchmarking

A "one-size-fits-all" approach to ESG is academically insufficient and fails to provide genuine risk insight. LSEG employs a Magnitude Matrix (Materiality Matrix) that dynamically weights themes on a scale of 1 to 10 based on their relative importance to specific industries. Crucially, these relevancy and category weights are derived exclusively from Large- and Mid-cap companies, as Small-cap firms typically report less data, which could otherwise skew the materiality thresholds (Vu, 2025):

- Environmental and Social Benchmarking: Categories are benchmarked against the LSEG Business Classifications (TRBC) industry groups. For example, carbon emissions carry high magnitude weights for industrial sectors but lower weights for financial services.

- Governance Benchmarking: Governance categories are benchmarked against the Country of Incorporation, reflecting the reality that corporate legal structures and governance codes are nationally standardized.

- Transparency Stimulation: The model rewards the reporting of "Highly Material" data.

Omitting points with high magnitude weights results in a severe score penalty, whereas the omission of "immaterial" points has a negligible impact.

This benchmarked approach ensures that performance scores are

contextualized within the specific reputational and operational risks of each industry.

The Controversy Overlay: Evaluating the ESGC Score

A company's self-reported ESG performance must be validated against real-world conduct.

LSEG addresses this through the ESG Combined (ESGC) Score, which provides a "definitive" view of sustainability by overlaying reported data with a controversy assessment captured from global media.

The ESGC score calculation follows a specific scenario-based mathematical logic (Dell'Erba & Doronzo, 2023):

- Scenario 1: If the Controversy Score is higher than or equal to the ESG Score, no discount is applied. $ESGC = ESG \text{ Score}$.

- Scenario 2: If the Controversy Score is lower than the ESG Score, a deduction is made. $ESGC = \text{Average of } (ESG \text{ Score} + \text{Controversy Score})$.

- Controversy Lifecycle: "Recent Controversies" are captured in real-time and accounted for in the latest closed fiscal year. As the controversy matures (e.g., through legal developments), it transitions into a "Normal" controversy data point in subsequent fiscal cycles.

This mechanism ensures that a company's sustainability profile is tempered by its actual conduct, moving the assessment beyond mere disclosure.

Data Integrity, Quality Assurance, and Longitudinal Validity

The utility of ESG data for academic backtesting depends entirely on data integrity. LSEG employs over 600 content research analysts who manually collect data from public sources (annual reports, CSR reports, and stock filings). To ensure accuracy, the framework utilizes a four-stage quality control process (Njuguna, Mwangi & Waweru, 2025):

1. Data Entry: Deployment of over 1,700 built-in error checklogics within the user interface.
2. Post-Production: Daily algorithmic screeners identifying inconsistencies, sector-based variances (TRBC codes), and scaling errors.
3. Independent Audits: Daily sample reviews and weekly root-cause analyses of problematic data points.

4. Management Reviews: Monthly deep dives and heatmap analysis to address sectoral or thematic concerns.

To preserve the historical integrity required for long-term quantitative analysis, LSEG applies the "Five-Year Definitive Rule." Scores are marked as definitive and remain unchanged—regardless of subsequent corporate restatements—once they are more than five years old. (Bancu, Cunea & Dragomir, 2025).

METHODOLOGY AND METHODS

The research design follows a multi-dimensional approach to assess corporate health by intersecting qualitative reputation with quantitative data.

□ **Sample Selection:** The sample was obtained discretionally from the Merco Ranking (Merco, 2026), selecting five entities—Grupo Bimbo, Nestle, Alphabet, BBVA, and Mercado Libre—that possess well-recognized global reputations.

□ **Justification:** Combining Merco's reputational standing with LSEG's quantitative scoring creates a comprehensive view of "ESG Decoupling." This intersection allows for the identification of companies where public perception diverges significantly from operational reality, exposing "Reputational Anemia" or hidden "Governance Value Traps."

The following section provides a detailed empirical analysis of how these global giants perform when subjected to the LSEG framework.

The research design is a dual-track qualitative and quantitative comparative analysis.

The sample was obtained discretionally from the Merco Ranking, selecting firms with the highest public reputation to stress-test their actual ESG validity through the LSEG engine (London Stock Exchange Group, 2026).

The rationale for choosing LSEG as the primary data engine is its "Controversy Shifting" mechanism. In this context, for example, as of March 2026 a new event happened in May 2024 is captured as "recent" in the last closed fiscal year; as time passes,

the impact persists but decreases, allowing for an analysis of "reputational recovery." By benchmarking Environmental and Social pillars against the TRBC - Thomson Reuters Business Classification-Industry Group and Governance against the Country of Incorporation, it ensures the comparison is grounded in both operational and legal reality.

RESULTS OBTAINED

Grupo Bimbo SAB de CV (The Resilient Leader)

Grupo Bimbo represents the "Gold Standard" of emerging market resilience. With an ESG Score of 85.52 (Grade A), it ranks 154th out of 12,316 companies globally. Its Social Pillar is its primary engine of value, specifically the "Workforce" category (95.87), where women now hold 33% of management positions.

However, the "Lead Data Architect" notes two technical "smoking guns." First, Bimbo's Environmental Innovation score is critically low at 18.99, indicating a lack of disruptive eco-design. Second, its Management score suffered a 12.89-point contraction due to a failure to maintain GRI Report Guidelines (which dropped 88.25 points) and the absence of a reported Health & Safety Team (dropping 67.59 points). Despite these administrative lapses, Bimbo demonstrated a massive recovery in its Combined Score, reducing its controversy penalty from 21 points in FY2023 to just 2.9 points in FY2024.

Table 3. Bimbo ESG Performance Scores and Ratings Based on the LSEG Framework

Metric

Score

Grade

ESG Score

85.52

A

Environmental Pillar

87.43

A

Social Pillar

87.69

A

Governance Pillar

79.65

A-

ESG Combined Score (ESGC)

82.61

A-

Source: ownelaborationbasedon LSEG data.

Source: Ownelaborationbasedon data obtainedfromLondon Stock Exchange Group (2026).

Nestle SA (TheReputationTax)

Nestleillustratesthe "ReputationParadox." Operatively, itis a powerhouse (86.31), butits ESGC collapsesto 43.53 (Grade C+). Thisisdrivenby a Controversy Score of 0.75, resultingfrom legal issues in France and deforestation in Indonesia.

Thearchitectural "smoking gun" forNestleisits 0.00 recycledwatermetric. In thefood sector, wateristhemost material resource. ContrastingNestlewith British American Tobacco's 1,280,000 unitsofrecycledwaterexposes a massive competitive disadvantage in circular economypractices. Furthermore, thedepartureof CEO Mark Schneider wasalgorithmicallycoded as a "Management Controversy," furthererodingitsgovernance score.

Table 4. Nestle ESG Performance Scores and Ratings Basedonthe LSEG Framework

Metric

Score

Grade

ESG Score

86.31

A

Environmental Pillar

88.16

A

Social Pillar

94.32

A+

Governance Pillar

70.45

B+

ESG Combined Score (ESGC)

43.53

C+

Source: Ownelaborationbasedon data obtainedfrom London Stock Exchange Group (2026).

Alphabet Inc. (TheDisconnected Leader)

Alphabet (Google) istechnicallybrilliantbutethically "Anemic." Itmaintains a Management score of 97.98 and Resource Use of 98.03, yetitsCombined Score dropsto 40.63.

Theprimary "smoking gun" isthecollapseofEnvironmentalRestorationInitiativesfrom 88.80 to 0.00, signaling a total breakdown in carbon-offset execution.

Alphabet's \$3.7 billion in litigation expenses and its 29.11 score in "Shareholders" suggest a governancestructurethattreats legal penalties as a costofdoingbusinessratherthan a riskto be mitigated. ForAlphabet, innovationishigh, butthe "Reputational Anemia" is a permanent drag onvaluation.

Table 5. Alphabet Inc. ESG Performance Scores and Ratings Basedonthe LSEG

Framework

Metric

Score

Grade

ESG Score

80.95

A-

Environmental Pillar

73.52

B+

Social Pillar

82.09

A-

Governance Pillar

82.19

A-

ESG Combined Score (ESGC)

40.63

C

Source: Ownelaborationbasedon data obtainedfrom London Stock Exchange Group (2026).

BBVA (TheInstitutionalBenchmark)

BBVA isthe global sector leader (#1 of 929 banks). ItsCombined Score isanunshakeable 88.95, underpinnedby a 100.00 Controversy Score. WhileAlphabet and Nestlefailthe "realitycheck," BBVA'sgovernanceabsorbs shocks effortlessly.

However, the data reveals a tactical shift:

EnvironmentalExpendituresInvestmentschangedfrom TRUE to FALSE,

causing its Emissions score to drop from 85.44 to 76.25. Additionally, the Nominations Committee Independence fell from 80% to 60%, a signal of slight institutional erosion that investors must monitor despite its overall A+ governance.

Table 6. BBVA ESG Performance Scores and Ratings Based on the LSEG Framework

Metric	Score	Grade
ESG Score	88.95	A
Environmental Pillar	86.88	A
Social Pillar	86.04	A
Governance Pillar	94.82	A+
ESG Combined Score (ESGC)	88.95	A

Source: Own elaboration based on data obtained from London Stock Exchange Group (2026).

Mercado Libre Inc. (The Emerging Risk)

Mercado Libre is a high-growth entity with an immature governance architecture. Its 8.06 Management score and 56.09% employee turnover rate are "red alerts." The "smoking gun"

hereistheQuality Management Systemsswitchingfrom TRUE to FALSE, whichcausedits "ResponsibilityofProduct" score tocollapsefrom 77.42 to 32.19. Whileits shift to 40.44% renewableenergyiscommendable, itsgovernancepreventsitfromachievinginstitutional grade.

Table 7. MercadoLibre ESG Performance Scores and Ratings Basedonthe LSEG Framework

Metric
Score
Grade
ESG Score
47.06
C+
Environmental Pillar
66.86
B+
Social Pillar
67.48
B+
Governance Pillar
23.53
D+
ESG Combined Score (ESGC)
47.06
C+

Source: ownelaborationbasedon LSEG data.

Source: Ownelaborationbasedon data obtainedfrom London Stock Exchange Group (2026).

CONCLUSION AND DISCUSSION

The analysis confirms that ESG metrics are central to modern valuation, with the ESG Combined Score (ESGC) serving as a superior predictor of financial risk by integrating controversies into the self-reported data.

Thematic Conclusions

- Predictive Power of ESGC: The divergence in Nestle and Alphabet warns of future litigation and regulatory fines that traditional ESG scores overlook.
- Governance as a Safeguard: Robust governance (as seen in BBVA) acts as a stabilizer, preventing environmental or social volatility from eroding shareholder value.
- Management Recommendations: Boards must shift from "compliance-based" reporting to "operational reality." For firms like Mercado Libre, professionalizing management is the priority; for Alphabet, mitigating litigation through better shareholder rights is essential.

The comparative analysis reveals a distinct "Governance Gap" between established institutional benchmarks like BBVA and high-growth or high-visibility firms like Mercado Libre and Alphabet.

The Startup vs. Institution Governance Gap

Mercado Libre's D+ in Governance is a textbook case of a firm outgrowing its management controls. With an 83 billion market cap, its reliance on a "startup" governance model—characterized by low board independence (70%) and skyrocketing executive pay (13.7M)—creates a significant risk of agency. In contrast, BBVA's A+ governance acts as a "valuation shield," ensuring that even when operational metrics like emissions fluctuate, the core institutional stability remains intact.

Transparency Stimulation and the "Null" Penalty

The "Lead Data Architect" perspective highlights that Mercado Libre's and Bimbo's scores were significantly affected by Transparency Stimulation. By failing to report on GRI guidelines or Quality Systems, the LSEG engine assumed a worst-case scenario.

This logarithmic penalty is designed to force firms to treat ESG reporting with the same rigor as financial auditing. Firms that treat ESG as a marketing exercise rather than a data architecture exercise are systematically penalized.

The Magnitude of Litigation

The disparity in litigation costs is perhaps the most striking finding. Alphabet's \$3.7B in litigation and Nestle's \$2.1B in legal expenses represent more than just financial losses; they are "Governance Smoking Guns" that indicate a systemic failure to manage ethical risks. BBVA's 100.00 Controversy Score, despite being a massive global bank, proves that it is possible to maintain a clean slate through proactive institutional rigor.

Reputation Versus ESG Resilience Reality

This study describes that corporate reputation is a lagging and often misleading indicator of ESG resilience. While the Merco Ranking identifies firms with high public esteem, the LSEG data architecture exposes profound vulnerabilities in several "reputable" leaders.

The "Combined Score" (ESGC) remains the ultimate truth for the sustainable investor.

It strips away the marketing narrative and exposes the "Reputation Tax" paid by firms like Nestle and Alphabet. For Mercado Libre, the challenge is professionalization; for Alphabet, it is ethical realignment; and for BBVA, it is maintaining the high standard of institutional governance it has set. In the era of Stakeholder Capitalism, the winners will not be the companies with the loudest brands, but those with the most robust, transparent, and normalized data architectures.

REFERENCES

[1] Bancu, E. A., Cunea, M. I., & Dragomir, D. M. (2025). ESG disclosure and financial performance in two interconnected economic activities affected by the global semiconductor crisis. *Accounting and Management Information Systems*, 24(1), 26-64. <https://www.ceeol.com/search/article-detail?id=1325884>

[2] Biancone, P. P., Secinaro, S., Brescia, V., & Calandra, D. (2024).

Which direction for stakeholder capitalism? Approaches and reporting towards POP

accounting. *Sustainable Development*, 32(6), 6579-6594.

<https://onlinelibrary.wiley.com/doi/full/10.1002/sd.3052>

[3] Benvissuto, T. (2025). Does greater engagement in ESG by listed firms result in enhanced financial performance?: a comparative study between Finland and European countries (Master's thesis, T. Benvissuto).

<https://oulu.repo.oulu.fi/handle/10024/56783>

[4] Clément, A., & Grenon, G. (2025). Mapping biodiversity risk metrics in finance: A comparative analysis of MSCI and LSEG using the ENCORE framework.

Journal of Sustainable Finance and Accounting, 7,

100020. <https://www.sciencedirect.com/science/article/pii/S2950370125000045>

[5] Dell'Erba, M., & Doronzo, M. (2023). Sustainability gatekeepers: ESG ratings and data providers. *U. Pa. J. Bus. L.*, 25,

355. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4470672

[6] Dodsworth, C., Bourne, E., Schlich, B. L., & Kooroshy, J. (2023). Financial, Double, or Dynamic? Theories of ESG Materiality and Practitioner Approaches. *Journal of Impact & ESG Investing*, 4(2). <https://www.pm-research.com/content/pmrjesg/4/2/109.abstract>

[7] Elamer, A. A., & Boulhaga, M. (2024). ESG controversies and corporate performance: The moderating effect of governance mechanisms and ESG practices. *Corporate Social Responsibility and Environmental Management*, 31(4),

3312-3327. <https://onlinelibrary.wiley.com/doi/full/10.1002/csr.2749>

[8] Elhady, A. M., & Shohieb, S. (2025). AI-driven sustainable finance: computational tools, ESG metrics, and global implementation. *Future Business Journal*, 11(1), 209. <https://link.springer.com/article/10.1186/s43093-025-00610-x>

[9] Grassetti, F., & Marazzina, D. (2026). A Standardized Approach to Environmental, Social, and Governance Ratings for Business Strategy:

Enhancing Corporate Sustainability Assessment. *Sustainability*, 18(2), 1048.

<https://www.mdpi.com/2071-1050/18/2/1048>

[10] Laokulrach, M. (2025). ESG Data and Metrics. In *Environmental, Social, and*

Governance (ESG) Investment and Reporting (pp. 119-144). Cham: Springer Nature Switzerland.
https://link.springer.com/chapter/10.1007/978-3-031-84235-1_6

[11]London Stock Exchange Group. (2024). LSEG ESG scores methodology.

https://www.lseg.com/content/dam/data-analytics/en_us/documents/methodology/lseg-esg-scores-methodology.pdf

[12]London Stock Exchange Group. (2026). Sustainability ratings and data. Retrieved May 6, 2026, from <https://www.lseg.com/en/data-analytics/sustainable-finance/sustainability-ratings-and-data>

[13]Loss, G. R. (2025). Reconstructing regulation for decarbonization: corporate governance, reputation, finance and innovation in the energy transition (Doctoral dissertation, Universidade de São Paulo).

<https://teses.usp.br/teses/disponiveis/106/106133/tde-05022026-113056/en.html>

[14]Merco. (2026). Ranking Merco empresas México. <https://www.merco.info/mx/ranking-merco-empresas>

[15]Njuguna, I. M., Mwangi, L. W., & Waweru, F. W. (2025). Governance Practices and Bank Performance in Africa: A Panel Data Analysis of ESG Scores and Financial Outcomes. *JBMI Insight*, 2(7), 34-49. <https://jbmipublisher.org/system/index.php/home/article/view/87>

[16]Parfitt, C. (2024). ESG information as an ethical capital asset. In *False profits of ethical capital* (pp. 139-157). Manchester University Press.

<https://www.manchesterhive.com/display/9781526174239/9781526174239.00015.xml>

[17]Sari, R., & Muslim, M. (2024). Corporate transparency and environmental reporting: Trends and benefits. *Amkop Management Accounting Review (AMAR)*, 4(1), 1-18. <https://ojs.stieamkop.ac.id/index.php/amar/article/view/1448>

[18]Savchenko, A. (2025). Audit of Transnational Transactions in Foreign Economic Activity Through the Lens of Information Asymmetry. *Економіка розвитку систем*, 7(1), 57-63. <https://esd-journal.sumy.ua/index.php/journal/article/view/86>

[19]Schleipfer, A. (2025). The Value of ESG Metrics in the Investment Process. <https://link.springer.com/book/10.1007/978-3-658-49789-7>

- [20]Sikacz, H., Teneta, D., &Fabijańska, A. (2025). The use of feature selection methods in the materiality analysis of banks' ESG data. *Procedia Computer Science*, 270, 2115-2124. <https://www.sciencedirect.com/science/article/pii/S1877050925030054>
- [21]Vu, T. N. (2025). ESG performance and sustainabilityconcernsexposure. *FinanceResearchLetters*, 71, 106434.<https://www.sciencedirect.com/science/article/pii/S1544612324014636>
- [22]Yılmaz, Ç., &Taşkın, D. (2024). ESG ratings: An evaluation and discussion. In *The Palgrave Handbook of Green Finance for Sustainable Development* (pp. 303-356). Cham: Springer International Publishing. https://link.springer.com/chapter/10.1007/978-3-031-65756-6_12
- [23]Zhao, Y. (2024). Empowering sustainable finance: The convergence of AI, blockchain, and big data analytics. *Advances in Economics, Management and Political Sciences*, 85(1), 267-273.<https://pdfs.semanticscholar.org/cb39/7de513c4247bc343d1af9e1769fa8e4f61bc.pdf>
- [24]Zhao, D., Ngan, S. L., Jamil, A. H., Salleh, M. F. M., &Yusoff, W. S. (2025). Peer effectson ESG disclosure: Drivers and implicationsforsustainablecorporategovernance. *Sustainability*, 17(10), 4392. <https://www.mdpi.com/2071-1050/17/10/4392>

EXCLUDE CUSTOM MATCHES	ON
EXCLUDE QUOTES	OFF
EXCLUDE BIBLIOGRAPHY	OFF