Guest Paper

Fernandez, M., Rangel-Perez, C., Lopez, B. (2025), "Strategic Assessment of Adverse Media in the Due Diligence Process for ESG Risk Decision-Making", *Transformations in Business & Economics*, Vol. 24, No 3 (66), pp.21-45.

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BUSINESS & ECONOMICS

STRATEGIC ASSESSMENT OF ADVERSE MEDIA IN THE DUE DILIGENCE PROCESS FOR ESG RISK DECISION-MAKING[1]

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[1] **Acknowledgments**. This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

Received: April, 2024
1st Revision: September, 2024
2nd Revision: February, 2025
Accepted: March, 2025

ABSTRACT*. There is a growing interest in measuring sustainability performance because companies that adhere to ESG criteria (environmental, social and governance criteria) experience higher valuation and better financing conditions. However, recognizing the limitations of voluntary initiatives, the European Union has implemented regulatory measures, exemplified by the impending Corporate Sustainability Due Diligence Directive (CSDDD), aimed at transforming supply chain monitoring within and outside the EU. Using the Banco Santander case, this research assesses the validity of the company's control framework for ESG issues with a regressive methodology. While the framework incorporates intricate risk information and investment restrictions, it is mainly based on adverse media contrasts and assessments. Despite serving as a valuable source for risk decision-making, adverse media introduces challenges such as inaccuracies, bias, and a lack of contextual understanding. As a result, this research advocates for further analysis, recommending diversified case studies and expanded information sources to strengthen control frameworks.

KEYWORDS: banking, ESG, CSDDD, adverse media, Spain.

JEL classification: D81, G38, Q01.

Introduction

We live in an increasingly complex society where companies are globally interconnected and face different risks, including those related to sustainability, which are becoming more evident and have a very high impact on the business of organisations (Cohen, 2023). Therefore, it is essential that companies identify the actual or potential sustainability, or ESG risks they face as "an environmental, social or governance event or condition that, if it were to occur, could result in a material negative impact" (EUR-Lex, 2019).

In this interest in addressing the risks (Cernisevs *et al*., 2023) and adverse effects related to sustainability (Kazancoglu *et al*., 2023), various bodies are making an effort to adapt their legislation and reporting systems in order to work towards a sustainable economy, as is the case in Europe, which wants to create a legal system that favours a green transition and where all companies operating in the EU are governed by the same rules (EC, 2023). In this sense, the new European Corporate Sustainability Due Diligence Directive (CSDDD) aims to tackle this situation by exercising exhaustive control over the entire supply chain of large European companies and certain companies from third countries operating in the Union, which will require greater control over all direct and indirect suppliers, thus exerting a multiplier effect at the international level (EUR-Lex, 2022b; Forética, 2022).

The identification, measurement, and mitigation of ESG risks also represent major challenges for banks (Benito *et al*., 2023; Del Olmo, Castelló, 2023). Specifically, the European Central Bank (2020; 2022a, b) acknowledges the progress made in ESG risk management, but also highlights the long road ahead in the identification and management of ESG risks. In this regard, several studies link adverse ESG news with a loss of reputation and an increase in financial risk (Kölbel *et al*., 2017; Benito *et al*., 2023; Poliakova *et al*., 2024). The transition towards a decarbonised economy makes banks a direct and indirect actor in the numerous risks they have to manage, but also in supporting companies to achieve a green economy (Del Olmo, Castelló, 2023). Although ESG risk reporting is regulated and mandatory for European banks, according to recent studies (Avanade, 2023), only 36% of banks in Spain have an ESG plan and 26% are starting to implement it. In fact, only 12% of banks consider that they are at an advanced level of implementation. Some major Spanish banks, such as Banco Santander (2024b), want to make ESG criteria the basis of its commitment to create a more responsible bank. By 2050, Banco Santander's goal is to reach zero net carbon emissions, supporting the transition to a low-carbon economy, and promoting inclusive and sustainable growth. Banco Santander has established criteria for the identification, assessment, monitoring, and management of environmental and social risks, especially in the sectors of Oil and Gas, Electricity Generation, Mining and Metallurgy, and activities related to "soft commodities." These criteria apply to banking operations involving credit risk, insurance, advisory services, equity, and asset management.

Given the expected multiplier effect of the CSDDD (Forética, 2022), the novelty of this paper lies in the study of how companies assess daily what could be an ESG risk for their business in the recently approved new European framework, as well as in the analysis of how the monitoring and analysis of different sources of information can affect business and stakeholder relations. Therefore, the gap that this research aims to fill is to analyse how recent ESG legal requirements have led entities to design and implement a control framework over their relationships within their supply chain, Banco Santander being an example of this and the subject of this study. For that, the following objectives are proposed: (O1) to study the ESG risk methodology of one of the leading Spanish banks with diverse stakeholder relations in different parts of the world; and (O2) to assess whether there is any relationship between adverse news and companies' ESG efforts. To this end, the following sections will be included in this study: (i) a review of the literature related to the object of the study; (ii) a theoretical framework where the latest European regulations on ESG risks and the evolution of ESG criteria measurement and media interest are provided; (iii) the methodology used in this study; (iv) the results of the analysis performed; (v) together with a discussion of the results; and finally, (vi) the conclusions.

1. Literature Review

The term ESG refers to environmental, social, and governance factors in investment and business decision-making processes, and involves traditional financial metrics when analysing investments in companies (Madden, 2023). Therefore, ESG provides information about sustainable practices and their impact on different stakeholders (Uyar *et al.*, 2023). ESG issues matter to businesses considering the direct impact of business in their operations including the management of supply chains. Moreover, companies need ESG metrics and supply chain management must be unified to measure ESG impacts (Dai, Tang, 2022; Matthess *et al.*, 2022). In this area, one of the main challenges for companies today is identifying practical ESG assessments, especially in the value chain. And some authors propose a framework for quantifying the ESG value chain risks by adding supply chain information through a single model measuring some variables for companies of various ESG issues along the supply chain beyond carbon emissions (Gaba *et al.*, 2023). Additionally, the new context related to sustainability is increasing interest in ESG (Dai, Tang, 2022). In particular, the number of publications on ESG criteria increased from 97 published papers in 2017 to 649 articles in 2021 (De Souza *et al.*, 2023). ESG criteria are used to assess corporate sustainability and performance of companies (Arora, Sharma, 2022; Gallego-Nicholls *et al*., 2025).

Over the last few years, several studies have confirmed that the greatest risks related to sustainability are, above all, those related to the environment, and that they occur in the supply chain of companies (Foerstl *et al*., 2010; Xu *et al*., 2019) and in countries outside the European Union, where there are fewer controls and because of the difficulty of controlling all the suppliers that participate directly and indirectly throughout the life of the product or service (Norbert *et al*., 2017; Karmaker *et al*., 2023). Some of the systems currently used to evaluate suppliers according to ESG criteria (Sanz, 2023) range from ensuring that they comply with the legal regulations that apply to their sector, as well as the labour regulations for their employees, being in possession of different certifications (such as ISO 20400 for sustainable procurement, ISO 26000 for social responsibility or ISO 14001 for environmental management), measuring their carbon footprint or checking the alignment of all ESG policies. There are also rankings that value companies such as ESG Data (Bloomberg, 2023), Dow Jones Sustainability World Index (S&P Global, 2023), ISS ESG Corporate Rating (ISS, 2023), MSCI ESG Rating (MSCI, 2023), or ESG Risk Rating (Sustainalytics, 2023), among others.

However, the problem with these rankings lies in the differences that the same company can obtain in different rankings, given that different methodologies are applied which are not always transparent or based on the same sources (Abhayawansa, Tyagi, 2021). In addition, it could be assessed whether the supplier does any reporting following international standards such as Global Reporting Initiative (GRI) (2023). Finally, there is scarce literature on evaluation models for companies in supplier management to reduce sustainability risks in companies (Dai, Tang, 2022; Matthess *et al*., 2022; Gaba *et al*., 2023). To this end, the academic contribution may be useful for companies considering the complexity added by the European regulation to progress in this area.

The measurement of suppliers' ESG criteria is a topic of great interest for companies and researchers (Naffin *et al*., 2023). At a theoretical level, cases such as IKEA have been studied (Andersen, Skjoett-Larsen, 2009), and models have even been proposed such as Giannakis *et al*. (2020), which tries to interrelate social, environmental and economic variables; models based on the dimensions of economic, environmental and social sustainability (Khan *et al*., 2018); or models which proposes five phases: Motivation-Measure-Analyse-Improve-Govern to evaluate the sustainable performance of suppliers (Patil *et al*., 2022), On a practical level, some companies have developed their own model for measuring the ESG performance of their suppliers, as is the case with the international energy company Iberdrola (2023), whose purchasing department designed the Supplier Sustainability Assessment Model, which provides a score based on different criteria that suppliers must accredit in terms of environmental, social and governance impact. Philips also has its model (2021) to assess its suppliers and score them on the evaluation of their management systems, environmental, health, safety, ethics, and human capital factors. Finally, given the recent regulatory approval of CSDDD, numerous studies are being published that highlight the many challenges facing the new Sustainability Due Diligence regulation (Corgatelli, 2024), such as the new obligations for companies (Pantazi, 2024; Schilling-Vacaflor, Gustafsson, 2024) and their relationship with the UN Guiding Principles and the OECD Guidelines (Corgatelli, 2024).

2. Theoretical framework

2.1 European Regulation on ESG Risk Reporting and Supply Chain Monitoring

In its conviction to lead the ecological transition towards an economy and investment that generates sustainable growth, the European Union (EU) is making a great effort at the regulatory level to provide legal certainty around ESG criteria that are and will be mandatory for member countries, but also for third countries that operate in Europe or have subsidiaries in the EU. The main areas being covered by the most recent European regulations related to sustainability risk reporting and supply chain control are summarised in *Table 1*.

Table 1. Main European regulations on ESG risk reporting and supply chain monitoring

Regulatory area	Implications	Main regulations	Impact for organisations
Information on financial market sustainability	Assessment and reporting of sustainability risks (environment, social and labour issues, human rights, anti-corruption, and anti-bribery).	Regulation (EU) 2019/2088 Regulation (EU) 2022/2453	The information to be reported on ESG risks is harmonised so that it is comparable and includes its impact at the financial level.
Sustainability reporting by companies	Reporting on the company's sustainability impact (developments, risks, and opportunities), environmental, social and governance factors.	Directive (EU) 2022/2464	New reporting concepts are included. In addition, the information must be verifiable by external auditors as a guarantee of control and transparency.
European Sustainability Reporting Standards (ESRS)	General standards developed by EFRAG for reporting on environmental, social and governance issues.	Directive (EU) 2022/2464 Directive (EU) 2013/34/UE (and its proposal of modification from 2023)	Reduction of time and resources to report on new standards. Mandatory by 2026 in Europe and 2028 for certain third-country companies.
Corporate Sustainability Due Diligence	Control of the entire supply chain and of all internal and external suppliers.	Corporate Sustainability Due Diligence Directive (EU) 2024/1760	Diligence policies should be integrated at the corporate level, reviewed annually and articulate whistleblowing and accountability mechanisms for directors and boards.

Source: created by the authors.

Regulation (EU) 2019/2088 aims to unify differences in the reporting of sustainability-related information in the financial services sector (EUR-Lex, 2019), and as regards the integration of sustainability risks in investment decisions or investment advice, the results of analysis on sustainability risks in the performance of the financial products they offer or advise on. This obliges financial actors to continuously assess and report financial and sustainability risks in a qualitative and quantitative manner so that investors can make informed decisions. Thus, they must present "sustainability indicators on climate and other adverse environmental impacts, social and labour issues, respect for human rights, anti-corruption and anti-bribery". Furthermore, companies must also publish information on their websites on the "promotion of environmental or social characteristics and sustainable investment objectives". In addition to all this, there is also an Implementing Regulation (EU) 2022/2453 (EUR-Lex, 2022b) which regulates the reporting of ESG risks in banking to try to harmonise them and the obligation to report them. These reports must reflect the financial impact of ESG risk factors in a comparable manner.

Directive (EU) 2022/2464 on sustainability (CSDR) reporting by companies (EUR-Lex, 2022a) is also relevant. A detailed report on the company and its business model, as well as its sustainability impact, must be provided to understand its evolution, risks, and compatibility with the transition to a sustainable economy and the limitation of global warming to 1.5°C, as well as details of sustainability management bodies, sustainability policies and due diligence processes, and measures to mitigate actual or potential sustainability risks. In addition, the Directive specifies that companies should disclose information relating to social factors and human rights (such as equal treatment and opportunities, working conditions, and "respect for human rights, fundamental freedoms, democratic principles and the standards set out in the International Bill of Human Rights and other core UN human rights conventions"), governance factors (including information on administrative, management and supervisory bodies, control systems and risks, ethics and culture, influencing activities in public affairs, relations with stakeholders with a special focus on payment practices) and environmental factors (detailing the organisation's efforts to mitigate and adapt to climate change, greenhouse gas emissions, resource use, circular economy, pollution, biodiversity and ecosystems). All this information should be verifiable by external auditors.

In addition, EFRAG (European Financial Reporting Advisory Group) has drafted European Sustainability Reporting Standards (ESRS) that are being evaluated by the European Parliament and the Council (EUR-Lex, 2023) with the aim of creating a standard to reduce the time and resources required for large, listed companies and SMEs to report information on company activity related to sustainability. The ESRS include reporting indicators (EFRAG, 2023) on environment (E1: climate change, E2: pollution, E3: water and marine ecosystems, E4: biodiversity and ecosystems, E5: resource use and circular economy), social (S1: own workforce, S2: workers in the value chain, S3: affected communities, S4: consumers and end-users) and governance (G1: business conduct). The ESRS follow the same structure of the International Sustainability Reporting Standards Board (ISSB) based on four axes: Governance, Strategy, Risk Management, Metrics and Targets, and are aligned with the most recent European reporting legislation – such as the CSDDD, Taxonomy Minimum Safeguards and Sustainable Finance Disclosures Regulation (SFDR) – or the standards of the Global Reporting Initiative (GRI), UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Similarly, the ESRS also give more importance to dual materiality which considers the risks and opportunities of two interrelated dimensions of analysis such as materiality impact and financial materiality. In addition, EFRAG will build on the general standards with a set of sectoral standards. According to the proposed amendment (EUR-Lex, 2023) of the Accounting Directive (EUR-Lex, 2013), large European listed companies and SMEs are expected to have to adopt the new reporting standards by 2026 and certain third-country companies by 2028.

The Due Diligence Directive for Corporate Sustainability European Directive (CSDDD) 2024/1760, which amends Directive 2019/1937, sets out the standards (EUR-Lex,

2024) that companies must meet, as well as liability and sanctions, when identifying, preventing, minimising or eliminating and remediating actual or potential adverse impacts of their activities and supply chain on the environment, human rights and governance. This new directive, which came into force on 25 July 2024, seeks to ensure that companies operating at international and European level carry out exhaustive controls throughout their supply chain. According to the EU, non-European countries do not apply the same controls, and between 80 and 90% of environmental damage occurs in these countries. To this end, the Directive also considers the entire chain of direct and indirect suppliers, from raw materials to the end of the product's useful life. The Directive stipulates that diligence policies must be integrated at corporate level both internally and externally and that they must be updated annually. In addition, it will have to ensure that certain companies adapt their business model to meet the 1.5°C global warming target. Whistle-blowing mechanisms for non-compliant practices are also foreseen, as well as the accountability of directors and boards of directors. Therefore, the incorporation of the CSDDD into the regulatory framework and its different obligations and implications for companies to identify, mitigate and manage ESG risks throughout their value chain leads to the following hypothesis:

H1: Despite current regulation, CCDD compliance requires a multidisciplinary approach to assess risks across the entire value chain of companies.

2.2 Evolution of the ESG Criteria Measurement and Media Interest

Measuring impacts represents an incentive for companies to disclose data about financial status, environmental sustainability and social performance to attract potential investors (Khan *et al*., 2016). Different theories explain the motivation of companies to report ESG information (Deegan, 2014) connected to regulations, standards, stakeholders' pressure and legitimacy (Lokuwaduge, Heenetigala, 2017; Plaza-Casado *et al*., 2024). Some authors argue that reporting can be used to manage stakeholders to gain their support and approval and consequently gain legitimacy (Deegan, 2002). Through the stakeholder theory, which analyses stakeholders' expectations, (Freeman *et al*., 2020) and legitimacy theory (strategic for company survival) (Lokuwaduge, Heenetigala, 2017; Plaza-Casado *et al*., 2024), some authors have explained the motivations for ESG reporting in Australian companies (De Silva & De Silva, 2020). On the other hand, stakeholder theory shows that company decisions are based on stakeholders' expectations that firms identify strategically including suppliers, customers, employees, the government, and the society at large (Lokuwaduge, Heenetigala, 2017) which demand responsible behaviors concerning different issues such as climate change, diversity, and financial investing, among others. Therefore, companies align their economic profit maximization with ESG value maximization of stakeholders. Some authors argue that ESG factors impact corporate financial performance and therefore are relevant for investment decision-makers.

However, standards need some clarification to report results incorporating the firm's operations throughout its supply chain and risks (Dai, Tang, 2022). Current reporting standards don't clearly reflect companies' sustainability activities along the entire supply chain. However, if companies focus on stakeholders with ESG issues and mandatory ESG disclosure, this may improve their relationship through investments at suppliers to adhere with ESG standards (Kaplan, Ramanna, 2021). In this study, the authors suggest that firms' supply chain management strategies were successful in improving the ESG profile. Therefore, firms respond to mandatory regulation adapting their activities, such as supply chain best practices impacting on companies' global outsourcing practices (Lu *et al*., 2023; Kaplan, Ramanna, 2021). In other words, companies' policies are influenced by suppliers (Dai *et al*., 2021) where risks are included in the supply chain.

The evolution and adoption of ESG criteria have been accompanied by increased media attention (He *et al*., 2024). Given the variety of rankings, news related to ESG aspects have a high impact given their, in principle, more objective character (Chen *et al*., 2024). Thus, news related to ESG evaluation is estimated to have an impact on the improvement of rankings (He *et al*., 2024), on brand value (Zou *et al*., 2024), in financial markets, and also contributes to building shareholder perception (Nicolas *et al*., 2024). In this sense, positive ESG news revolves around sustainable development, good practices, and ethical governance (Loureiro *et al*., 2024); while negative news is linked to greenwashing or social washing (Pikatza-Gorrotxategi *et al*., 2024). However, adverse press on ESG news also has positive effects as it promotes policy change in organisations (Ge, 2024). On the other hand, positive news benefits larger companies more than smaller ones because they have more resources to communicate their ESG efforts (Zou *et al*., 2024), so much of the business community is unable to communicate their ESG progress to society. In this context, this paper sets the following hypothesis to enrich the theoretical study of the evolution of ESG efforts related to the impact of negative news on companies' reputation (Peng *et al*., 2022; Adeabah *et al*., 2023; Nicolas, *et al*., 2024). Therefore, the following hypothesis is formulated:

H2: ESG efforts are not solely assessable with adverse media.

3. Methodology Appropriateness

Banco Santander was created in 1857 with a national and international vocation (Banco Santander, 2024c). According to the latest available data (Banco Santander, 2024d), today it has more than 200 thousand employees, 168 million customers around the world, 1027 billion euros in customer loans, 1786 billion euros in total assets, 1171 billion euros in customer deposits and investment funds and has 3.5 million shareholders to whom it has provided a year-on-year growth in earnings per share of more than 19%. Banco Santander (2024a) is currently undergoing a transformation to become a more responsible bank and generate more trust among its customers. To this end, it is integrating ESG criteria into its business model, strategy and culture. Additionally, Banco Santander, being a large banking institution, works with companies of all types (clients can range from small businesses to large conglomerates, clients can be from all industries and have the deepest or the shortest relations). This makes Banco Santander the perfect case base for this analysis.

Banco Santander has also been used for a case study in this research given its industry and size. Firstly, the industry is relevant because banking is a heavily regulated sector, where decisions are made upon complex governance that must assess risk and fair process (Yang *et al*., 2019). Therefore, when it comes to control frameworks, banks are the most experienced in the field. Secondly, as one of the top 20 banks in the world (Khan *et al*., 2023), Banco Santander's size also makes it a relevant case for study. This research established a two-step approach: (i) initially we need to analyse the control framework set forth in the example we are using from Banco Santander; and then (ii) assess the scope of such a framework with ESG information outside the control framework of Banco Santander. In this regard, we have had access to the policies and procedures implemented by financial institution Banco Santander, regarding its ESG relationships, as shown in *Table 2*.

Table 2. ESG Policies and Procedures by Banco Santander

Information on Sustainability Risk Integration Policies about the Disclosure Obligations Established in Regulation (EU) 2019/2088 – "Sustainable Finance Disclosure Rule" (SFDR)
Human Rights Policy. General Policy (December 17, 2019)
Defence Sector Politics (February 23, 2023)
Corporate Culture Policy. Santander Group (July 7, 2022)
Responsible Banking and Sustainability Policy. Santander Group (February 2023)
Management of Environmental, Social and Climate Change Risks: Activities Prohibited and Requiring Special Attention.

Source: created by the authors.

The second step intends to assess the validity of the control framework within Banco Santander. In order to do so, the following test has been developed: (a) a ranking for ESG entities/organizations/companies has been obtained; and (b) all entities/organizations/companies within that ranking have been tested with the sources of information described in the control framework of Banco Santander. If such sources of information lead to the same or similar ranking results, the control framework will have been able to generate results of the same quality of the ranking; if not, the sources of information of the control framework are deemed insufficient and/or improvable.

Merco (Spanish Monitor of Corporate Reputation) is the premier corporate monitor in Iberia and Latin America, assessing companies' reputations employing a comprehensive multi-stakeholder methodology to gauge the standing of businesses in the region. It holds a ranking of companies in several matters, one of them related strictly to ESG and published since 2011. For that, this research uses data from 2023 (Merco, 2024b), the most updated data available and immediate in time after the release of the EU legislation described in earlier sections. The results of the Merco ESG Ranking (Merco, 2024a) come from more than 50,000 surveys. In the last available ranking, '1,153 managers, 77 CSR experts, 89 financial analysts, 89 journalists of economic and social information, 88 members of government, 106 NGO managers, 85 trade union managers, 79 consumer association managers, 89 social media managers, 400 SME managers, 8,001 citizens, as well as the last edition of Merco Talento (43,331 people in the sample) and Merco Digital' participated. The results of this ranking are detailed in *Table 3*.

Table 3. Merco ESG 2023 Ranking

Position	Organization	Position	Organization	Position	Organization
1	GRUPO SOCIAL ONCE	34	P&G (PROCTER AND GAMBLE)	67	APPLE
2	INDITEX	35	GRUPO QUIRÓNSALUD	68	ELPOZO-GRUPO FUERTES
3	MERCADONA	36	CLÍNICA UNIVERSIDAD DE NAVARRA	69	IESE
4	IKEA	37	LA FAGEDA	70	IBM
5	MAPFRE	38	BANKINTER	71	KUTXABANK
6	MAHOU SAN MIGUEL	39	EROSKI	72	IE UNIVERSITY
7	MUTUA MADRILEÑA	40	HP	73	MERCEDES-BENZ
8	CAIXABANK	41	MINOR HOTELS EUROPE & AMERICAS	74	ABANCA
9	LEROY MERLIN	42	RENFE	75	EY
10	DANONE	43	BANCO SABADELL	76	THE ADECCO GROUP
11	REPSOL	44	ENDESA	77	PWC

Table 3 (*continuation*). Merco ESG 2023 Ranking

Position	Organization	Position	Organization	Position	Organization
12	HEINEKEN	45	NATURGY	78	GOOGLE
13	COCA-COLA	46	MANGO	79	JOHNSON AND JOHNSON
14	NESTLÉ	47	AXA	80	BMW
15	TELEFÓNICA	48	CARREFOUR	81	MASORANGE
16	CORPORACIÓN HIJOS DE RIVERA	49	MICROSOFT	82	FERROVIAL
17	DECATHLON	50	ALSA	83	GRUPO PLANETA
18	EL CORTE INGLÉS	51	LIDL	84	3M
19	BBVA	52	ESADE	85	DELOITTE
20	SANITAS	53	TOYOTA	86	NOVARTIS
21	SANTANDER	54	TRIODOS BANK	87	HOLALUZ
22	IBERDROLA	55	BAYER	88	GESTAMP
23	PASCUAL	56	ING	89	AIRBUS GROUP
24	CAMPOFRÍO	57	L'ORÉAL	90	ACCENTURE
25	MELIÁ HOTELS	58	MOEVE	91	TESLA
26	SEAT	59	ESIC UNIVERSITY	92	AMADEUS
27	ACCIONA	60	UNILEVER	93	ANTOLIN
28	DAMM	61	GARRIGUES	94	INDRA
29	CORREOS	62	LÍNEA DIRECTA	95	AMAZON
30	ECOALF	63	EAE BUSINESS SCHOOL	96	IAG
31	DKV SEGUROS	64	SANTALUCÍA SEGUROS	97	CUATRECASAS
32	CAPSA-Central Lechera Asturiana	65	AENA	98	GRIFOLS
33	SIEMENS	66	PFIZER	99	GRUPO ACS
				100	GRUPO PRISA

Source: created by the authors according to Merco (2024a).

Once a list of 100 entities/organizations/companies have been detected in the above Merco ESG Ranking (2024b), this research intends to test the validity of the control framework in Banco Santander. To explain it, this study uses regressive methods (Gauss, 1823) for such test, specifically with the following model:

$$\boldsymbol{P_i = b_0 + b_1(FACTIVA_i) + u_i}$$

where: $\boldsymbol{P_i}$ is the position in the Merco ESG 2023 Ranking.
$\boldsymbol{FACTIVA_i}$ is the number of adverse media news in DOW JONES - Factiva.
$\boldsymbol{b_0}$ and $\boldsymbol{b_1}$are the regression coefficients.
$\boldsymbol{u_i}$ is the residual.

The reason Factiva (DOW JONES – Factiva, 2024) news on adverse media has been used is that this is the source of information used by the control framework of Banco Santander, which this research is testing. Selecting this variable, therefore, represents the closest source to reality. In addition, DOW JONES – Factiva (2024) is the largest provider of adverse media in the world. On the other hand, the size of the data set is determined by the Merco ESG 2023 Ranking. This is the first audited monitoring ranking in the world that specialized in ESG and, therefore, the most accurate and relatable source for this analysis.

Results for this methodology are shown in the following section.

4. Results

4.1 The Internal Process in Banco Santander

According to the policies and procedures at the disposal of this research, Banco Santander's policies deal with the following issues: (i) decision-making considerations; (ii) investment restrictions; (iii) risk management in different sectors; (iv) adverse events and sustainability factors; and (v) monitoring and ongoing review. Regarding decision-making considerations, Santander requires a detailed assessment of environmental, social, and climate change impacts. This assessment intensifies when directly providing financial products and services related to specific sectors, such as Oil and Gas, Electricity Generation, Mining and Metallurgy, and "soft commodities." Santander commits not to invest or directly provide financial services for certain specific activities. When it comes to investment restrictions, Santander imposes restrictions on investments related to projects or activities in environmentally sensitive areas, expansion of facilities in the Arctic, unconventional oil and gas projects, coal-based power generation, coal-fired power plants, and specific mining projects. Additionally, the document details specific criteria for Oil and Gas, Power Generation, Mining and Metallurgy, and "soft commodities," establishing limitations and particular conditions for each. Furthermore, adverse events related to ESG factors in advisory and investment services are also considered. Specific policies are also applied, and detailed monitoring is conducted in the management of Sustainable and Responsible Investment products. Finally, Banco Santander continuously monitors adverse events and adjusts its policies according to new requirements and regulations. Here is where the key source of information for this control framework is: adverse media, as provided by supplier DOW JONES – FACTIVA, is the only source of information with which Banco Santander must assess its supply chain relationships from an ESG perspective.

In the context of risk management and control, defence lines emerge as a fundamental framework to strengthen the resilience and operational effectiveness of Banco Santander. This multidimensional approach provides a robust system for mitigating and managing risks in a dynamic and complex business environment. Defence lines represent an organizational structure that divides key responsibilities and functions to ensure effectiveness in risk management and control. This concept has evolved from the understanding that total responsibility for risk management cannot rest exclusively in one area or organizational level. Various authors have contributed to the conceptualization of defence lines, with Mikes (2009) emphasizing the importance of multiple layers of control.

First Defence Line Operations and Business Functions

The first line of defence includes operations and business functions directly involved in process execution and decision-making. These areas bear primary responsibility for daily risk management and the application of preventive controls. Authors like Kaplan and Mikes (2012) stress the importance of integrating risk management into daily operations to strengthen this first line of defence.

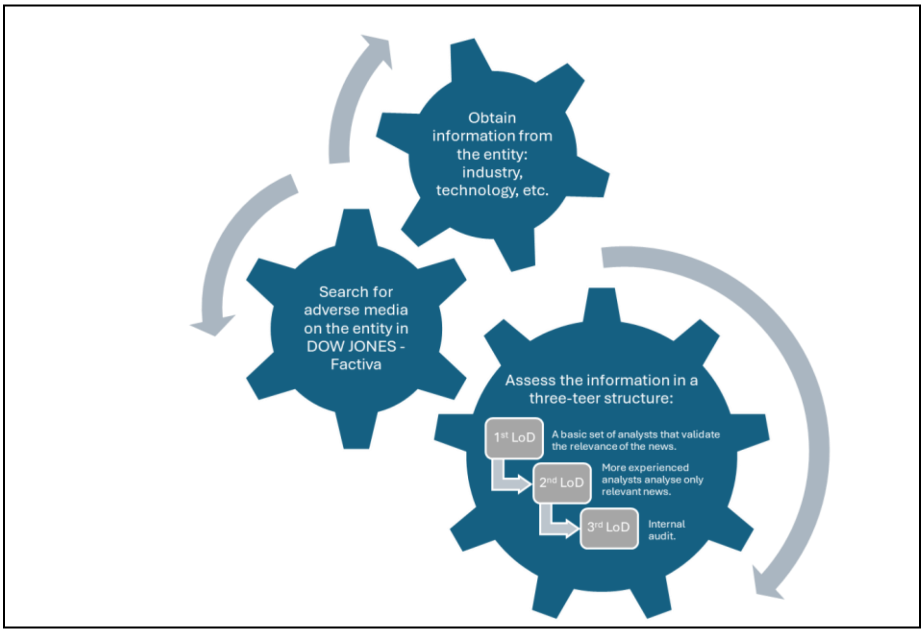
Second Defence Line Control and Monitoring Functions

The second line of defence includes control, monitoring, and risk management functions. These functions operate independently of daily operations to assess and validate the effectiveness of controls established by the first line.

Third Defence Line Internal Audit and Independent Assessment

The third line of defence involves internal audit and other independent assessments that provide an objective and critical perspective on risk management and internal controls. Authors like De Zwaan *et al.* (2011) highlight the importance of this layer in continuous improvement and transparency of the control system.

The whole process contained in the control framework of Banco Santander described in the above paragraphs is summarized in *Figure 1*.



Source: Santander Bank.

Figure 1. **Brief Description of Banco Santander's ESG Control Framework**

It should be noted that the control framework described by Banco Santander in its policies and procedures enables a continuous and updated control, given the fact that adverse media news from the source (DOW JONES – Factiva) is constantly being updated into the system, not just when the relationship with the entity is established but during the lifetime of the relationship. It could be said that, following the presentation in *Figure 1*, the wheels are constantly turning, and the control framework is constantly analysing data.

4.2 Relationship between Position in Merco ESG Ranking and Adverse Media

As previously described in these results, Banco Santander has established a control framework that assesses its relationships from an ESG perspective upon adverse media as provided by the server DOW JONES – Factiva (2024). Such a control framework does not contain any additional source of information, although it also entails that any assessment would also consider additional facts like industry (especially pre-defined risky industries like defence, Oil and Gas, Electricity Generation, Mining and Metallurgy, and activities related to "soft commodities".

To test the validity of this control framework, this research has obtained all adverse media in relation to the top 100 entities/organizations/companies in the Merco ESG Ranking 2023 Ranking, always based on the same source of information as our benchmark (Banco Santander): DOW JONES – Factiva. The results of this work are described in *Table 4*.

Table 4. Merco ESG 2023 Ranking and DOW JONES – Factiva news for each entity

Name	Merco ESG 2023 Position	# adverse media news in DOW JONES – Factiva	Name	Merco ESG 2023 Position	# adverse media news in DOW JONES – Factiva
GRUPO SOCIAL ONCE	1	**0**	LIDL	51	69
INDITEX	2	**58**	ESADE	52	0
MERCADONA	3	**26**	TOYOTA	53	8
IKEA	4	**89**	TRIODOS BANK	54	0
MAPFRE	5	**0**	BAYER	55	89
MAHOU SAN MIGUEL	6	55	ING	56	9
MUTUA MADRILEÑA	7	44	LOREAL	57	10
CAIXABANK	8	63	CEPSA	58	23
LEROY MERLIN	9	25	ESIC	59	59
DANONE	10	12	UNILEVER	60	104
REPSOL	11	30	GARRIGUES	61	28
HEINEKEN	12	21	LÍNEA DIRECTA	62	75
COCA-COLA	13	5	EAE BUSINESS SCHOOL	63	54
NESTLÉ	14	123	SANTA LUCÍA	64	9
TELEFONICA	15	58	AENA	65	39
CORPORACIÓN HIJOS RIVERA	16	70	PFIZER	66	101
DECATHLON	17	83	APPLE	67	26
EL CORTE INGLÉSBBVA	18	16	EL POZO	68	91
BBVA	19	113	IESE	69	99
SANITAS	20	108	IBM	70	2
BANCO SANTANDER	21	101	KUTXA BANK	71	12
IBERDROLA	22	7	IE UNIVERSITY	72	1
PASCUAL	23	18	MERCEDEZ BENZ	73	63
CAMPOFRÍO	24	36	ABANCA	74	13
MELIÁ HOTELS INTERNATIONAL	25	23	EY	75	54
SEAT	26	39	THE ADECCO GROUP	76	71
ACCIONA	27	126	PWC	77	53
DAMM	28	8	GOOGLE	78	23
CORREOS	29	7	J&J	79	107
ECOALF	30	78	BMW	80	68
DKV	31	26	ORANGE	81	62
CAPSA FOOD	32	50	FERROVIAL	82	117
SIEMENS	33	57	GRUPO PLANETA	83	21
P&G	34	4	3M	84	17
QUIRON SALUD	35	44	DELOITTE	85	74
CLINICA UNIVERSIDAD DE NAVARRA	36	8	NOVARTIS	86	104
LA FAGEDA	37	11	HOLA LUZ	87	1
BANKINTER	38	37	GESTAMP	88	126
EROSKI	39	4	AIRBUS	89	52
HP	40	20	ACCENTURE	90	25
NH	41	23	TESLA	91	77
RENFE	42	28	AMADEUS	92	9
BANCO SABADELL	43	31	ANTOLIN	93	3

Table 4 (*continuation*). Merco ESG 2023 Ranking and DOW JONES – Factiva news for each entity

ENDESA	44	75	INDRA	94	8
NATURGY	45	2	AMAZON	95	16
MANGO	46	70	IAG	96	**7**
AXA	47	61	CUATRECASAS	97	**2**
CARREFOUR	48	46	GRIFOLS	98	**4**
MICROSOFT	49	45	GRUPO ACS	99	**11**
ALSA	50	3	GRUPO PRISA	100	**0**

Source: created by the authors.

Table 5. Example of adverse media on labour disputes in CUATRECASAS

Media / Source	Expansion
Headline	The legal battle of a partner against Cuatrecasas Mercedes Serrallier is reactivated.
Text	The partner who withdrew a lawsuit after having obtained an exit agreement has restarted the lawsuit and has not signed the agreement. It is the first litigation for a partner for a labour dispute. A partner of Cuatrecasas, Gonçalves Pereira, who withdrew a lawsuit against the firm for a substantial change in working conditions in his case, has filed a new petition in his favour, after the firm did not execute the agreement to which both parties had agreed during the signing of the agreement. As EXPANSIÓN has learned, Javier Aparicio is moving forward with a request to transfer the first lawsuit from a partner to a law firm due to a labour dispute. This case may set a precedent for change in the corporate organization of law firms and the existing system of non-professional relationships at the firms, that is, the process by which lawyers without partner rank began to have a working relationship within law firms. Javier Aparicio worked for years at Cuatrecasas, the capital partner of Cuatrecasas, and in the firm since 2000, had filed a lawsuit last year announcing that he was not agreeing to withdraw after reaching an agreement that settled the discussion. But the lawsuit was later abandoned, and the case has been formalized as a request to enforce the settlement. Officially, Aparicio no longer works for Cuatrecasas, but his employment relationship was terminated. What is currently being claimed is the nature of an employment relationship, precisely what he claims, and the office denies. What is currently being questioned is whether, for procedural matters, this issue can be presented in a law firm and an agreed meeting of partners. Until then, a precautionary suspension of his professional practice in the firm has been ordered.

Source: Dow Jones – Factiva (2024).

Table 4 shows the number of adverse media in DOW JONES – Factiva on each of the entities/organizations/companies in the Merco ESG Ranking for 2023. This information has been gathered specifically for this research, searching for adverse media entity by entity. For example: CUATRECASAS, a law firm, is in position 97 of the Merco ESG 2023 Ranking. DOW JONES – Factiva shows two adverse media news on this entity: news on a labour dispute with one of the partners of the firm (*Table 5*) and news on the hiring of a CUATRECASAS lawyer regarding environmental irregularities of bus lines in Gipuzkoa-Spain (*Table 6*).

Table 6. Example of adverse media on environmental issues with CUATRECASAS

Media / Source	El Diario Vasco
Headline	Billadarratz admits that there was "confusion" when explaining the case of school transportation.
Text	The Minister of Education defended yesterday that regarding the tenders of the school transport routes for this course, there has been no "irregularity or conflict of interest" due to the fact that his department hired the services available from Cuatrecasas who is also a legal advisor of the Guipúzcoa transport Company URPA, which in July won the tender for 15 school routes. However the Minister admitted that "we have not been correct in explaining the hiring of Cuatrecasas and confusion has been created". In his appearance in the Basque Parliament at his own request, the Minister explained that the awarding of the URPA company took place on July 19th and the hiring of Cuatrecasas took place in August with the lines already tendered.

Source: Dow Jones – Factiva (2024).

As opposed to the above, *Table 4* shows how INDITEX, a large textile retailer, is in position number 2 of the Merco ESG 2023 Ranking, whereas DOW JONES – Factiva shows there are 58 adverse media news on the company, ranging from environmental issues, labour disputes, pollution, and others (*Table 7* and *Table 8* show two examples of this adverse media).

Table 7. Example of adverse media on labour disputes for INDITEX

Media / Source	Reuters
Headline	Inditex increases use of air transport for fast fashion shipments from India to avoid delays
Text	Inditex, the parent company of Zara, has significantly increased its use of air transport to ship garments from India to Spain to avoid delays caused by disruptions in the Red Sea. This change, analysed by Reuters using trade data, raises concerns about Inditex's commitment to reducing its "Scope 3" emissions by 50%, as air transport generates significantly higher carbon emissions compared to maritime shipping. Inditex's air shipments from India increased by 37% over the past year, with 70% of shipments using air transport in the first eight months of this year. This has implications for the fashion industry's climate goals. Despite efforts to cut emissions through alternative fuels and route optimization, meeting its 2030 emissions reduction target will require significant changes. Some investors support this strategy if it helps avoid costly discounts on unsold stock, prioritizing profitability while aiming to reduce overall greenhouse gas emissions. This situation has sparked criticism due to the increased carbon footprint associated with air transport, which may contradict the company's sustainability commitments.

Source: Dow Jones – Factiva (2024).

Table 8. Example of adverse media on environmental issues for INDITEX

Media / Source	ElMundo.es
Headline	Sandra Ortega's "Valdecañas" in Portugal has paralysed Justice
Text	A coastal real estate Project in Comporta, about 50km south of Lisbon, and five-star hotel, three signature centres, two large sport facilities and seven leisure services for a total of 123 accommodation units that make up 506 beds with a construction area of about 50,000m. These are the details of the luxury tourist resort that Sandra Ortega, daughter of the founder of Inditex, wanted to build in Portugal and for the moment justice of this country has been paralysed. The planned investment reached 200 million euros and was located in front of the town of Setúbal.

Source: Dow Jones – Factiva (2024).

The above results show a discrepancy or dichotomy when comparing the MERCO ESG 2023 Ranking and the adverse media in DOW JONES – Factiva: entities positioned high in the ranking (i.e. INDITEX) have a lot of adverse media; entities very low in the ranking (i.e. CUATRECASAS) have very little adverse media. This matter is conclusive regardless of mere examples when it is tested with the regressive methods that are the base of the methodology of this research (Gauss, 1823). These enable the analysis of the relationship between two variables. In this case, we have tested the relationship of variable "Position in Merco ESG 2023 Ranking" and variable "# of adverse media news in DOW JONES – Factiva", establishing the following testing model:

$$\boldsymbol{P_i = 52.4703 - 0.0471(FACTIVA_i) + u_i}$$

where: $\boldsymbol{P_i}$ is the position in the Merco ESG 2023 Ranking.
$\boldsymbol{FACTIVA_i}$ is the number of adverse media news in DOW JONES – Factiva.
$\boldsymbol{u_i}$ is the residual.

Metrics for this regression are detailed in *Table 9*.

Table 9. Regression metrics for the testing model

Statistics	Median of results
R squared	0.003
Adjusted R squared	-0.006
t Statistic	-0.58
F	0.33

Source: own calculations.

In Table 9, we can see that the determination of the testing model, as measured by the R squared and the Adjusted R squared, is very close to zero: 0.003 or -0.006. This means that around 0.03% or 0.06% of the position in the Merco ESG 2023 Ranking is explained by the number of DOW JONES – Factiva adverse media news. This percentage is minimal and goes to show that the adverse media, as detected by DOW JONES – Factiva, is not an indicator of ESG efforts in a company. Therefore, the R squared results reinforce the qualitative conclusion that adverse media do not quite meet the position of each company in the Merco ESG 2023 Ranking, which establishes a methodology of more than 50,000 surveys that enable a much larger assessment effort than news analysis. Additionally, the t Statistic measures the quality of the independent variable, and it is commonly understood that a t Statistic higher than "2"[2] proves that a variable is relevant in a model. In the above model, the independent variable is the number of adverse media news, and the value of the t Statistic is around 0.58, proving such adverse media is an irrelevant variable in the ESG efforts of a company as detected by Merco ESG Ranking.

All in all, the results of the assessment described in this research show that adverse media is not a full indicator of the ESG efforts by a company. Therefore, and following an example with the results of the work that is hereby described, GRUPO SOCIAL ONCE and GRUPO PRISA would be assessed as ESG equals, for none of them have adverse media in DOW JONES – Factiva (see *Table 3*), whereas they both are the top and the last companies in the Merco ESG 2023 Ranking. This is relevant because a control framework based solely on adverse media, as the one described for our benchmark Banco Santander, would lack real

[2] In absolute value.

knowledge of the companies that are being assessed/investigated. Conclusions would be biased towards limited sources of information and, thus, entail a decision-making risk.

5. Discussion

This study shows the control and analysis of different sources of information that can affect the management of the bank and its relations with its stakeholders. Therefore, this case represents a step forward in the information management of ESG requirements and risk control that serves as an example to respond to the needs of the market and the new European regulatory framework. We are at an incipient stage in addressing ESG requirements and risks with new regulations that companies must comply with and with a society that, in turn, demands more transparency from companies, therefore, all advances made in ESG information management are crucial to advance in this matter. Given the expected multiplier effect of the CSDDD at European and international level, such studies will be extremely useful for companies to have a benchmark, whether for banks or other multinational companies like Banco Santander that can implement ESG risk management to contribute to the transition to the green economy.

Incorporating adverse media into due diligence processes enhances scrutiny, enabling decision-makers to identify and assess potential risks that might not be evident through traditional channels. Yet the overreliance on automated adverse media screening tools may have limitations, potentially leading to misinterpretations of risk due to the lack of nuanced context in certain situations. Still, a control framework like that of Banco Santander, based on adverse media, does enable a continuous monitoring of its relationships, given adverse media is provided daily and matched against the list of relationships (clients, providers, partners) of the Bank. This is particularly beneficial for a bank, where relationships with clients are continuous and maintained in the long term: if an ESG assessment on the relationships is done only at the start, emerging ESG risks may not be detected and, therefore, would go unnoticed.

The coming years will be decisive in the transformation of how ESG risks are monitored throughout the value chain of companies, as well as the consequences of the changes that must be implemented to prevent or mitigate them. This is why maintaining a fluid relationship with the different stakeholders of the companies will be vital to speed up this transformation. The CSDDD seems to provide the tools for all of us to feel responsible for the possible risks to which we are exposed from different roles as active citizens whose interest is to leave a better planet for future generations.

For all this, we consider this research to be relevant at different levels and for different audiences. At the academic level, it contributes to increasing the theoretical framework regarding the study of ESG risks, to open new lines of research or as a focus for future research groups. On a practical level, the results are relevant for European banks that have yet to implement ESG plans, but also for other companies that incorporate ESG risk monitoring throughout their value chain. In addition, this study is also valuable for regulators because it highlights the particularities of different sectors in order to comply with regulations and they can assess the practical solutions provided, either to incorporate them into the legal system or to implement solutions through the channels deemed appropriate at European or national level.

Conclusions

The measurement of ESG criteria is a hot topic for companies and researchers because there is a growing interest in assessing sustainability performance as part of companies' corporate strategy (Gualandris, Kalchschmidt, 2016; Naffin *et al*., 2023). In this regard, according to McKinsey (2023), companies that work to meet ESG criteria are better valued and benefit from better financing conditions, so that the economic returns from sustainability should represent a sufficiently attractive factor to improve the ESG impact of all companies. However, the EU's regulatory efforts show that voluntariness is not enough to achieve a sustainable economy. For this reason, there is increasing regulatory development around sustainability in Europe, and this is being passed on to its member states, whether in the information that companies must report, in their own reporting systems or in the control of risks throughout the supply chain. Sustainability is therefore no longer voluntary for companies operating in Europe (Forética, 2022). Of relevance in this respect is the future CSDDD, which aims to change the monitoring of supply chains of companies operating within and outside the EU, promoting a comprehensive monitoring of all direct and indirect suppliers throughout the product cycle in a more transparent way on the social impact of companies (EUR-Lex, 2022b).

These research tests have used data from a benchmark entity, Banco Santander, to test the validity of the control framework within the company to assess ESG issues fully and with compliance with recent legal developments that require the assessment of the relationships within the company, especially the supply chain. As for the objective defined as (O1) *to study the ESG risk methodology of one of the leading Spanish banks with diverse stakeholder relations in different parts of the world*, it can be concluded that Banco Santander has developed a complex, complete and elaborated ESG framework of policies that include risk information, decision making and even investment restrictions. On the other hand, regarding the results of this work related to objective (O2) that wanted *to assess whether there is any relationship between adverse news and companies' ESG efforts,* it can also be concluded that there is no direct relationship between adverse news and the ESG efforts of the companies in the Merco ESG Ranking 2023, either because of the greater media interest they generate or because of interests outside the companies themselves. Apart from that, because of the analysis, we can confirm the first hypothesis (H1) raised in this study and defined as *despite current regulation, CCDD compliance requires a multidisciplinary approach to assess risks across the entire value chain of companies*. The analysis shows that ESG risk control helps to increase transparency along the value chain and brings us closer to a current methodology for ESG risk reduction in corporate governance. And while it is true that this is only done through a single case study, it is done for a company that belongs to a regulated sector obliged to develop control mechanisms to respond to the external need imposed by the different regulations to be able to operate in markets as regulated as the European one. This research represents a further step in the management of information on ESG requirements and risk control that will serve as a guide to respond to the needs of the market and the new European regulatory framework. In addition, we can also confirm the second hypothesis (H2), stated as *ESG efforts are not solely assessable with adverse media*. And this is because, when setting a comparison of this adverse media and ESG rankings for 100 companies in Spain, as set by MERGO ESG 2023 Ranking, this research proves that adverse media is inconclusive and can lead to biased decision making. While adverse media serves as an invaluable source of information for risk decision making, offering several advantages in the assessment process (i.e. it functions as an early warning system, providing timely insights into potential risks and negative developments associated with individuals, entities, or specific issues); it also presents certain disadvantages that decision-makers must navigate. One notable concern is the risk of inaccuracies within adverse media reports, as they may contain incomplete or unverified information. Additionally, the potential for bias in the selection and presentation of adverse media could lead to a skewed perception of risks, impacting decision-making processes. The lack of context in adverse media reports poses a challenge, making it difficult to fully understand the circumstances surrounding negative information and evaluate its significance accurately.

Therefore, the key findings of this study are the following: (i) ESG criteria measurement in corporate strategies is a growing matter; (ii) the European Union has implemented new ESG regulatory measures, exemplified by the impending Corporate Sustainability Due Diligence Directive (CSDDD), aimed at transforming supply chain monitoring within and outside the EU; (iii) incorporating adverse media into due diligence processes enhances scrutiny, enabling decision-makers to identify and assess potential risks not being evident through traditional channels; (iv) adverse media serves as an invaluable source of information for risk decision-making, offering several advantages in the assessment process; (v) however, this research shows that adverse media is not a full indicator of a company's ESG efforts and is limited to explaining the supply chain information of companies; (vi) adverse media criteria could lead to biased decision-making in companies, but they offer a continuous monitoring of ESG risks beyond other procedures based on an analysis of a company's situation at the time of contracting; (vii) the evolving landscape needs more entities to evaluate the validity of their relationships, prompting the establishment of control frameworks by large companies; (viii) there is an emergent need for enhanced control frameworks in ESG assessment, urging comprehensive responses to meet legislative challenges.

On a practical level, there is a need to unify the ESG risk assessment criteria faced by European banks and, consequently, by the rest of European and other companies affected by the new CSDDD regulations. Therefore, this work aims to lay the foundations for a future model that will help companies to carry out ESG risk assessments of all the stakeholders with whom a company works and that goes beyond the signing of a commitment document. In this model, in addition to incorporating negative news from the traditional press, it would also be necessary to include news from social networks which, given their immediacy, can help to detect potential risks much more quickly. Not only that, but the use of smartphones is becoming more and more widespread around the world, giving a voice to more people who can help us hear what is happening outside our borders. However, including social media in the ESG risk identification of all our stakeholders can come at great cost to companies, not only in terms of tools but also in terms of human monitoring of those news items that the algorithms detect as a potential risk to companies. To help offset potential costs, from a regulatory point of view, subsidies or grants could be articulated at the national level for companies wishing to implement sophisticated social media and media listening methods. Although the news is not a definitive source, it does contribute towards creating a future ESG risk assessment model that can be used by companies and is understandable to society. Further analysis would be advantageous, adding additional frameworks of different benchmarks that base decision-making on additional information, like requesting special data from clients/providers/employees (internal audits performed by clients, ISO certifications obtained by suppliers, etc.). This would enhance due diligence in control frameworks and, therefore, mitigate deficiencies or limitations of adverse media. Additionally, adverse media can be segmented or stratified upon relevance, date, type of media, reliance or a multitude of factors that can classify news for the user. Another practical proposal is to increase training on how to implement ESG risk monitoring systems for all companies affected by CSDDD and for others that wish to adopt the measures voluntarily. Furthermore, governments could create digital spaces with the aim of being an open repository of best practices, materials translated into the different official languages of the European Union to create a model adapted to each business reality and in line with the regulatory framework, and video tutorials to be able to implement measures for the identification, control, and management of ESG risks.

In summary, a new world arises in relation to ESG assessment: a world where entities/organizations/companies must evaluate their relationships and decide on whether such relationships are valid, interchangeable, or simply restricted. Large companies have begun to establish control frameworks that serve such new world challenges, yet they are still limited by the sources of information at their disposal. Further analysis should enhance these control frameworks with quantity and quality, for the need is urgent and legislators are pushing. Specifically, as a future line of research, it would be useful to compare Banco Santander's current ESG risk management model with that of other companies that are also making great efforts to incorporate ESG risk management models throughout their value chain, such as Iberdrola, IKEA, and Philips. This type of study will help us to continue studying the transition towards a decarbonised economy that can generate debate at different levels and, above all, that will help other organisations on their way towards a green economy.

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STRATEGINIS NEPALANKIOS ŽINIASKLAIDOS VERTINIMAS ESG RIZIKOS SPRENDIMŲ PRIĖMIMO PATIKROS PROCESE

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SANTRAUKA

Vis labiau domimasi tvarumo rezultatų matavimu, nes įmonės, kurios laikosi ESG kriterijų (aplinkosaugos, socialinių ir valdymo kriterijų), yra vertinamos palankiau ir turi geresnes finansavimo sąlygas. Tačiau Europos Sąjunga, pripažindama savanoriškų iniciatyvų apribojimus, įgyvendino reguliavimo priemones, pvz., artėjančią Įmonių tvarumo išsamaus patikrinimo direktyvą (CSDDD), kuria siekiama transformuoti tiekimo grandinės stebėseną ES ir už jos ribų. Remiantis „Banco Santander“ atveju, šiame tyrime vertinamas įmonės kontrolės sistemos pagrįstumas ESG klausimais, taikant regresyvią metodiką. Nors sistema apima sudėtingą rizikos informaciją ir investavimo apribojimus, ji daugiausia pagrįsta neigiamais žiniasklaidos kontrastais ir vertinimais. Nepaisant to, kad ji yra vertingas šaltinis priimant sprendimus dėl rizikos, neigiama žiniasklaida kelia tokius iššūkius: netikslumai, šališkumas ir konteksto supratimo stoka. Todėl šiame tyrime rekomenduojama atlikti tolesnę analizę, siūloma nagrinėti įvairius atvejus ir išplėsti informacijos šaltinius siekiant sustiprinti kontrolės sistemas.

REIKŠMINIAI ŽODŽIAI: bankininkystė; ESG; CSDDD; neigiama žiniasklaida; Ispanija.