

# ***ESG PERFORMANCE AND ESG RISK IN EUROPEAN ECONOMIES: EVIDENCE FROM ROMANIA, HUNGARY AND DEVELOPED EUROPEAN UNION COUNTRIES***

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## ***Abstract:***

*This paper examines the relationship between ESG performance and ESG risk using a sample of 43 companies from Romania and Hungary, compared with firms listed in developed European Union member states (EU-15). The study relies on two widely used international ESG assessment frameworks: the ESG performance score provided by LSEG Refinitiv and the ESG risk score calculated by Morningstar Sustainalytics. This dual approach captures both the reported dimension of sustainability and companies' actual exposure to material ESG risks.*

*The results reveal clear differences between the regions analyzed. On average, companies from the EU-15 record higher ESG performance scores, while firms from Romania and Hungary display ESG risk levels like those observed in developed European economies. This pattern suggests that, although Central and Eastern European companies lag in terms of ESG reporting practices and sustainable governance frameworks, their operational resilience does not differ significantly from that of Western European firms.*

*The analysis also identifies a negative and statistically significant correlation between ESG performance scores and ESG risk scores, indicating a genuine complementarity between the two measures. Sectoral differences further confirm the role of industry characteristics in shaping ESG profiles, with highly regulated sectors—such as banking—consistently achieving superior results.*

*Overall, the study provides insights into how ESG can function as a form of corporate “authenticity-driven commitment”, reflecting a deliberate orientation towards responsibility, transparency, and strategic adaptation. This perspective contributes to a deeper understanding of how European companies engage with sustainability in an evolving economic environment.*

**Keywords:** *ESG performance; ESG risk; sustainability reporting; regional comparison; corporate governance.*

**JEL codes:** *Q56, G32, G34, M14, L21*