

# The Impact of ESG Disclosure on Corporate Performance: A Case Study of Anta Group

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**Abstract:** Under the "dual carbon" goal of 2020, carbon emission is an issue that has received more and more attention. Carbon emission is the main topic of environmental factors research in the context of ESG, and corporate ESG practice is the focus of investors. In recent years, more companies have begun to disclose their ESG practices to help investors better understand their sustainability capabilities and meet their sustainable investment requirements. This study takes Anta Group as an example to further explore the role of ESG practice on corporate performance, so as to promote the company to further improve its ESG disclosure and build a good social image and sustainable development.

**Keywords:** ESG, Corporate performance, Sustainable development.

## 1. Introduction

With the continuous development of society today, more and more attention has been paid to corporate social responsibility and sustainable development. Therefore, ESG concepts such as calling on enterprises to pay attention to environmental protection while fulfilling social responsibilities and improving governance structure are generally valued by investors. Under the ESG concept, it is generally supported that "companies that incorporate ESG values into their business development strategy can generate long-term value". Therefore, the disclosure of ESG will promote the company's ESG practice. The implementation of ESG strategy not only contributes to the improvement of the financial performance of enterprises, but also reflects the production and operation status of enterprises, and encourages enterprises to optimize and improve their own development strategies, which becomes an important reference for the quality of sustainable development of enterprises, and ultimately achieves the purpose of improving corporate value and long-term stable development.

## 2. Anta Group ESG Practice Analysis

### (1) Company Profile

Since its establishment in 1991, ANTA Group has focused on the design, manufacture and sale of various sports equipment, including sports shoes, clothing and accessories, and is a multi-brand, comprehensive sporting goods enterprise group. Through its diverse portfolio of brands such as Anta, FILA, DESCENTE and KOLON SPORT, Anta Group is committed to tapping into the huge potential of the mass and premium sporting goods market. In the course of nearly 30 years of growth, Anta Group has successfully transformed from a traditional private enterprise to a public company with a modern governance model and strong international competitiveness. Since 2015, Anta Group has become the largest sporting goods manufacturing group in China and ranks third in the global sporting goods industry.

### (2) ESG Ratings

The ESG evaluation system was first put forward by the UN's Principles for Responsible Investment PRI report in 2006, which is a non-financial enterprise evaluation

framework. Around the world, there are hundreds of rating agencies, of which MSCI is unique and has established its leading position in ESG ratings. The ESG index has been widely accepted by portfolio managers around the world as one of their primary investment objectives. MSCI's rating system consists of seven different grades, they are AAA, AA, A, BBB, BB, B, CCC. Anta Group has always attached great importance to the company's social responsibility and sustainable development, and has issued reports on the environment, society and management for nine consecutive years since 2015. It can be clearly observed from Table 1 that Anta Group has been awarded BB level honors in MSCI's evaluation system for three consecutive years. In 2022, it was rated B, and in 2023, it was upgraded to BBB. In addition to 2022, Anta Group's ratings generally remain within an average range and show a significant growth trend. Obviously, Anta Group is integrating corporate environmental social responsibility more deeply into its daily management activities, which helps to improve the efficiency of corporate management and enhance its market competitiveness. Therefore, the degree of an enterprise's commitment to environmental responsibility has a positive impact on its performance, and a good environmental performance will help optimize the operation of the enterprise.

**Table 1.** ESG Rating

Year	ESG Rating
2019	BB
2020	BB
2021	BB
2022	B
2023	BBB

## 3. ESG Practice

This paper mainly selects several key indicators from three aspects of environment, society and governance to further analyze its ESG practice.

### (1) Environmental Aspect

Anta Group has proposed and is gradually implementing the "1+3+5" strategic goal of harmonious coexistence with the environment. These strategic goals focus on the overall goal of "1", which is that by 2050, under Anta Group's

leadership, all supply chain partners should be carbon neutral. The "3" Zero targets are set to achieve net zero carbon emissions, zero waste to landfill and zero virgin plastic use by 2030. The "5" 50% target set is that by 2030, products, materials, packaging, energy and transport will all be green, and all five sectors will account for 50% of green and sustainable development. On the issue of carbon emissions, Anta Group officially became a member of the Scientific Carbon Target Initiative (SBTi) in January 2023, and said it would fully support it. We operate in strict accordance with SBTi standards, and have set carbon emission reduction targets for production, logistics, retail and other aspects, and are actively promoting relevant carbon reduction measures. Based on science-based carbon reduction targets, Anta Group will continue to work on the research and development of low-carbon products, develop efficient energy-saving strategies, and strive to improve the efficiency of energy use. In addition, it is actively promoting the widespread use of renewable energy in various industries, with the aim of reducing carbon emissions in the production process, and thus significantly mitigating the impact of climate change.

According to Anta Group's GHG emission data and density in Table 2, we can observe that although GHG emissions increased slightly in 2020 compared to 2019, their density decreased. This represents a 4.01% reduction in carbon intensity to 2.63 metric tons of carbon dioxide equivalent. During the period from 2020 to 2022, both the total emission and the density showed an upward trend, which was mainly attributed to the increase in the number of Anta Group stores in DTC, which broadened the coverage of data statistics and made corresponding adjustments to the statistical methods. In 2023, Anta Group further broadened the coverage of its statistics, increasing the application of acetylene and carbon dioxide fire extinguishers, while also increasing the greenhouse gas emissions generated by septic tanks. In addition, the business of Anta Children's DTC stores has also been expanded, and while greenhouse gas emissions have increased, their density has decreased by 3.6%. This fact proves that the environmental protection measures implemented by Anta Group are effective, which not only ensure the continuous development of the business, but also take into account the potential impact of business operations on the environment.

**Table 2.** Greenhouse Gas Emissions

Year	GHG Emissions (tCO <sub>2</sub> e)	GHGI (tCO <sub>2</sub> e/Million CNY Revenue)
2019	92816	2.74
2020	93265	2.63
2021	145454.08	2.95
2022	178794	3.33
2023	200179	3.21

## (2) Social Responsibility

Over the past few years, Anta Group has been committed to fulfilling its corporate social responsibility. It has always adhered to the principle of 'Creating Symbiotic Value', set up a Sustainable Development Committee to ensure direct involvement in sustainable development issues from the management level, and established the core value of 'Harmonious Coexistence with Consumers, Partners, Employees, Society and the Environment'. We have established the core value of 'Harmony with Consumers, Partners, Employees, Society and the Environment'.

The Anta Group has established a sound internal management system in order to safeguard the rights and interests of its employees, and actively undertakes its fundamental responsibilities in the areas of human rights and labour standards. We firmly prohibit the use of child labour and forced labour, make every effort to ensure that employees are free to engage in collective bargaining and associations, and strive to shape a diverse and harmonious corporate culture on a number of fronts. In addition, in order to continuously track and optimise the protection measures for employees' rights and interests, we have set up a number of indicators, including the number of incidents of mandatory labour disputes. This ensures that every employee can work in a fair, just, respectful and inclusive environment and realise their personal values while contributing to the sustainable development of the company.

## (3) Corporate Governance

The core value and importance of Anta Group's adherence to high corporate governance standards is that it can enhance corporate performance, improve transparency and accountability mechanisms, and thus gain the deep trust of shareholders and the wider public. In the practice of corporate governance, the board of directors is one of the key organizations to achieve its strategic goals and plays an important role in promoting the development of enterprises. The Board has consistently adhered to the fundamental principles of corporate governance and adopted effective corporate governance practices to meet legal and business needs, particularly in key areas such as risk management, internal oversight, fair disclosure and accountability to all shareholders.

**Table 3.** Independent Directors

Year	Directors	Independent directors	Percentage of independent directors
2019	10	3	30%
2020	10	4	40%
2021	11	4	36%
2022	10	4	40%
2023	10	4	40%

As shown in Table 3, the total number of board members of Anta Group in 2023 is 10, of which 4 are independent directors, accounting for 40% of the total. In that time, the proportion of women on board has gradually risen to 20%. In recent years, the proportion of independent directors has been stable at about 40%. This structure design is quite reasonable, which gives more independence to the board of directors and enables it to make more accurate independent decisions. In addition, Anta Group also takes into account multiple factors such as gender, age and cultural background, and has established a diverse management team. A reasonable and diverse board structure not only improves the quality and efficiency of the decision-making process, but also further strengthens the internal supervision among board members, thus optimizing the corporate governance structure.

Anta Group strictly abides by anti-corruption laws and regulations, has established anti-corruption policies, and has formulated and issued rules and regulations related to business ethics as a supplement to relevant laws and regulations. A Risk Management Committee has also been established to regularly review the implementation and effectiveness of the anti-corruption policy, including ethical aspects, to ensure that it continues to meet the needs of the company. Such constraints on business ethics enhance trust

and cohesion among teams, optimize resource allocation, and further enhance sustainable development and social responsibility.

#### 4. The Impact of ESG Performance on Corporate Financial Performance

##### (1) Profitability Analysis

Profitability describes the profit potential that an enterprise can generate through its business behavior in a specific period of time. As shown in Table 4, Anta Group's operating income showed an upward trend from 2019 to 2023. In 2022, gross margin experienced a 1.4% decline, reaching 60.2%, and in 2023, this figure climbed to 62.6%. The worsening of the COVID-19 pandemic in 2022 is the main reason why many stores cannot operate normally. At the same time, the DTC strategy adopted by Anta Group led to an increase in its sales, distribution and administrative costs, which further impacted Anta Group's gross margin. Starting in 2021, the operating margin began to gradually decrease, and by 2022 it had fallen to a low of 20.9%. This situation is mainly attributed to the mixed operation strategy adopted by Anta Group, which leads to the need for more space and manpower in the stores, which in turn increases the store rent and staff costs. At the same time, in order to improve consumers' awareness and interests of goods, advertising costs and promotion costs have also been further increased, resulting in an increased proportion of operating costs in revenue. The growth rate in 2022 is 1.4%, which is mainly due to the intensification of the epidemic. At the same time, the DTC model and its direct retail business rose compared to last year, which resulted in an increase of 98 million yuan in lease debt and interest expenses, thereby raising the related operating costs.

**Table 4. Profitability**

Year	Revenue(RMB billion)	Gross Profit Margin(%)	Operating Profit Margin(%)
2019	33.9	55	25.6
2020	35.5	58.2	25.8
2021	43.9	61.6	22.3
2022	53.7	60.2	20.9
2023	62.4	62.6	24.6

In 2022, Anta Group's ESG rating reached the lowest level B in nearly five years. In 2023, Anta Group takes the initiative to implement the sustainable development strategy and implement the "1+3+5", integrating the concept of sustainable development in the process, carrying out the carbon inventory of greenhouse gas emissions of self-operated facilities, and preparing the supply chain carbon reduction road map and corresponding carbon reduction target plan. Its ESG rating has reached BBB, its highest rating in nearly five years. The company's total revenue, gross margin, and operating margin are all at their highest levels in nearly five years, which means that a higher ESG rating will help strengthen the company's earnings potential, drive continued healthy growth, and enhance the company's overall reputation.

##### (2) Operational Capacity Analysis

Operation ability is the enterprise through the effective allocation and management of resources to achieve business objectives. As shown in Table 5, inventory turnover days showed an upward trend from 2019 to 2022, and decreased in 2023. Based on the new coronavirus epidemic, combined with the transformation of Anta Group's DTC model, the overall inventory level has increased, resulting in slow inventory

turnover days. In 2023, there was a significant decrease, from 138 days to 123 days, and the inventory turnover rate increased significantly. The turnover days of accounts receivable and accounts payable increased from 2019 to 2020, and showed a downward trend from 2021 to 2023. This reflects that Anta Group has carried out effective management in the current assets such as accounts receivable and accounts payable, and has achieved good results. By 2023, the number of days to turn over inventory, the number of days to turn over accounts receivable, and the number of days to turn over accounts payable have all decreased significantly. It can be seen that Anta has made great progress in inventory management, and its working capital management level has been further strengthened. This further confirms the positive role of high-quality ESG ratings in improving operational efficiency, optimizing resource allocation and promoting sustainable development. At the same time, in terms of environmental costs, Anta Group's performance is better than other enterprises. Anta Group has the ability to use resources more efficiently, reduce environmental pollution and energy use, and thus achieve a win-win situation between economic gains and environmental protection. In addition, Anta Group can also provide experience for other companies. This approach helps companies project a green brand image and attract more consumers and investors who care about sustainability.

**Table 5. Operational Capacity**

Year	Inventory (Days)	Receivable (Days)	Payable (Days)
2019	87	34	57
2020	122	39	66
2021	127	26	53
2022	138	21	50
2023	123	20	47

##### (3) Solvency Analysis

The ability of an enterprise to repay long-term and short-term debts is called solvency, which is the core factor that determines whether an enterprise can sustain healthy development. In this paper, Anta Group is selected as the research object, and its financial statements in the past five years are sorted out and analyzed. It can be observed from Table 6 that when analyzing the short-term solvency, the current ratio quick ratio and liquidity ratio of Anta Group both show a development mode of first increasing, then decreasing and then increasing. In the period from 2020 to 2022, the data shows a downward trend, reaching the lowest points of 1.63, 1.3 and 0.66 respectively. By 2023, the current ratio experienced a 52.8% increase to 2.49, the quick ratio increased by 64.6% to 2.14, and the liquidity ratio increased by 12.1% to 0.74. These three indicators all show significant growth, the growth rate is large, which indicates that its short-term debt repayment ability has been further strengthened. Considering the long-term solvency, Anta Group's asset-liability ratio shows a trend of first increasing and then decreasing, and will fall to the lowest point of 0.39 in 2023. This further confirms Anta Group's excellent ability in asset management and debt repayment. By 2023, Anta Group's ESG rating reached its peak, which indicates that a high-quality ESG rating is very beneficial to enhance the company's reputation, win the trust of more investors and obtain more debt financing, which further enhances the company's debt repayment ability.

**Table 6.** Solvency

Year	Current Ratio	Quick Ratio	Liquidity Ratio	Debt Asset Ratio
2019	1.88	1.52	0.66	0.49
2020	2.79	2.32	1.31	0.5
2021	2.5	2.02	1.1	0.49
2022	1.63	1.3	0.66	0.45
2023	2.49	2.14	0.74	0.39

## 5. Conclusions and Implications

The trend of mass data in power system provides a basis for load characteristic analysis and prediction model establishment, but the classical load forecasting method can not afford such a huge time and computing resource consumption. The problem of over fitting in large sample set will affect the prediction accuracy. In this paper, a power load forecasting model is built by using the BP neural network model, making full use of the powerful data processing function of Clementine and preventing the over fitting function. The experimental results show that the BP neural network model has good predictability and robustness, and has a certain practical application value.

### (1) Conclusion

By analyzing the performance of Anta Group in the process of implementing ESG and its impact on financial performance, we can conclude that ESG practice and information disclosure can promote the improvement of its financial performance. With the maturity of the ESG evaluation system, the content of the ESG report has become more detailed, which has prompted Anta Group to optimize its ESG management framework. Taking into account the current reality of the company, we have developed sustainable development goals that are in line with the company's growth strategy and plan to allocate more funds to the research and development of sustainable materials. In the long term, this can help significantly improve the company's production efficiency and reduce the total cost of production, thereby enhancing the company's profitability, operations and ability to repay debt.

### (2) Implications

First of all, it is of vital significance for enterprises to build and improve their ESG strategy. Companies should take environmental protection, social responsibility and corporate governance into account when developing their core strategies, while also abandoning the traditional view that increased ESG investment leads to higher capital costs, and developing a deeper understanding of the critical role ESG plays in long-term corporate sustainability. Secondly, in order to enhance the trust of investors, enterprises should further strengthen the management of ESG information disclosure, clarify the criteria of information disclosure, build an open framework, and periodically release ESG reports. Third, for Anta Group, it is necessary to increase investment in environmental protection to promote green innovation. Actively develop environmentally friendly materials to further reduce carbon dioxide and other greenhouse gases. In terms of product research and development, it is necessary to increase the development of green and sustainable products and promote the development of environmental civilization. Finally, the development of ESG in our country is relatively late, and relevant institutions have not formulated a clear supervision framework and rating system. To this end, government departments should further improve and refine the ESG disclosure indicators through legislation, standardize

and quantify the disclosure requirements of indicators, so as to guide enterprises to truly and completely disclose, accurately and consistently quantify key information, and build an ESG indicator system suitable for China's national conditions to scientifically evaluate, reward and punish the ESG performance of enterprises. To stimulate enterprises to take the initiative to practice ESG and achieve a virtuous cycle.

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