

Research on *Corporate Sustainability from an ESG Perspective*

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Abstract: With the introduction of the dual carbon goal, companies need to focus not only on financial performance but also on non-financial performance in order to achieve sustainable development in a highly competitive market, and more and more companies are focusing on ESG (Environmental, Social and Corporate Governance) issues. Companies must make full use of ESG ratings, disclosure, investment and other related tools to enhance corporate value in order to achieve sustainable development. From an ESG perspective, this paper analyses corporate sustainability strategies in the context of objectives such as green and dual carbon, and makes suggestions on how to encourage companies to practise ESG.

Keywords: ESG, Sustainable Development, Corporate Value.

1. Introduction

As China's economy enters a new normal, the country has begun to focus on green development, and the introduction of the dual carbon goal means that companies should not only focus on economic efficiency but also pay attention to the environment and take social responsibility. The Environmental, Social and Corporate Governance (ESG) concept, which emphasizes the need for companies to focus on ecological and environmental protection, fulfil their social responsibilities and improve their governance, is highly compatible with green and sustainable development. The development of ESG is a major trend, and companies must be sensitive to the times and study and apply ESG rating, disclosure, investment and other relevant tools to enhance corporate value and achieve sustainable development.

ESG refers to the environmental (Environment), social (Social) and corporate governance (Governance) aspects [1]. It is an approach and philosophy to investment and business operations that aims to achieve financial returns while considering the environmental, social and governance aspects of a business. Specifically, ESG investment considers the following aspects: Environmental, the impact of the corporate on the environment, including energy use, waste management, carbon emissions, etc., as well as the corporate environmental management system and environmental policies. Social, the impact of the company on society, including employee welfare, consumer rights and community contribution, as well as the company's social responsibility and philanthropy. Governance, the governance structure and operation of a company, including management decisions, internal controls, shareholders' rights and interests, as well as corporate transparency and anti-corruption initiatives. In a nutshell, ESG is a sustainable development framework and tool that takes into account environmental, social and corporate governance and embodies the concept and values of long-term value growth [2].

The concept of ESG was first introduced in the report of the United Nations Principles for Responsible Investment (UN-PRI), which was developed in 2006 by the United Nations Environment Programme Finance Initiative in

collaboration with the United Nations Global Compact, the investment industry, and intergovernmental and governmental organizations [3]. The goal of this report is to understand the meaning of ESG and to support investors in incorporating these issues into their investment practices (UN PRI, 2015). UN-PRI requires investors to consider ESG issues when assessing the value of any business. By the end of September 2022, over 5,100 investment institutions worldwide had become signatories, with over US\$121 trillion in assets under management. At the same time, UN PRI's influence in China is growing, with 124 domestic signatories as of January 2023. China is relatively late to the ESG study. In 2016, China incorporated the concept of green development into the G20, followed by a series of policies and regulations, and in 2018, China established a basic ESG framework and began to pay attention to the information disclosure system.

2. Corporate Development Strategy Under the ESG Concept

2.1. Corporate practice of ESG must accelerate transformation and development

On the one hand, ESG investment is increasingly valued by investors, who are increasingly considering the ESG performance of companies and making it an important factor in their investment decisions. This makes it imperative for corporate to accelerate their ESG transformation and improve ESG performance in order to attract and retain investors. On the other hand, the increasing global climate change and environmental issues have made it necessary for corporate to accelerate their transformation to adopt more environmentally friendly and sustainable business models and technologies [4]. At the same time, society's increasing demand for corporate social responsibility and philanthropy has led to the need for corporate to be more proactive in fulfilling their social responsibilities and promoting sustainable social development. Therefore, corporate practising ESG concepts must accelerate their transformation development and adopt more environmentally friendly and sustainable business models and technologies to promote

sustainable social development. In this way, they can improve their competitiveness, enhance their corporate value and achieve the goal of long-term sustainability.

2.1.1. ESG facilitates a green and low-carbon transition

Firstly, environmental factors are an important part of the ESG concept. When practising the ESG concept, corporate needs to focus on environmental protection and sustainability, adopt more environmentally friendly technologies and production methods, and reduce the negative impact on the environment. This can lead to a shift to a greener and lower-carbon business model and drive a green and low-carbon transformation. Secondly, social and governance factors are also closely related to the green and low-carbon transition. When practising the ESG concept, corporations need to focus on social responsibility and governance norms, establish fair and transparent management mechanisms, comply with relevant laws and regulations and industry standards, and prevent and handle corporate risks. This can enhance the social reputation and image of corporate and provide strong support for corporate to carry out green and low-carbon transformation. Finally, ESG investment is increasingly valued by investors, with more and more of them considering a company's ESG performance and making it an important factor in their investment decisions. This has led to the need for corporate to accelerate their ESG transformation and improve their ESG performance in order to attract and retain investors. In turn, in the process of promoting ESG transformation, corporate will also pay more attention to green and low-carbon transformation and promote corporate to make green and low-carbon transformation. Therefore, the ESG concept is conducive to the green and low-carbon transformation of corporations, which can promote the adoption of more environmentally friendly and sustainable business models and technologies, and provide strong support for the achievement of green and low-carbon development goals.

2.1.2. ESG is conducive to corporate innovation and development

When practising the ESG concept, corporate focus on environmental protection can prompt corporate to strengthen technological innovation, develop more environmentally friendly and low-carbon technologies and products, and improve corporate competitiveness. Secondly, by focusing on social responsibility, corporate can improve their innovation capacity and innovation quality, and promote continuous innovation to meet market demand. Finally, in the process of promoting ESG transformation, corporate will also pay more attention to innovation development and promote continuous innovation. Therefore, the ESG concept is conducive to the innovative development of corporations, which can promote corporate strengthening technological innovation, improve corporate competitiveness and market share, and provide strong support for achieving sustainable development and long-term value creation[5].

2.1.3. ESG facilitates the layout of international markets

Firstly, the ESG concept is a good fit with internationalization strategies. With the in-depth development of globalization, corporate must focus on ESG factors such as social responsibility, environmental protection and governance norms in order to succeed in the international market. In the international market, the ESG concept has become one of the important criteria for corporate participation in global competition and has a high degree of

recognition and influence. Secondly, the ESG concept can improve the brand value and competitiveness of corporations. In the international market, consumers are increasingly concerned about the ESG performance of corporate, and they are more inclined to choose the products and services of corporate with good ESG performance. Therefore, corporate practice of the ESG concept can improve brand image and enhance competitiveness, helping companies win more customers and market share in the international market[6]. Finally, ESG investment is also increasingly valued by investors in the international market. More and more investors are taking ESG factors into account in their investment decisions. Therefore, corporate practice of the ESG concept can attract more international investors and expand the influence and reputation of the company in the international capital market. In summary, the ESG concept can be conducive to the layout of international markets, improve the competitiveness and market share of corporate in the international market, and provide strong support for the long-term development and sustainability of the company.

2.2. Corporate practice of ESG must have a long-term perspective

Firstly, the ESG concept is concerned with the long-term sustainability of a corporate. If corporate ignores ESG factors for the sake of short-term profit alone, it may lead to many negative impacts, such as environmental damage, social conflicts and government regulation. These issues will not only damage the reputation and interests of the company, but also cause long-term irreversible damage to society and the environment. Secondly, ESG investment is characterized by long-term investment. ESG investors usually consider the long-term development and sustainable performance of the corporate, and they will not only focus on the current business performance of the corporate, but also consider the future development potential and long-term interests of the corporate. Therefore, corporate that practice ESG can attract more ESG investors and obtain more stable and long-term financial support. Finally, the ESG concept also requires corporate long-term planning and investment in areas such as governance, environment and social responsibility. For example, corporate needs to develop long-term environmental protection plans, strengthen resource conservation and environmental management measures, and improve their performance in areas such as employee welfare and social responsibility. These investments and actions need to be sustained in order to achieve long-term sustainable corporate development. In summary, corporate practice of ESG must focus on long-term development, long-term planning and investment, and the long-term sustainability of the corporate development[7]. Only in this way can corporations truly gain the recognition and support of ESG investors and achieve a balance of long-term economic, social and environmental benefits.

2.2.1. ESG facilitates corporate production of assured products and protects consumer interests

In ESG practice, environmental, social and governance factors can all directly or indirectly affect the quality of a corporate product and the interests of consumers. Firstly, ESG focuses on environmental protection. Corporations focus on environmental protection and adopt sustainable production methods and energy saving and emission reduction measures to reduce their impact on the environment. This can avoid or reduce environmental pollution and ecological damage,

safeguard the health and safety of consumers, and improve the quality and competitiveness of products. Secondly, ESG focuses on social responsibility. Corporate social responsibility, concern for consumer rights and interests, compliance with laws, regulations and industry standards, and ensuring the quality and safety of products. This can enhance consumers' trust and loyalty to the corporate and improve the brand image and market share of the company. Finally, ESG strengthens governance mechanisms. Corporate establish a sound governance mechanism and internal control system to strengthen supervision and risk management, avoid producing and selling counterfeit and substandard products, and protect consumers' rights and interests[8]. This can improve corporate compliance and transparency, reduce operational risks and legal liabilities, and enhance corporate sustainability and competitiveness. In summary, ESG practices can help corporations produce products with confidence and protect consumers' interests, and are also in line with the basic concept of sustainable development and market demand. As a result, more and more corporations are beginning to use ESG practices as a strategic advantage and business philosophy to achieve greater success and influence in the competitive marketplace.

2.2.2. ESG helps corporate to adhere to the people-oriented approach and stimulate the vitality of employees

First of all, ESG is conducive to paying attention to the health and safety of employees. Corporations provide a good working environment and healthy living conditions for their employees to ensure their health and safety. This not only improves the efficiency and productivity of employees, but also reduces the risk of illness and accidents among employees, lowering costs and risks for the company. Secondly, ESG is conducive to focusing on the career development of employees. Corporations provide employees with good career development opportunities and training programme to help them improve their professional skills and levels. This not only improves employees' professionalism and innovation, but also enhances their sense of belonging and loyalty, and reduces their turnover rate and cost of attrition[9]. Thirdly, ESG facilitates a focus on employee welfare and welfare systems. Corporations provide employees with a reasonable remuneration and welfare system, including social insurance, welfare payments, stock options and so on. This not only motivates employees' work motivation and creativity, but also improves their quality of life and happiness, thus enhancing the company's social responsibility and brand image. Fourthly, ESG is conducive to focusing on employee engagement and feedback. Corporations should actively listen to the voices and feedback of their employees, encourage them to participate in corporate decision-making and management, and jointly promote corporate development and innovation. This will not only stimulate employees' creativity and sense of ownership, but also improve employee satisfaction and loyalty, and enhance the social trust and public image of the company. Taken together, ESG practices can help companies adhere to a people-centred approach, energize employees, enhance corporate performance and value, and are also in line with the fundamental concept of sustainable development.

2.2.3. ESG is conducive to corporate involvement in philanthropic activities and the advancement of social good

In ESG practice, social responsibility is one of the key

elements. ESG is conducive to corporations' concern for social issues. Corporate concern about social issues, understanding social needs and problems, and contributing to solving social problems. For example, corporate can pay attention to social issues such as education, environment and health, and support related public welfare causes through donation, sponsorship and volunteerism. ESG is conducive to corporate strengthening of governance and transparency. Corporate governance and transparency are strengthened to ensure compliance and transparency of charitable donations and prevent misuse or misappropriation of charitable funds. For example, corporate can establish a sound internal control system, disclose donation information and financial reports, and accept social supervision and evaluation. ESG is conducive to continuous corporate innovation and improvement. Corporate continuous innovation and improvement can improve the efficiency and impact of charitable activities through technology and management tools. For example, corporate can make use of emerging platforms such as the internet and social media to promote philanthropic ideas and activities and inspire public participation and social responsibility. In summary, ESG practices can help corporate participation in philanthropic activities and promote social good, and are also in line with the basic concepts of corporate social responsibility and sustainable development and market demand. As a result, more and more corporate have started to adopt ESG practices as a strategic advantage and business philosophy, thus gaining greater recognition and support in terms of social image and reputation[10].

2.3. Corporate practice of ESG must adhere to legal compliance

ESG stands for Environmental, Social and Governance and corporations must comply with local laws, regulations and industry codes when practising ESG. This includes, but is not limited to, complying with environmental regulations, ensuring labour rights, protecting consumer rights, complying with ethical business standards, and ensuring transparent and honest business management. When practising ESG, corporate needs to take active steps to protect the environment, enhance social responsibility and improve the quality of governance, within the limits allowed by laws and regulations. This can effectively reduce the environmental, social and governance risks of corporate and improve the long-term sustainability of the corporate. At the same time, compliance with laws and regulations is also the basis for legitimate business operations, which can prevent enterprises from facing penalties, lawsuits and other risks, and protect their reputation and image.

2.3.1. ESG facilitates corporate governance

Firstly, ESG can improve the transparency of a corporate. ESG factors emphasise that corporate should disclose its environmental, social and governance information, thus improving the transparency of the company. Transparency can help corporate attract more investors and consumers, which in turn improves the corporate reputation and credibility. Secondly, ESG encourages corporate integrity. Corporate ESG factors need to be considered in relation to environmental, social and governance impacts, which also help corporate to build an image of doing business with integrity. Doing business with integrity increases the trust of consumers and investors, which in turn leads to more business opportunities and revenue for the company. Thirdly, ESG

improves a corporate governance structure. By focusing on ESG factors, companies can contribute to improving their governance structures. ESG factors require corporate governance to be more transparent, fair and accountable, thus helping companies to optimize their decision-making processes and reduce internal corruption and misconduct. In summary, ESG facilitates the standardization of corporate governance and improves corporate sustainability and competitiveness.

2.3.2. ESG helps corporate protect against risk

First, ESG helps corporate to protect themselves against environmental risks. A corporate focus on environmental impact can help companies avoid environment-related risks. For example, by reducing energy and resource consumption, greenhouse gas emissions, and controlling the release of waste and hazardous substances, corporate can reduce the risk of environmental pollution and ecological damage, and reduce the risk of legal action, environmental liability and presentational damage faced by the corporate. Secondly, ESG helps corporate to prevent social risks. ESG factors also help corporate to avoid risks related to society. For example, corporate needs to pay attention to the impact of their products and services on consumer health and safety, comply with local labour laws and regulations, and respect human rights and eliminate discrimination. These practices can help companies reduce socially relevant risks such as consumer complaints, labour disputes and representational damage. Thirdly, ESG helps corporate to prevent governance risks. ESG factors also help corporate to avoid governance-related risks. For example, corporate needs to establish sound governance structures and internal control mechanisms to ensure financial transparency and compliance of the corporate. These practices can help corporate avoid risks such as internal corruption, misconduct and violations of laws and regulations. In summary, ESG factors can help companies identify and avoid various types of risks, thereby improving their stability and sustainability. By focusing on ESG factors, companies can better meet the expectations of their stakeholders and enhance their brand value and market competitiveness.

2.3.3. ESG is conducive to improving the quality of information disclosure and enhancing investment returns

Firstly, ESG is conducive to improving the quality of information disclosure. When considering ESG factors, corporate needs to focus on their environmental, social and governance (ESG) profile and disclose this information. This can help corporate improve the quality of information disclosure, enabling investors to better understand the risks and opportunities of the corporate and thus make more accurate and comprehensive investment decisions. Secondly, ESG can help to improve investor trust by emphasizing that corporations should be socially responsible, concerned about environmental and social impacts, and have more transparent and fair governance structures. This can increase investors' trust in corporations, which in turn can attract more investment capital. Thirdly, ESG can reduce investment risk. ESG factors can help investors to better understand the risks and opportunities of a corporate, thereby reducing investment risk. For example, poor environmental and social performance can lead to increased investment risk, as can corporate governance misconduct. A focus on ESG factors can help investors better identify these risks and thus make more informed and profitable investment decisions. Fourthly,

ESG can improve investment returns by helping corporations to achieve more sustainable and stable operations, thereby improving investment returns. For example, good environmental and social performance may attract more consumers and investors, improving a corporate market position and profitability. Good governance performance can also contribute to more efficient internal management and operations, thereby improving profitability and return on investment. In summary, ESG factors can help companies improve the quality of information disclosure, increase investor trust and investment returns, and reduce investment risk, thereby creating a more sustainable and favourable investment environment for companies and investors.

3. Recommendations for Practising and Implementing ESG.

First, develop a clear ESG strategy and objectives. Corporate should formulate clear ESG strategies and objectives, clarify the meaning and purpose of practising ESG, and provide clear guidance and support for ESG practice. Second, strengthen internal management and standardize operations. Corporate should strengthen internal management, optimize corporate governance structures, establish sound internal control mechanisms, standardize operational processes and improve corporate governance. Third, establish an ESG management system. Corporate should establish ESG management systems, formulate ESG policies, processes and guidelines, conduct ESG training and publicity, establish ESG assessment and evaluation mechanisms, and ensure the effective implementation and enforcement of ESG practices. Fourth, pay attention to ESG factors and proactively identify and manage risks. Corporate should pay attention to ESG factors, proactively identify and manage related risks, take measures to reduce potential risks and provide investors with information disclosure on ESG. Fifthly, promote the spread of ESG awareness. Corporate should strengthen the popularization and promotion of ESG awareness, raise the ESG awareness of employees and the public, create a good ESG culture and form common ESG values. Sixth, strengthen communication and cooperation with stakeholders. Corporate should strengthen communication and cooperation with stakeholders, understand their needs and expectations, respond positively to social responsibility and form a good corporate social image. Seventh, establish a transparent and reliable ESG information disclosure mechanism. Corporate should establish a transparent and reliable ESG information disclosure mechanism, disclose ESG-related information in a timely and accurate manner, improve the quality and transparency of information disclosure, and enhance investors' trust. In conclusion, practising and implementing ESG requires corporate to strengthen internal management, pay attention to ESG factors, enhance communication and cooperation with stakeholders, and establish a transparent and reliable information disclosure mechanism, among others. This will help to improve corporate governance, prevent risks and improve the return on investment, and can also help corporate to better fulfil their social responsibility and achieve sustainable development.

4. Conclusions

ESG is highly compatible with the new development concept of "innovation, coordination, green, openness and sharing", and is an important tool for corporate integration

into the new development pattern and achieving sustainable development. With the successful conclusion of the 20th Party Congress, the haze of the new epidemic dissipating and the effects of various economic stabilisation policies being gradually released, China's economic development prospects remain bright. Grasping the development opportunities in the post-epidemic era, practising the ESG concept in depth and adapting to the new trend of ESG development have become the primary tasks faced by enterprises nowadays. Corporate should shape their core competencies in adapting to the new development concept, build an efficient, transparent and respected enterprise, continuously enhance their corporate value and achieve sustainable development.

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