Proceedings of the 8th International Conference on Economic Management and Green Development
DOI: 10.54254/2754-1169/121/20242306

Review of ESG Information Disclosure under the New Development Concept

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Abstract: With continuous development in the ESG (Environmental, Social, and Governance) field in China, the understanding of the concept and role of ESG by Chinese enterprises and related scholars has been deepening. However, issues such as the lack of uniform standards and frameworks for information disclosure, poor quality of information, and even "greenwashing" have gradually emerged in ESG information disclosure. The new development concept serves as a guiding principle for China's development, providing scientific direction for economic growth. The three major components of ESG closely align with the five principles of the new development concept, and the deficiencies and problems in ESG information disclosure profoundly affect the new development concept. Therefore, this paper aims to comprehensively review related research on ESG information disclosure and propose solutions to the identified problems based on the context of the new development concept.

Keywords: New Development Concept, ESG Information Disclosure, Social Responsibility, Corporate Governance, Sustainable Development

1. Introduction

In the rapid development of contemporary society, the importance of ESG (Environmental, Social, and Governance) information disclosure has become increasingly prominent. It is now an indispensable research subject for evaluating a company's sustainable operating capacity and its long-term profit potential. In recent years, with the growing emphasis on environmental protection and social responsibility in China, the ESG concept has gradually become a significant consideration in corporate development and financial markets, bringing unprecedented attention to sustainable development. This undoubtedly provides a solid practical background for this research. Among the various aspects of ESG performance, ESG information disclosure has become a core issue of mutual concern in both academic and industry circles. This paper, based on the new development concept, conducts related research on ESG information disclosure. It aims to propose corresponding solutions

DOI: 10.54254/2754-1169/121/20242306

for institutional issues such as disorganized compilation, unclear scope, and problems like low-quality ESG reports and “greenwashing”. The review in this paper suggests that establishing localized expressions of corporate ESG information and implementing a comprehensive, inclusive information disclosure model can advance the construction and improvement of the ESG information disclosure system and promote its development across various fields.

2. Analysis of ESG Connotations

2.1. History and Pursuit

Li Zhangquan [1] states that the acronym ESG, composed of the first letters of Environmental, Social, and Governance, first emerged in the ethical investor community in the early 21st century and gradually gained popularity. Approximately ten years ago, around June, the global non-profit organization, the United Nations Global Compact, initially proposed this concept and its practical methods. The aim was to create a new evaluation system by assessing a company’s sustainable operating capacity and its long-term profit potential from multiple perspectives. This new evaluation standard has garnered widespread attention from many participants in financial markets. ESG emphasizes that while pursuing financial success, companies must also consider their impact on the environment, society, and governance. This requires companies to comprehensively consider these non-financial factors in their decision-making processes to achieve long-term sustainable development, aligning well with China’s sustainable development strategy.

2.2. Environmental Performance

In their operations, companies must fully consider the interests of all stakeholders, including internal, external, and distant groups, as this is the cornerstone for ensuring a stable and continuous source of funding [2]. Moreover, by actively committing to environmental protection, companies can not only shape a responsible green image but also reap numerous intangible benefits. These benefits include, but are not limited to, enhancing brand reputation, attracting environmentally conscious consumers, and reducing potential environmental risks. Thus, by focusing on environmental protection, companies can achieve green and sustainable development while positively impacting their financial performance, thereby attracting more investors and financial support.

2.3. Social Responsibility

Qiu Ju and Xue Qiyuan [2] indicate that research has found ESG to have a positive impact on company value. When the implicit requirements of key stakeholders are met, the company’s reputation improves, which in turn enhances corporate performance.

2.4. Corporate Governance

Qiu Ju and Xue Qiyuan [2] also point out that from the perspective of information asymmetry theory, companies with sound corporate governance systems have a broader investor base and a higher proportion of independent directors on the board. This allows companies to more thoroughly research and respond to national policies [2]. Such thorough research not only helps companies grasp policy trends but also enhances their public image. As management prioritizes corporate image and policy research, their professional capabilities and decision-making levels are showcased, thereby enhancing their own image. This improvement in management’s image complements the enhancement of the corporate image, creating favorable conditions for increasing corporate value. Therefore, in a market environment characterized by information asymmetry, a well-developed corporate governance system becomes a crucial tool for companies to enhance value and competitiveness.

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3. Current State of ESG Information Disclosure Research Domestically and Internationally

3.1. Current State of International ESG Information Disclosure Research

Mu Siyu and Li Hanti [3] point out that globally, the progress of ESG has been quite robust. Major rating agencies such as MSCI, FTSE Russell, and Morningstar have established widely accepted and highly refined ESG evaluation systems. Furthermore, overseas listed companies are subject to stringent ESG information disclosure regulations, and the ESG investment sector abroad is rapidly developing, especially dominated by the large investment shares in developed countries represented by the United States and Europe.

3.2. Current State of Domestic ESG Information Disclosure Research

In China, with the increasing emphasis on environmental protection and social responsibility, the ESG concept is gradually becoming a significant consideration in corporate development and financial markets. At the 75th session of the United Nations General Assembly, President Xi Jinping proposed the "dual carbon" goals of peaking carbon emissions and achieving carbon neutrality, which provided clear guidance for China's green economic development. The steady advancement of these goals not only reflects China's active role in addressing global environmental issues but also offers a clear path for enterprises to achieve high-quality development. Moreover, the ESG concept aligns perfectly with China's two major strategic objectives. On one hand, it aids in promoting ecological civilization and achieving green development. On the other hand, it supports high-quality economic development and enhances national competitiveness, thereby offering valuable opportunities for the implementation of ESG concepts in China. Hao Ying [4] notes that corporate ESG information disclosure reflects a shift in the corporate responsibility perspective of companies and stakeholders. The view of social responsibility sees the company as a contract collective of all stakeholders, meaning companies must be accountable not only to shareholders but also to investors, consumers, employees, the government, and the public. China has consistently encouraged listed companies to disclose ESG information. With government encouragement and attention from various sectors, the number of companies issuing corporate social responsibility reports and disclosing ESG information has been steadily increasing, and the economic consequences of ESG information disclosure have garnered widespread attention in academia. Most scholars believe that ESG information disclosure can enhance corporate performance and value, bringing positive effects to the company. Chen Lingfang and Yu Hainan [5] found that good ESG information disclosure significantly improves corporate performance, while Chen Hong and Zhang Lingxiao [6] pointed out that good ESG performance can enhance corporate value. Liu Zhuocong and Ye Chengang [7] concluded that ratings by social rating agencies on corporate ESG information disclosure positively impact corporate value. Wu Peng and Yang Ke [8] noted that ESG information disclosure significantly increases the value relevance of corporate earnings. Xie Chi and Li Weiying [9] showed that ESG information disclosure can reduce financial risk. Li Jinglin, Yang Zhen, and Yi Junling [10] discovered that overall and dimensional ESG information disclosure enhances corporate information transparency, alleviates financing constraints, and reduces debt financing costs. Chen Ruohong, Zhao Xueyan, and Jin Hua [11] believed that corporate ESG performance is positively correlated with debt financing costs and negatively correlated with equity financing costs. In 2023, Wang Nan and Li Yuchen [12] proposed that actively disclosing ESG information can enhance investment efficiency and reduce the degree of inefficient investment. Chen Jiaojiao, Ding Heyu, and Zhang Xuemei [13] showed that ESG information disclosure can stabilize customer relationships. Liu Xuexin, Wu Xinyu, and Kong Xiaoxu [14] pointed out that the level of ESG information disclosure positively affects stock returns.

Regarding the relationship between ESG information disclosure and green innovation, Li Yuanyuan, Yin Junming, and Qian Jiajia [15] demonstrated that actively assuming ESG responsibilities and disclosing ESG information can drive green innovation and promote green transformation and upgrading. Wang Yandong, Wang Yaqi [16], and Xue Long [17] also noted that good ESG information disclosure can promote green technological innovation.

4. Internal and External Factors Necessitating ESG Information Disclosure in China

4.1. Internal Factors of Enterprises

4.1.1. An Effective Way for Enterprises to Optimize Operational Efficiency

Under the driving force of the mainstream operational concept of “efficiency is life” in market competition, ESG information disclosure can compel enterprises to gain a comprehensive and in-depth understanding of their environmental, social, and corporate governance performance. This drives enterprises to consciously or even involuntarily make corresponding adjustments, identify their ESG shortcomings, and optimize operational efficiency and ensure profitability. For instance, if environmental information disclosure reveals high energy consumption, enterprises can innovate technological processes to save energy and increase production. If social information disclosure uncovers supply chain risks, enterprises can evaluate the ESG performance of suppliers and build a diverse supply chain to prevent issues in inventory management, logistics distribution, and information flow coordination that could affect operational efficiency. If corporate governance information disclosure highlights weak internal controls that severely impact operational efficiency, enterprises can establish internal audit departments and sound internal control systems to comprehensively enhance operational efficiency.

4.1.2. A Powerful Strategy for Enterprise Risk Management

ESG information disclosure helps enterprises identify potential risks and make responsive decisions in the three major areas of environment, social, and governance. Environmental (E) information disclosure enables enterprises to timely identify possibilities of severe pollution and resource overconsumption by organizing data on carbon emissions, waste treatment, and energy consumption during operations, thus mitigating losses, avoiding fines and lawsuits, and reducing environmental damage. Social (S) information disclosure helps enterprises easily identify risks such as negative social evaluations, low employee loyalty, investor distrust, and supply chain disruptions, facilitating the improvement of social image, employee treatment, timely financial and operational information disclosure, and the implementation of a diversified supply chain. Governance (G) information disclosure reveals issues like defects in internal controls, high-level corruption, non-transparent decision-making processes, and insufficient protection of shareholders’ rights through the disclosure of board composition, internal control, executive compensation, and more, thereby reducing governance risks.

4.1.3. An Important Measure to Attract and Retain Talent

ESG broadly encompasses standards for measuring corporate sustainability and ethics. Therefore, a company’s ESG information is a crucial reference for job seekers and current employees in their decisions to stay or leave. Companies with high levels of sustainability and ethics have an advantage in the intense competition for talent. Sustainable development provides employees with stable career development opportunities and benefits, attracting high-quality talent. Furthermore, the positive social impact of corporate ethics enhances employee loyalty and sense of belonging, making them feel that their work has profound significance and binding their sense of achievement closely with serving the company.

4.2. External Factors for Enterprises

4.2.1. A Powerful Way to Enhance Corporate Reputation and Market Trust

Zhao Jun and Li Qiangwei [18] point out that Yili provides an industry benchmark for enhancing corporate reputation and market trust through ESG information disclosure. Yili is the first Chinese company to sign the United Nations Convention on Biological Diversity's "Business and Biodiversity Pledge" and has consecutively released the "Biodiversity Conservation Report" for three years. Yili has also actively participated in social public welfare projects, such as the "Yili Nutrition 2020" initiative focused on children's safety and nutritional health. According to a report by Xinhua News [19], Yili ranked first in the food industry on the ESG list in the "China Listed Companies Environmental, Social and Governance (ESG) Blue Book" published by the Chinese Academy of Social Sciences and received the highest "Five Star Best" rating for sustainable development reports from the Chinese Academy of Social Sciences for four consecutive years. High-quality ESG information disclosure has resulted in favorable market trust, with Yili's market value significantly increasing over the past few years—from 35.13 billion yuan in 2012 to 265.35 billion yuan in 2021, a 6.6-fold increase. This demonstrates that investors consider corporate ESG information disclosure as an important component of market trust.

4.2.2. A Key Step to Satisfy Investors' Demand for Relevant Information

In the absence of corporate disclosure, ESG information is often complex and hidden, leading to objective information asymmetry between investors and the companies they invest in. This asymmetry can easily result in unfair and inefficient transactions. ESG aspects are closely related to investors' interests; any missing or distorted information regarding the environment, society, or governance can mislead investors and potentially cause immeasurable losses, primarily because these factors affect the long-term value and risk profile of a company. ESG information disclosure builds a bridge for investors to gain a comprehensive and in-depth understanding of a company's development status, helping them assess the company's sustainability and potential risks, thus better judging the long-term returns and safety of their investments.

4.3. Domestic Factors

4.3.1. Best Practices to Enhance China's ESG Information Disclosure System

He Xiangyan [20] points out that compared to developed countries and regions, China's ESG information disclosure legal system started relatively late. Since 2003, China has successively issued documents encouraging or requiring ESG information disclosure, such as the "Announcement on Corporate Environmental Information Disclosure" (2003), "Guiding Opinions on Building a Green Financial System" (2016), "Corporate Governance Code for Listed Companies (Revised in 2018)," and "Content and Format of Annual Reports" (Revised in 2021). However, China has yet to establish a unified framework and system for ESG information disclosure content and scope, enforcement strength, disclosure standards, and third-party audits. By actively disclosing ESG information, enterprises can effectively expand the execution samples of ESG information disclosure, providing case references and practical experience for the government and regulatory agencies. This enables the government to formulate targeted and effective ESG information disclosure systems based on corporate practices, gradually transitioning from generally encouraging opinions to mandatory legal mechanisms, and from inconsistent standards and guidelines to mature, standardized, and unified systems, thus filling the gaps in China's ESG information disclosure system.

4.3.2. A Crucial Force for Fully Implementing the New Development Concept

ESG and the new development concept are interconnected. The Environment (E) dimension mainly corresponds to the "green" aspect of the new development concept, emphasizing corporate responsibilities and performance in environmental protection, resource utilization, and the "dual carbon" goals. The Social (S) dimension aligns with the coordinated and shared development aspects, focusing on corporate practices in social ethics and social responsibility. The Governance (G) dimension is related to innovative and open development, involving corporate governance structures, risk management, and transparency. Overall, ESG represents the concrete implementation of the new development concept at the corporate level, promoting sustainable development and aligning with the objectives of the new development concept. Therefore, corporate ESG information disclosure is a vital force for fully implementing the new development concept.

4.4. External Factors

4.4.1. Facilitates the Integration of Chinese Enterprises with International Standards

Participating in international market competition requires adherence to relevant rules and standards. Currently, more international investors and consumers are focusing on corporate ESG performance. The ESG information disclosure standards in regions such as the United States and the European Union are relatively mature, while China started later, and Chinese enterprises still lack sufficient awareness and emphasis on ESG information disclosure. Proactively engaging in ESG information disclosure helps Chinese enterprises better adapt to international rules, align with global standards, and reduce the risks associated with cross-border investment and trade.

4.4.2. Enables China to Voice its Position in Global Industry Standards

In May 2023, China successfully voiced its position in the global ESG industry standards for the first time by proposing an international standard in the ESG field, which was also the first ESG standard proposal by the International Organization for Standardization (ISO). The international standard proposal ISO PWI 37010 "General Principles for ESG Disclosure" was approved with a high vote by the ISO's Technical Committee on Organizational Governance, marking its successful establishment. Additionally, in June 2023, with the issuance of two standards by the International Sustainability Standards Board (ISSB), the convergence and compatibility of international ESG standards are accelerating. China is also joining this process by establishing localized ESG standards. Chinese enterprises actively participating in ESG information disclosure significantly contribute to setting Chinese standards in the global ESG industry standards. By showcasing excellent ESG disclosure practices among Chinese enterprises, China can enhance its credibility and influence in setting ESG standards, gain more discourse power in relevant fields, and safeguard its interests.

5. Issues in ESG Information Disclosure

5.1. Institutional Deficiencies in Disclosure Models and Scope

5.1.1. Disorganized Compilation Rules

Bai Murong and Zhang Jiaxin [21] point out that documents issued by different securities exchanges and securities regulatory commissions exhibit contradictions and inconsistencies in ESG information disclosure. On one hand, after the publication of the “Corporate Governance Code for Listed Companies,” the China Securities Regulatory Commission did not amend the “Disclosure Standards” accordingly, leading to conflicts between regulations. On the other hand, according to Article 4.4.1 of the “Rules for the Listing of Stocks on the Science and Technology Innovation Board,” listed companies are required to disclose their fulfillment of social responsibilities in their annual reports. However, the “Guidelines for Voluntary Information Disclosure No. 2 of the Science and Technology Innovation Board” states that companies can voluntarily choose whether to disclose this information. Additionally, the Shanghai Stock Exchange mandates comprehensive social responsibility disclosures for listed companies, whereas the “Assessment Measures for Information Disclosure Work of Listed Companies” by the Shenzhen Stock Exchange only consider social responsibility information disclosure as an evaluation criterion without mandatory requirements. Consequently, companies can exploit the principles and ambiguities in these rules to reduce the quality of ESG information disclosure and evade their responsibilities in environmental, social, and governance aspects, thereby affecting the overall quality and effectiveness of ESG reports.

5.1.2. Disorganized Compilation System

A disorganized compilation system not only affects the accuracy of investors’ decisions based on ESG reports but also impacts the quantity and quality of these reports, increasing the difficulty of ESG report audits. Currently, China’s stock market lacks a consistent public regulatory system for ESG information. A random sample of 30 companies listed on the Shanghai Stock Exchange revealed that the most commonly used ESG report compilation standards were GRI Standards, SDGs, and the “Shanghai Stock Exchange Listed Companies Self-Regulation Guide No. 1 – Standardized Operation,” used 30 times, 17 times, and 9 times, respectively. Due to the lack of external constraints on published results, self-published ESG reports by listed companies face challenges such as insufficient volume, poor quality, and delayed publication. Furthermore, a comparison of these companies’ ESG reports shows significant discrepancies in their standardization levels.

5.1.3. Variability in Disclosure Models

The uncertainty in the extent of ESG information disclosure by companies can have negative effects on the actual outcomes of such disclosures, reducing the amount of information available to investors. The revised 2018 “Code of Corporate Governance for Listed Companies” in its section on “Information Disclosure and Transparency” only broadly mentioned the need to disclose relevant data on environmental protection, social responsibility, and corporate governance in accordance with legal requirements, without providing specific details on ESG information disclosure. Generally, the current requirements for mandatory ESG information disclosure for listed companies are clearer than the voluntary requirements. For example, in the section on social responsibility information disclosure, only poverty alleviation is given detailed attention, whereas areas such as shareholder rights protection and charitable activities are not thoroughly explained. Thus, the scope of voluntary ESG information disclosure by listed companies is not clear, potentially leading companies to use ambiguous terms to reduce the level of ESG information disclosure and avoid responsibilities in environmental, social, and governance areas. As the demand for mandatory disclosure increases, the quality of voluntary disclosures by listed companies will significantly impact the development of China’s ESG information disclosure system.

5.1.4. Unclear Disclosure Scope

As a fundamental system, the transparency of ESG information disclosure is crucial for balancing the information needs of companies and their shareholders or other stakeholders. It also determines the long-term development status of a company and serves as the main avenue for regulatory bodies and the public to scrutinize corporate activities. However, many listed companies currently exhibit a significantly passive attitude towards ESG information disclosure, viewing it as a necessary evaluation project rather than a proactive effort. This leads to subpar quality in the ESG information disclosed by these companies.

5.2. Practical Issues of Inconsistent Disclosure Quality and Greenwashing

5.2.1. Inconsistent Quality of Information Disclosure

As a fundamental system regulating information exchange between listed companies and their stakeholders, the transparency of ESG information disclosure plays a key role in evaluating a company's long-term performance. It also serves as a primary means for regulatory bodies and the public to monitor corporate activities. However, since ESG information disclosure does not immediately impact a company's operational status, and many listed companies currently display a passive attitude towards their ESG information disclosure activities, the disclosure appears more as a mandated task rather than a voluntary effort. This results in the poor quality of ESG information disclosed by listed companies.

5.2.2. Uncertain Disclosure Methods

At present, there are multiple formats for ESG information disclosure by listed companies, such as social responsibility reports, sustainability reports, and ESG reports. Companies can choose different disclosure formats based on their specific circumstances. The selection of disclosure methods varies among companies; some opt for a single method, while others use multiple methods. For instance, from March 3, 2023, to March 3, 2024, 661 companies on the Shanghai Stock Exchange website published social responsibility reports, 332 published ESG reports, and 65 published sustainability reports, but none published environmental information disclosure reports. The different disclosure formats create confusion for stakeholders trying to obtain information, increasing the difficulty of accessing information. Regarding the content of disclosures, most listed companies tend to disclose descriptive information about environmental, social, and governance aspects, with less emphasis on quantitative ESG information. Many reports use slogans and principles to replace actual social responsibility information, with only a few companies providing quantitative disclosures of specific metrics. This vagueness in content increases the difficulty for stakeholders and investors to obtain accurate information, potentially misleading investors.

5.2.3. Lack of Highly Independent Audit Institutions

Third-party institutions can oversee the ESG information disclosure of listed companies, providing objective evaluations through independent assessments to enhance disclosure quality, increase the credibility of the information, and promote information symmetry between listed companies and their stakeholders. Currently, as there is no legal mandate requiring companies to undergo independent audits of their ESG reports, the credibility of ESG reports is significantly undermined in the absence of independent audits. Furthermore, with multiple compilation standards in place, companies find it challenging to determine which parts require independent auditing. Consequently, the quality of ESG information disclosure by listed companies decreases significantly due to the lack of sufficient independence of third-party professional institutions. This also affects the comparability of information disclosure among companies.

DOI: 10.54254/2754-1169/121/20242306

5.2.4. Corporate Greenwashing

As public recognition of ESG gradually increases, listed companies are beginning to realize the importance of ESG information disclosure and its potential long-term value in guiding investor decisions. However, some companies engage in greenwashing to attract investors or enhance their image. Such practices not only mislead investors but also undermine the overall credibility and effectiveness of ESG reports. Internally, exaggerating or fabricating ESG performance can enhance investor perception, boost stock prices, attract more investment opportunities, and elevate the company's market position. For external observers, the lack of comprehensive regulations may provide loopholes for companies. The primary legal reference against greenwashing is the 2018 revised "Management Rules of Listed Companies," which prohibits the release of fabricated or misleading information, deceptive content, and significant omissions. The third guideline (No. 3) similarly requires that disclosed data must be continuous, complete, and unbiased. However, due to the prevalent and subtle nature of greenwashing in current ESG disclosures by listed companies, these regulations' practical effectiveness is limited, failing to accurately identify greenwashing activities and impose effective legal accountability on involved parties. While these regulations offer general applicability and abstraction, they lack clear and precise implementation methods, making it difficult to effectively control greenwashing activities in the ESG information disclosure process of listed companies. Additionally, due to the pressure from increased public attention on ESG, some companies may falsely embellish reports to enhance their performance, leading to various manifestations of greenwashing.

6. Governance Modes of ESG Information Disclosure under the New Development Concept

6.1. Establishing Localized Expression of Corporate ESG Information

Hou Dongde and Wei Yajun [22] pointed out that the key to the transparency mechanism of ESG information disclosure for listed companies is based on the new development concept as the main guiding principle, with achieving sustainable development seen as the ultimate goal. In the emerging development concept, the disclosure of ESG information by listed companies should contribute to the promotion of a new era of harmonious coexistence between humans and nature and the prosperity shared by all. It should also be able to coordinate the relationship between a company's economic benefits and social benefits, shareholder rights, and other stakeholders' interests, while balancing long-term interests and short-term needs. The novel development perspective not only encompasses but also transcends the scope of ESG information disclosure. Its values and meanings further reinforce the discourse framework of "local characteristics" of ESG information disclosure by listed companies, making it more recognized and attracting public attention. The transparency of "localized" ESG information disclosure relies on the actual strength of progress in various fields in China and also promotes the improvement of China's overall practical capabilities by enhancing soft power, thereby assisting in achieving our country's comprehensive development goals.

6.2. Implementation of a Comprehensive and Moderately Inclusive Information Disclosure Model

6.2.1. Reasonable Determination of Mandatory Disclosure Scope by Regulatory Authorities

We should gradually implement a comprehensive system mandating the disclosure of ESG data for all listed companies, and within this comprehensive disclosure mechanism, adopt a moderately tolerant and understanding approach to how companies disclose information. Regulatory authorities need to define the responsibility of companies to disclose ESG data through regulations clearly. To ensure the professionalism and transparency of the disclosure content, the list of companies required to bear this responsibility should be limited to those that have been listed for some time, with newly listed companies given a certain adaptation period to improve their ESG management systems.

6.2.2. Determination of Non-Disclosure Content and Reasons for Non-Disclosure

After companies go public, besides state secrets or commercial secrets that cannot be disclosed due to legal constraints, they can choose an appropriate frequency to disclose their ESG-related information based on actual circumstances. Regulatory authorities need to conduct in-depth research and analysis on the specific market conditions and the detailed content of the information to determine which companies indeed have the right to decide whether to provide this information to the public. If they do choose to remain silent, the company must explain their reasons through public statements, which should undergo professional review and evaluation by relevant departments and be included as part of the overall evaluation of ESG information disclosure.

6.3. Addressing Shortcomings in the ESG Information Disclosure System of Listed Companies

6.3.1. Improving the Regulatory System for “Greenwashing”

Li Jiangfeng, Jin Yuqi, and Li Sitong [23] pointed out that we need to establish more detailed regulations on “greenwashing” behavior to reduce the space for companies to exploit this method. Additionally, there is a need to accelerate the establishment of a Chinese ESG information disclosure guideline system that conforms to the characteristics of the Chinese market and actual needs to fill the institutional gaps in the existing framework for ESG information disclosure by listed companies. Furthermore, it is necessary to refine the description of the responsibilities of corporate leaders through formal regulations and set specific liability methods based on the extent of losses caused by illegal actions and the degree of infringement of rights and interests.

6.3.2. Improving the ESG Information Disclosure Standard System

We must comprehensively implement our country’s development strategies and policies and fully integrate them into the standard system for ESG information disclosure. At the same time, to ensure the transparency and accuracy of ESG information, we need to fully understand the characteristics of various industries and integrate diverse perspectives to construct unified standards. Considering the deep understanding of industry organizations regarding the development within their fields, they should actively participate in the establishment of ESG information disclosure standards and provide valuable information to improve these regulations. This can enhance the flexibility and applicability of the ESG information disclosure guideline system.

6.3.3. Promoting the Expansion of Public Oversight Coverage and Intelligent Improvement of Public Oversight Methods

Firstly, it is necessary to separate the roles of third-party professional institutions overseeing ESG reporting. Currently, the dual responsibilities of inspector and proxy agent held by these specialized institutions have raised doubts about their credibility among the public, undermining confidence in ESG reports. Therefore, there is a need to gradually transition these specialized third-party institutions from inspectors to proxy agents. This could involve adjusting the fee structure between inspection agencies and the companies they monitor and establishing a monitoring system for such institutions. Measures could include enhancing qualification standards, establishing independent management departments, and implementing relevant management systems. These steps would help alleviate constraints on their role as proxy agents and further strengthen their independence. On the other hand, regulatory authorities should supervise and guide the progress of information disclosure procedures. Supervisory agencies need to focus on managing and monitoring the disclosure process of environmental, social, and governance (ESG) information by listed companies. Additionally, they should examine the actual implementation of ESG management.

Firstly, it is essential to urge them to fundamentally adjust their business concepts, strengthen ethical standards, and emphasize sustainability and long-term benefits over short-term profit pursuits. This would help entrepreneurs gain a deeper understanding of the importance of ESG and its long-term benefits. Secondly, it is necessary to optimize the internal control mechanisms for ESG data disclosure in these public companies. Establishing dedicated data disclosure monitoring teams to track and review the entire process in detail, recording the performance trends of ESG at each stage. In accordance with national and relevant administrative regulations, it is important to further refine the content description methods of ESG data based on the specific conditions of each entity. Ultimately, compiling accurate and precise documents and making them public will enhance the quality of such information disclosures in the stock market.

7. Conclusion

In order to promote the implementation of the new development concept and meet the requirements of sustainable development, both domestically and internationally, there is a growing emphasis on requiring companies to disclose ESG information. This paper constructs a basic framework for using ESG information disclosure to serve the new development concept through analyzing the connotations of ESG information, the current research and development status of ESG information disclosure at home and abroad, and the necessity analysis of ESG information disclosure. It exposes the shortcomings of ESG information disclosure in terms of mode and scope, uneven quality, absence of independent audit certification institutions, frequent occurrence of “greenwashing” fraud, and provides solutions in the context of the new development concept.

Based on a review of existing literature, this paper proposes the following suggestions for addressing the shortcomings of corporate ESG information disclosure under the new development concept: First, at the enterprise level, establish a localized expression of company ESG information and cultivate a correct value perception of ESG information disclosure, understanding that high-quality information disclosure can reconcile the economic and social benefits of enterprises. Second, at the national level, implement a comprehensive and moderately inclusive information disclosure model, address the shortcomings of the ESG information disclosure system of listed companies, and improve the ESG information disclosure system in a balanced manner.

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