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From Compliance to Strategy: Paradigm Shift in Corporate ESG Practices

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Abstract: *This article comprehensively analyzes the evolution of corporate Environmental, Social, and Governance (ESG) practices, transitioning from an initial phase of compliance-oriented practices (ESG 1.0) to a mature phase led by strategic integration (ESG 2.0). The paper begins with a retrospective of the historical development of corporate ESG practices, highlighting that in the early 21st century, corporate focus on ESG was predominantly centered on meeting external regulations and standards. With the deepening understanding of sustainable development goals, businesses have started to recognize ESG as a core component of their strategy, realizing that robust ESG practices can bring long-term benefits to the company. The article further explores the current state of corporate ESG cognition and action, noting that most businesses still remain at a basic stage in their ESG practices. Additionally, it delves into key issues in ESG management, such as the role of the board of directors, the allocation of management functions, the construction and implementation of performance management frameworks, and strategies for information disclosure. Lastly, the paper forecasts the future development of ESG practices, emphasizing the challenges and opportunities that businesses will face, with an anticipation of a further deepening and maturation of ESG practices.*

Keywords: *Corporate ESG Practices; Compliance to Strategy Transition; Sustainable Development; Corporate Governance; Environmental Protection; Social Responsibility*

1. The New Phase of ESG Development: From Compliance to Strategic Leadership

(1) The Era of ESG 1.0: Centered on Compliance Disclosure. In the early 21st century, the corporate world's focus on Environmental, Social, and Governance (ESG) was primarily concentrated on compliance, marking the era of ESG 1.0. During this period, corporate understanding and response to ESG were mainly focused on meeting external legal regulations and standards. Chen (2024)[1] argues that at this stage, corporate ESG practices were mostly reactive, centered around compliance reporting, and lacked the initiative and foresight to deeply integrate ESG principles into corporate strategy and culture.

(2) The Era of ESG 2.0: Strategic Leadership at the Core. As global recognition of sustainable development goals deepened and the value of ESG gained significance, businesses gradually entered the era of ESG 2.0. In this new phase of development, ESG transformed from a mere compliance requirement into a vital component of corporate strategy. Businesses began to realize that sound ESG practices could bring long-term benefits, such as enhancing corporate reputation, strengthening customer loyalty, attracting and retaining talent, and boosting investor confidence. During this period, businesses focused not only on ESG compliance but also on achieving sustainable growth through ESG practices.

In the ESG 2.0 era, differences in corporate ESG cognition and practice became increasingly evident. Some leading companies deeply integrated ESG into their business models and corporate culture, viewing it as a vital source of innovation and competitive advantage. These companies not only considered sustainability in technological and product innovation but also exhibited higher standards and achievements in corporate governance, employee relations, and social responsibility[2]. In contrast, many

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businesses were still in the initial stages of ESG practice. Their understanding of ESG may have remained at the compliance level, failing to fully comprehend and implement the strategic value of ESG. This difference not only reflected the varying levels of corporate recognition of the importance of ESG but also the disparities in resource allocation, management capabilities, and cultural concepts among different businesses. As the market's attention to ESG continues to rise, these gaps between businesses might further widen, thereby affecting their long-term competitiveness and sustainable development capacity.

2. The Current State of Corporate ESG Cognition and Action

Qiu, et al. (2024)[3] argue that in the digital age, co-evolution is not limited to interactions between biological entities but also includes the interplay between humans and technology. Human-machine co-evolution can be seen as a dynamic, interdependent evolutionary relationship where humans and technology influence each other, evolving together to adapt to the ever-changing environment. This concept highlights the role of technology in shaping human behavior and culture, as well as the human influence on and shaping of technology.

(1) Most Enterprises Still at a Basic Stage in ESG. Despite the growing global emphasis on Environmental, Social, and Governance (ESG), the current ESG practices of most enterprises are still at a relatively basic stage. Mo, et al. (2024)[4] believe that at this stage, enterprises' understanding of ESG is mostly superficial, dominated by compliance, rather than viewing ESG as a core part of strategy. This trend is evident across various industries and regions. Although some progress has been made in aspects like environmental protection, employee rights, and corporate transparency, these efforts are often fragmented and do not form a comprehensive, systematic ESG strategy.

(2) The Relationship between ESG and Traditional Corporate Management: The introduction of ESG has brought new challenges and opportunities to traditional corporate management. Wang, et al. (2024)[5] suggest that for most enterprises, effectively integrating ESG strategy into the existing corporate management system is an urgent problem to solve. Currently, many management teams still view ESG as a field separate from core business, lacking deep strategic integration.

(3) Formation of Market Consensus on ESG Value: As the global emphasis on the concept of sustainable development increases, corporate performance in ESG has become an important dimension in measuring their overall competitiveness. Pan (2023)[6] believes that the formation of market consensus on ESG value signifies that enterprises are no longer driven solely by internal motivations in implementing ESG strategies but are increasingly influenced by external market forces. Investors, customers, regulatory bodies, and the public have raised higher expectations for corporate ESG performance, impacting not only brand image and market share but also financing costs and investment returns. Dou (2024)[7] argues that driven by market consensus, more and more enterprises are realizing that good ESG practices are not only a manifestation of corporate social responsibility but also key to long-term business success[8]. Chen (2024)[9] suggests that businesses are beginning to shift from a passive response to ESG requirements to an active integration of ESG strategies, considering them as important means to enhance core competitiveness and sustainable growth capacity.

However, enterprises still face numerous challenges in realizing a consensus on ESG value. Firstly, the implementation of ESG strategies requires profound adjustments in organizational structure, management processes, and cultural concepts. Secondly, effective ESG practices require enterprises to accurately capture and respond to rapidly changing market trends and regulatory environments.

3. Key Issues in ESG Management

3.1 Who Manages: The Role of the Board and Daily Management

As shown in table 1, in the corporate ESG governance system, the role of the board of directors is crucial, with its dominant position in ESG management highlighting the core value of the corporate governance structure. The board is responsible for formulating the company's ESG strategy, ensuring that this strategy aligns with the company's overall objectives and vision, and overseeing the management's execution of ESG aspects. Under the guidance of the board, enterprises can establish clear ESG goals, such as reducing greenhouse gas emissions, enhancing social responsibility standards, and achieving higher governance transparency. Additionally, the board needs to monitor progress in these areas and disclose information externally, thus enhancing the enterprise's transparency and credibility.

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However, the board's function does not involve the daily management activities of ESG, which requires the formation of an effective internal execution mechanism to ensure the implementation of the ESG strategy.

Table 1: Division of Roles between the Board of Directors and the ESG Management Department in Corporate ESG Management

Aspect	Board of Directors	ESG Management Department
Role in ESG Management	Formulate ESG strategy	Implement and execute ESG strategy
Responsibilities	Align ESG strategy with company's overall goals	Develop specific action plans
Oversight and Monitoring	Oversee management's execution of ESG aspects	Supervise execution of action plans
Strategic Guidance	Provide direction and guidance	Translate guidance into practical actions
Transparency and Reporting	Monitor progress and disclose information externally	Collect, analyze data and report progress

Source: Compiled by this Study

Pan, et al. (2023)[10] believe that effective daily ESG management requires these departments to possess professional knowledge and skills and to exert extensive influence within the organization, driving the entire organization towards ESG goals. When selecting the ESG management department, Tai, et al. (2024)[11] consider the challenge to be ensuring that this department can both fully understand and implement the board's ESG strategy and effectively collaborate with other departments of the enterprise, ensuring that the implementation of ESG measures is both comprehensive and efficient. This requires enterprises to consider factors such as organizational structure, internal resource allocation, and inter-departmental collaboration when establishing the ESG management department.

3.2 Allocation of Management Functions: Five Main Approaches

In the corporate ESG management system, determining the allocation of ESG management functions is a key decision, as different allocation methods reflect varying understandings and strategic positioning of ESG by businesses. Currently, there are primarily five ways in which businesses allocate ESG management functions, each with its unique characteristics and applicable scenarios, as shown in Table 2.

Table 2: Approaches to ESG Management Function Allocation

Factor	Consideration	Impact on ESG Management
Organizational Structure	Adaptation to ESG principles	Efficiency in implementing ESG policies
Resource Allocation	Allocation of resources for ESG initiatives	Effectiveness of ESG strategies
Interdepartmental Collaboration	Cooperation across departments	Comprehensive integration of ESG
External Environment Adaptation	Responsiveness to market and regulations	Relevance and compliance of ESG
Knowledge and Skill Development	Continuous learning and updating	Keeping up with ESG trends and practices

Source: Compiled by this Study

(1) Some businesses assign ESG management to departments closely linked with the capital market, such as Investor Relations or the Board Office, effectively aligning with market expectations and meeting investor and regulatory needs. However, this may neglect ESG's application in internal management and operations, according to Zhong, et al. (2024)[12]. (2) Assigning ESG management to branding departments like Public Relations and Marketing enhances the corporate brand and market influence but risks reducing ESG practices to marketing elements, not deeply integrated into core strategies and operations. (3) The Strategy or Collaborative Development Department managing ESG is typical in businesses recognizing its complexity and aiming for interdepartmental collaboration, ensuring ESG's close integration with overall strategy and long-term goals but requiring a comprehensive understanding and integration of ESG's multifaceted complexity. (4) Specific management departments handling ESG, such as Safety, Environmental Protection, EHS, and HR, have deep expertise in ESG issues, offering

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professional management but risking isolating ESG practices without a unified, comprehensive perspective. (5) Wang (2024)[13] believes that establishing an independent ESG department ensures focused professionalism and promotes organizational consensus on ESG importance and strategy implementation but may require significant organizational adjustments and additional resources.

3.3 Selection and Challenges of the ESG Management Department

As shown in Table 3, in the process of determining the allocation of ESG management functions, enterprises face the significant challenge of selecting the appropriate management department. An ideal ESG management department should possess cross-disciplinary knowledge and understanding, capable of integrating ESG principles into the enterprise's daily operations and strategic planning. However, Zhang, et al. (2024)[14] believe that this task is not easy, as it requires enterprises to take a comprehensive approach, considering organizational structure and culture, internal resource allocation, and inter-departmental coordination.

Table 3: Challenges and Strategies in Selecting ESG Management Departments

Challenge	Strategy	Expected Outcome
Comprehensive Understanding	Develop thorough knowledge of ESG goals	Effective implementation of ESG strategy
Interdepartmental Coordination	Facilitate cross-departmental collaboration	Integrated approach to ESG management
Adaptation to Change	Continuous learning and adaptability	Responsiveness to evolving ESG standards
Resource Allocation	Ensure adequate resources for ESG activities	Optimal execution of ESG initiatives
Skill Enhancement	Ongoing training and skill development	Keeping pace with ESG trends and best practices

Source: Compiled by this Study

Firstly, enterprises must weigh the pros and cons of assigning ESG management functions to an existing department versus establishing a new ESG department. Leveraging existing resources and expertise in a current department may be convenient, but it might lack the comprehensive expertise required to address all ESG issues. For instance, delegating ESG duties to the Human Resources or Finance departments can ensure focus on employee welfare or financial compliance but may not encompass the full spectrum of ESG considerations. On the other hand, creating an independent ESG department could provide specialized focus and expertise but might necessitate significant investments and structural adjustments. Secondly, when forming an ESG management department, businesses also need to contemplate effective internal coordination and collaboration. ESG issues span various enterprise aspects like operational management, supply chains, employee relations, and community involvement, necessitating cross-departmental cooperation and communication for effective ESG management. The ESG department should operate within its scope while also promoting ESG principles organization-wide, ensuring strategic and executional coherence. This requires the ESG department to have substantial internal influence and communication skills to coordinate various departments and teams towards common ESG objectives. Lastly, the ESG department must navigate challenges related to external environmental changes. Given the rapid evolution of global environmental shifts, social dynamics, and governance practices, ESG topics are continually evolving. The department must continuously monitor these changes and adapt the company's ESG strategies and practices in response to external developments, demanding foresight, adaptability, and a flexible response to market and regulatory changes[15].

4. Enhancing, Tracking and Evaluating ESG Performance

4.1 Construction and Implementation of the Performance Management Framework

As indicated by Wen, et al. (2024)[16], constructing an effective corporate ESG performance management framework is essential for reflecting the overall performance in environmental, social, and governance aspects, closely aligned with the long-term strategic objectives of the enterprise. Initially, enterprises must identify the purpose of ESG performance assessment, such as enhancing sustainability, bolstering social responsibility, or improving corporate governance. Subsequently, it's imperative to define specific, quantifiable Key Performance Indicators (KPIs), like reducing greenhouse gas emissions, increasing employee satisfaction, or optimizing governance structures, to accurately reflect ESG progress.

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Shen, et al. (2024)[17] suggest that the implementation of this framework spans multiple organizational levels and necessitates the collective effort of all relevant departments and employees. To ensure effective implementation, enhancing employees' understanding of ESG significance through training and communication is crucial, along with clarifying their roles and responsibilities in ESG initiatives. Moreover, integrating ESG performance indicators with daily tasks and long-term objectives can significantly boost engagement in ESG goals. Additionally, collaboration with suppliers and business partners is vital to ensure the ESG performance across the supply chain meets expectations, for instance, by establishing assessment and selection criteria to encourage sustainable practices. Finally, performance evaluation plays a pivotal role in the effective functioning of the ESG management framework. Regular collection and analysis of relevant ESG data to assess alignment with predefined objectives and subsequent adjustments and improvements are necessary. This process involves evaluating achieved goals, analyzing reasons for unmet objectives, and devising future improvement strategies. Transparent and timely performance evaluations not only aid enterprises in better understanding their ESG performance but also demonstrate to stakeholders the efforts and accomplishments in ESG practices. Through such evaluations and feedback mechanisms, enterprises can continually refine their ESG strategies, advancing towards sustainable development goals.

Table 4: Framework for ESG Performance Management and Implementation

Aspect	Description	Objective
Framework Purpose	Defining the goals of ESG assessment	Enhancing sustainability, social responsibility, and governance
Key Performance Indicators (KPIs)	Specific, quantifiable measures	Reflecting ESG progress
Implementation Levels	Involving various organizational layers	Ensuring effective framework execution
Employee Engagement	Training and defining roles and responsibilities	Increasing commitment to ESG goals
Data Collection and Analysis	Systematic approach to gather ESG data	Assessing and improving ESG performance

Source: Compiled by this Study

4.2 Strategies and Implementation for Performance Enhancement

Table 5: Strategies and Implementation for ESG Performance Enhancement

Aspect	Strategy	Outcome
Identifying Weaknesses	Analyze current ESG performance	Identify areas for improvement
Setting Targets	Define specific, measurable ESG goals	Align ESG goals with business strategy
Employee Involvement	Engage employees through training and role definition	Enhance commitment and participation
Stakeholder Collaboration	Collaborate with suppliers, customers, and regulators	Ensure comprehensive strategy implementation
Continuous Tracking	Establish ESG data monitoring and assessment	Adapt and improve ESG strategies

Source: Compiled by this Study

As shown in Table 5, in ESG performance management, the formulation and implementation of strategies are crucial for enhancing an enterprise's ESG performance. An effective performance enhancement strategy should be based on an in-depth analysis of the enterprise's current ESG performance, combined with its strategic objectives and resource allocation. First, enterprises need to identify key weaknesses and areas for improvement in ESG. For instance, if an enterprise underperforms in environmental protection, it may need to invest in new technologies or optimize existing processes to reduce resource consumption and waste production. In terms of social responsibility, improvements might be required in workplace diversity and inclusivity, or in strengthening interactions and cooperation with the community. The implementation of performance enhancement strategies requires consensus within the enterprise, ensuring that all departments and employees understand their roles and responsibilities in achieving ESG goals. This requires not only the support and leadership of the top management but also effective communication and training to ensure employees' awareness and

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commitment to ESG objectives. For example, enterprises can raise employee awareness through regular ESG-related training and seminars and incorporate ESG performance as an important indicator in employee performance evaluation. Additionally, enterprises should establish effective communication and cooperation mechanisms with external stakeholders such as suppliers, customers, and regulatory bodies to ensure the comprehensive implementation of ESG strategies.

Effective performance enhancement also relies on continuous tracking and evaluation of ESG measures by the enterprise. A systematic ESG data collection and analysis system needs to be established to monitor the implementation effects and impacts of various ESG measures. This includes regular assessment of the progress of ESG-related projects, identification of existing issues and challenges, and adjusting ESG strategies and plans according to actual circumstances. Through such continuous tracking and evaluation, enterprises can not only ensure their ESG initiatives align with predetermined goals but also timely identify new opportunities for improvement, thus continuously enhancing their overall performance in ESG.

4.3 Methods of Performance Tracking and Evaluation

As shown in Table 6, in corporate ESG practices, performance tracking and evaluation are key components for ensuring the effective implementation of ESG strategies. Effective performance tracking and evaluation mechanisms can help enterprises monitor their performance in environmental, social, and governance aspects, identify areas for improvement, and provide a basis for future strategic adjustments[18]. First, performance tracking requires enterprises to establish a comprehensive set of indicators that reflect the enterprise's performance in all aspects of ESG and are closely related to the enterprise's strategic objectives. For example, enterprises can set specific KPIs related to reducing greenhouse gas emissions, increasing employee satisfaction, or improving supply chain management. Additionally, enterprises need to establish effective data collection and analysis systems to ensure that the information collected is accurate, timely, and truly reflects the enterprise's ESG performance.

Table 6: Methods for ESG Performance Tracking and Evaluation

Aspect	Method	Purpose
Comprehensive Indicators	Establish a full set of ESG indicators	Reflect enterprise's ESG performance
Data Collection System	Implement effective data collection and analysis	Ensure accuracy and timeliness of ESG data
Departmental Involvement	Involve multiple departments	Facilitate comprehensive tracking
Regular Review	Conduct periodic assessments	Identify and address implementation issues
Performance Evaluation	Perform quantitative and qualitative analyses	Summarize ESG practices and set improvement directions

Source: Compiled by this Study

The implementation of performance tracking involves multiple departments and levels within the enterprise. Tang, et al. (2024)[19] believe that to ensure the effectiveness of performance tracking, enterprises need to make sure that relevant departments and employees are clear about their roles and responsibilities in ESG practices and understand how their actions impact the overall ESG performance. Enterprises also need to regularly review and evaluate the implementation of ESG strategies, promptly identifying and resolving issues that arise during the implementation process. For example, if progress in reducing energy consumption is not as expected, the enterprise might need to reassess its current energy management strategies and look for new energy-saving measures or technologies.

Finally, performance evaluation is a summary and reflection of the enterprise's ESG practices. It involves not only the assessment of achieved objectives but also the analysis of reasons for unachieved objectives and the setting of directions for future improvements. Zhang, et al. (2024)[20] believe that performance evaluation should be comprehensive and objective, including both quantitative and qualitative analyses. Enterprises can evaluate their ESG performance by comparing it with past performance, predetermined objectives, or industry benchmarks. This process helps enterprises better understand their performance in ESG, identify potential risks and opportunities, and adjust their ESG strategies and plans based on the evaluation results. Through such performance evaluation and feedback mechanisms, enterprises can continuously optimize their ESG practices, enhancing their overall performance in environmental, social, and governance aspects, thereby achieving the goal of sustainable

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development.

5. Strategies for ESG Information Disclosure

5.1 What to Disclose: Selecting the Content for External Presentation

As indicated in Table 7, determining the content for ESG information disclosure is pivotal for effectively communicating an enterprise's ESG endeavors. Initially, enterprises must elucidate their overarching understanding and integration of ESG within their business strategy and operations. This disclosure should provide detailed insights into specific environmental, social, and governance initiatives and accomplishments, illustrating the enterprise's ESG commitment and actions. For instance, details on efforts to mitigate environmental impact, improve employee welfare, and enhance governance transparency should be shared. Furthermore, enterprises should articulate their ESG objectives and their synergy with the broader business strategy. These objectives ought to be concrete, measurable, and congruent with the long-term development outlook of the enterprise. The context, execution plans, and anticipated outcomes of these objectives should be conveyed to bolster external stakeholders' trust in the enterprise's ESG approach. For example, disclosure could include precise targets for carbon emission reduction over a set period, accompanied by the strategies and measures implemented to meet these targets. Lastly, a comprehensive portrayal of the ESG management system and the efficacy of ESG practices in disclosures is essential. This encompasses an overview of the ESG management framework, processes for managing various ESG aspects, and the achievements in these domains. For instance, enterprises might demonstrate the enforcement of environmental safeguards via internal policies and how employee engagement in social responsibility is fostered through training and incentives.

Table 7: Strategies for ESG Information Disclosure

Aspect	Content	Purpose
Overall ESG Understanding	Disclose overall understanding and integration of ESG	Show commitment and ESG practices
Specific Practices and Outcomes	Detail specific actions in key ESG areas	Demonstrate practical impact and achievements
ESG Targets	Publish specific, measurable ESG goals	Link ESG goals with business strategy
Management System and Effectiveness	Present the ESG management structure and effectiveness	Highlight the ESG management and its impact
Transparency	Ensure clear, understandable information	Build trust with stakeholders

Source: Compiled by this Study

5.2 How to Disclose: Choosing the Appropriate Disclosure Framework and Channels

As Table 8 illustrates, selecting suitable frameworks and channels for ESG information disclosure is critical for ensuring effective information dissemination. Initially, enterprises should opt for disclosure frameworks aligned with international standards and best practices, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). These frameworks offer globally recognized indicators and guidelines, facilitating consistency and comparability in disclosures and aiding in accurately conveying ESG performance, thereby enhancing external reporting credibility. Furthermore, the detail and frequency of disclosures must be considered to maintain timeliness and relevance. For instance, comprehensive ESG information can be shared through annual sustainability reports, complemented by timely updates through quarterly releases, press statements, or social media. When choosing disclosure channels, the information needs and preferences of diverse stakeholders should be taken into account. Traditional channels like annual reports and corporate websites are ideal for in-depth, comprehensive information, whereas social media, webinars, and digital platforms are better suited for quick updates and highlighting specific aspects. For professional investors and analysts, detailed data analyses might be necessary, whereas the general public and consumers may require more accessible and understandable presentations of ESG efforts and achievements. Employing a multi-channel approach ensures broad outreach and effective information transmission. In executing ESG disclosures, the accessibility and transparency of information are paramount. This entails focusing on the accuracy and completeness of the content and making it understandable and accessible. For example, employing charts, case studies, and storytelling can make information more engaging and comprehensible. Moreover, it's vital to ensure disclosed information reflects the latest ESG progress and outcomes, keeping stakeholders informed about the enterprise's ESG efforts and performance. Such disclosure strategies enable enterprises to effectively establish and maintain a positive ESG image, boosting credibility and attractiveness among stakeholders[21].

Table 8: Choosing the Right Framework and Channels for ESG Disclosure

Aspect	Description	Purpose
Disclosure Frameworks	Select frameworks aligning with international standards	Ensure consistency and comparability
Detail and Frequency	Determine the level of detail and frequency of disclosures	Maintain timeliness and relevance
Traditional Channels	Use annual reports and corporate websites	Provide comprehensive, detailed information
Digital Platforms	Utilize social media, webinars, and digital platforms	Quickly convey updates and highlight specifics
Accessibility and Transparency	Ensure easy understanding and availability of information	Build trust and maintain stakeholder engagement

Source: Compiled by this Study

5.3 To Whom to Disclose: Identifying the Audience

As depicted in Table 9, a crucial element of an ESG information disclosure strategy is the precise identification of the target audience. Given the diverse needs and focuses of different stakeholders on ESG information, enterprises must accurately tailor their disclosure to the intended audience. Initially, it is imperative for enterprises to recognize and comprehend the characteristics and requirements of their key stakeholders. For example, investors may prioritize environmental risk management and long-term sustainability, whereas consumers might emphasize the social and environmental implications of products. Consequently, enterprises need to modulate the content and depth of information to cater to these distinct groups effectively. For investors, detailed ESG performance data and risk assessments should be provided, while for consumers, the focus should be on the environmental attributes of products and social responsibility initiatives. Furthermore, in identifying the target audience, enterprises should also consider the purpose and intended impact of the disclosure. Different audiences may have varied responses to ESG information, and the most suitable audience should be selected based on strategic goals. For instance, to enhance appeal in sustainable investment, the primary audience might be socially responsible investors and green funds, whereas for improving brand image and consumer loyalty, the focus could be on the general public and consumers. Ensuring that the disclosure aligns with strategic objectives is essential to maximize its impact. Lastly, in determining the audience, enterprises must also heed legal and regulatory requirements for disclosure. Compliance with the regulations of different countries and regions is mandatory, and adherence to international ESG disclosure standards and trends is crucial to ensure global applicability and consistency of disclosures. Through such strategies, enterprises can fulfill legal and regulatory obligations while effectively communicating their ESG practices to a global audience. By accurately targeting the audience and catering to their information needs, enterprises can effectively convey their ESG initiatives, thereby enhancing their global sustainability and competitiveness.

Table 9: Identifying the Target Audience for ESG Disclosure

Aspect	Description	Purpose
Stakeholder Characteristics	Identify and understand stakeholder needs	Tailor ESG information to specific audiences
Investor Focus	Detailed ESG performance data for investors	Address investor concerns on ESG risks and sustainability
Consumer Focus	Emphasize product environmental and social impact	Appeal to consumer values and interests
Strategic Alignment	Match disclosure with strategic objectives	Maximize impact of disclosure on business goals
Legal and Regulatory Compliance	Consider legal requirements in different regions	Ensure global applicability and consistency

Source: Compiled by this Study

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6. The Outlook of ESG Practices

As global sustainable development awareness rises, enterprises will integrate ESG more deeply into their core business and strategies, transitioning ESG from a compliance role to a key driver of innovation, competitive advantage, and growth. Faced with evolving ESG standards and a dynamic market, enterprises must continually update their knowledge and skills, enhancing internal ESG management capabilities and adjusting strategies promptly. Moreover, globalization will increasingly influence ESG practices, necessitating adherence to both domestic and international standards to maintain global competitiveness.

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