

Analysis of the Impact of ESG on Corporate Financial Performance in the Context of "Dual Carbon"

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Abstract: With the continuous advancement of the "dual carbon" goal and the demand for high-quality economic development, the market competition among enterprises is becoming increasingly fierce. In this context, it is an important task for enterprises to further clarify the impact of ESG on their financial performance and explore feasible coping strategies. Based on this, this paper provides a brief overview of ESG and analyzes the mechanism of ESG on corporate performance in the "dual carbon" environment. Then, from the dimensions of environmental, social and corporate governance, the impact on the financial performance of enterprises is further discussed, and corresponding suggestions are put forward.

Keywords: "Dual carbon"; ESG; Corporate financial performance; Effect

1. Introduction

ESG (Environmental, Social and Governance) is an investment philosophy that focuses on corporate social responsibility to drive sustainable development of companies, while at the same time, it also has a significant impact on their financial performance. The goal of "dual carbon" has promoted the society's attention and attention to the concept of ESG, and the analysis of the impact of ESG performance on the financial performance of enterprises has also become the focus of attention.

2. The basic connotation of ESG

The purpose of ESG information disclosure is to protect the interests of different stakeholders, improve the company's social image, and also be a good information sharing platform, including environmental protection, social management, control, financial information, etc. To make it easier for the audience to understand, such information can be written or electronic, such as documents. In the current environmental impact, CSR performance has become an important indicator of its sustainable development ability.

ESG is a social responsibility concept first proposed in the world in 2024, and in 2006, the international principles of socially responsible capital included this indicator in the scope of investment decisions. Since then, ESG has increasingly become a major basis for evaluating the investment value of companies in foreign capital markets. In the context of "carbon peaking and carbon neutrality", corporate ESG has become an issue of widespread concern in the world, but in China, the research on this theory started late, so the development of its system is relatively lagging behind. Driven by the goal of "dual carbon", more and more listed companies are voluntarily disclosing ESG and adding it to their corporate strategic goals. In order to obtain a higher level of ESG evaluation, enterprises will inevitably increase investment in environmental protection and social responsibility fulfillment, increase cost input, and ultimately affect performance^[1].

3. The mechanism by which ESG affects corporate performance

In today's era of accelerating urbanization, rapid population growth and depletion of resources, sustainable and sustainable development has become an important goal pursued by the whole society. The purpose of "sustainable development" is to promote equality and win-win results in economic, social and ecological dimensions, achieve common development, and emphasize the premise of environmental protection to achieve high-quality economic development. The goal of ESG is to bring long-term benefits to the company by investing in environmental, social and governance aspects, so as to promote greater value. As an effective means

to measure the social obligations undertaken by enterprises, ESG information disclosure can not only demonstrate the quality of honesty and trustworthiness of enterprises, but also help enterprises establish reliable reputation, which is conducive to building and maintaining win-win partnerships.

Through ESG information disclosure, enterprises can not only effectively use their own information resources, but also reflect the resources of different enterprises more truly, so that it can have stronger competitiveness in the market, better attract the attention of investors, and provide investors with more attractive investment options. Therefore, the integrity of ESG information is very important for the success of the enterprise, which can bring a good development environment for the enterprise, so that the enterprise can win greater business success and create excellent economic performance. All in all, the use of ESG can significantly improve corporate performance and play a vital role in promoting the long-term sustainable development of enterprises, which in turn can help promote social progress.

4. The impact of ESG on corporate performance in the context of "dual carbon"

Outstanding ESG performance can reflect a company's attention to external social responsibility and a strong understanding of environmental protection. Through the analysis of the performance of some enterprises in ESG information disclosure and a large number of relevant data, the author believes that in the long run, the impact of ESG implementation on corporate efficiency is positive, which is conducive to the realization of sustainable enterprise development. However, there is a process of value conversion in the investment and response of ESG, and there is a certain time lag in its effect, so enterprises should change their development thinking and actively adapt to this concept. Managers of enterprises must fully understand the true connotation and value of ESG, change the traditional thinking that the implementation of ESG will increase the cost of the company, and integrate ESG thinking into the company's long-term strategic layout. By strengthening ecological and environmental protection, taking the initiative to assume social responsibility, and at the same time improving the company's governance structure and management methods, and optimizing the allocation of various resources, we can improve the competitiveness of enterprises and promote the company's long-term sustainable development [2].

After a long period of development, the financial performance of companies with outstanding ESG performance will be improved accordingly, which will be conducive to the long-term sustainable development of the company. In the process of developing enterprises, pay attention to environmental protection, achieve the purpose of sustainable development, and establish a good image of the company, which can be of great help to attract foreign funds, so that the company's financing ability is gradually enhanced. For example, as a company's investment in social responsibility increases, the company's ESG performance will gradually improve, and the proportion of profitability and development capabilities in the company's performance will also increase year by year, which will lay a solid foundation for the company's future financial performance growth.

5. Suggestions on the construction of ESG system under the concept of "dual carbon"

5.1 Institutional level

ESG has been developing in China for a relatively short period of time, and it is not perfect enough in terms of information disclosure mechanism, evaluation methods and evaluation indicators. To this end, the government and relevant departments should learn from the mature international ESG evaluation standards and establish a set of ESG evaluation and rating methods and indicators suitable for China's actual situation, so as to better evaluate the company's ESG performance and scientifically evaluate its sustainable development ability. Give a certain preference to those companies with high ESG ratings and complete information disclosure standards, so as to promote the continuous improvement of ESG performance.

At the same time, it is necessary to take the initiative to improve the information disclosure system, and clarify the requirements for disclosure, such as the object, information content, heatstroke prevention method and a series of issues, so that the company has a basis to follow, so that the important information can be quantified and the quality is stable, and the authenticity and integrity of the information are ensured. A reward and punishment mechanism for ESG information disclosure can be established, rewarding enterprises that actively disclose ESG information, and punishing enterprises that do not disclose or disclose false information in accordance with regulations.

5.2 At the enterprise level

Enterprises should pay more attention to the application of ESG concepts in daily production, and infiltrate ESG concepts into their production activities. Managers should organically combine ESG concepts with corporate decision-making mechanisms to comprehensively improve the operational efficiency of enterprises. To rapidly promote the green transformation and upgrading of enterprises in the "dual carbon" environment, it is necessary to pay attention to the green production of enterprises and consider the

production efficiency of enterprises. The concept of ESG is of great help in promoting the sustainable development of enterprises, and it is also a very important part of the national strategic goals, and its long-term development cannot be ignored. For external investors, the company's ESG performance is part of the consideration in investment decisions. When making investments, investors need to pay attention not only to the company's financial performance, but also to the company's environmental governance, social responsibility and corporate governance, so as to facilitate the acquisition of effective data on the long-term sustainable development of the company.

In addition, under the background of "dual carbon" and the concept of high-quality development, the implementation of ESG must also reflect innovation-driven. For example, for energy companies that practice ESG concepts, they should establish clear innovation and R&D goals, increase investment in technological innovation and R&D capabilities, and develop more energy-saving and cleaner production technologies and environmental protection equipment, so as to achieve innovation advantages and first-mover advantages in the market. At the same time, it is also necessary to actively absorb the technological advantages of other companies, create its own green technology, continuously improve the company's production efficiency, reduce the waste of resources, and create profits for the company [3].

6. Conclusion

To sum up, in the context of "dual carbon", the impact of ESG factors on corporate financial performance is complex and multi-dimensional. Therefore, in order to achieve the positive impact of ESG factors on the financial performance of enterprises, enterprises need to actively practice ESG concepts and integrate ESG factors into their daily business activities by formulating comprehensive strategic plans. At the same time, it is also necessary to strengthen communication and cooperation with investors and stakeholders to enhance its market competitiveness, achieve sustainable development and win-win situation, and contribute to high-quality economic development.

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