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A Study on ESG Information Disclosure and International Market Expansion of Enterprises

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Abstract: *As global sustainable development frameworks continue to be integrated into international trade and supply chain governance, ESG disclosure is increasingly becoming a vital support for enterprises seeking to expand into international markets. Standardized disclosure can enhance cross-border information transparency, reduce transaction costs, strengthen compliance signaling, and bolster market expansion capabilities through the accumulation of reputation and relationship assets. However, there are still several challenges, including inadequate alignment with international regulatory frameworks, imperfect data collection and verification mechanisms, insufficient coverage of supply chain information, and a disconnection between disclosure practices and international business operations. It is essential to strengthen the alignment of international rules, improve data governance and supply chain ESG management, and integrate disclosure outcomes into international business decision-making processes, thereby transforming the advantages derived from ESG information into competitive advantages in the global marketplace.*

Keywords: *ESG information disclosure; international market expansion; cross-border information transparency; supply chain management; market value transformation*

1. Introduction

As environmental issues receive increasing attention, the adoption of a sustainable development strategy of balancing economic and environmental benefits to address the challenges they pose to economies and societies has become a central concern across political, social, and commercial domains. ESG information disclosure has evolved from being a key mechanism for enterprises to fulfill their sustainable development responsibilities to serving as a critical benchmark for overseas clients, investors, and partners in assessing operational quality and compliance capabilities of enterprises. Existing research indicates that robust ESG performance can facilitate enterprise internationalization and export growth by reducing information asymmetry, enhancing market trust, and improving access to resources. Consequently, it is imperative to further analyze the mechanisms through which ESG information disclosure influences international market expansion, the practical challenges it faces, and viable pathways for optimization.

2. The Mechanism through Which ESG Information Disclosure Empowers Enterprises in Expanding into International Markets

2.1 Enhance cross-border information transparency and reduce international market transaction costs

When enterprises enter international markets, overseas customers, investors, and partners often lack a comprehensive understanding of their operational performance, environmental responsibilities, and governance standards; cross-border distances, institutional disparities, and limited access to information further exacerbate information asymmetry[1]. ESG information disclosure enables the transformation of non-financial information, such as environmental performance, social responsibility, and corporate governance, into operational signals that overseas stakeholders can readily discern. This enhances the transparency of an enterprise's sustainable operational performance, thereby allowing overseas stakeholders to more accurately assess the enterprise's operational stability and potential risks. As information transparency increases, overseas entities face reduced information search and verification

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costs during the selection of partners, qualification assessment, risk evaluation, and transaction negotiations. Furthermore, adverse selection and transaction frictions stemming from information deficiencies are mitigated, which in turn lowers cross-border transaction costs and creates more favorable trading conditions for enterprises to expand their exports and engage in international business activities.

2.2 Strengthen the dissemination of ESG compliance information to enhance international market access capabilities

The criteria for market access in international markets have evolved from a reliance solely on traditional factors, such as product price and quality, over the past period to encompass additional dimensions, including environmental protection, labor rights, corporate governance, and supply chain responsibility; all of these dimensions align with the requirements of sustainable development. An enterprise's ability to fully demonstrate its compliance status regarding ESG directly influences the assessment of its eligibility for market access by overseas market participants. ESG information disclosure enables enterprises to transform their actual performance in green production, employee protection, governance standards, and fulfillment of responsibilities into clear, comprehensible compliance information. This process allows overseas clients, buyers, and key enterprises within the industrial chain to assess the extent to which the enterprise complies with international sustainable development standards. Moreover, the provision of robust compliance information can alleviate the concerns of overseas market participants regarding environmental, social, and governance risks, thereby enhancing the market acceptance of the enterprise's products and operational activities. Consequently, this approach helps mitigate entry barriers arising from insufficient compliance transparency, increasing the enterprise's likelihood of successfully entering target markets and integrating into international supply chain systems[2].

2.3 Build enterprise reputation and relationship resources to strengthen international market expansion capabilities

International market expansion is characterized by sustainability; whether an enterprise can expand its customer base or deepen its partnerships after entering a new market is closely linked to its international reputation and the accumulation of external resources[3]. ESG information disclosure enables an enterprise to consistently convey to overseas stakeholders its image that attaches great importance to environmental responsibility, social responsibility and governance norms, allowing its sustainable business practices to gradually build into brand credibility and a reputation for responsibility. A strong ESG reputation helps enhance the recognition of an enterprise's long-term operational stability among consumers, investors, and business partners, while also strengthening relationships with multinational clients, financial institutions, and supply chain partners. As trust relationships and collaborative networks continue to expand, enterprises become better positioned to secure new business opportunities, financial resources, and market resources; existing partnerships gain greater longevity, thereby creating a virtuous cycle in which reputation building, relationship deepening, and market expansion reinforce one another, thereby enhancing the enterprise's capacity for sustainable international market expansion.

3. Practical Challenges in Using ESG Information Disclosure Services for International Market Expansion of Enterprises

3.1 Insufficient alignment between disclosure standards and international rules; weak comparability of cross-border information

At present, there remain significant disparities among enterprises in their ESG information disclosure regarding indicator selection, statistical methodologies, and disclosure boundaries. Some enterprises organize their disclosures primarily based on domestic rating models or their own management needs, which lack a consistent correspondence with the key indicators, such as carbon emissions, labor rights, and governance responsibilities, that are widely prioritized in overseas markets. Even when disclosing the same matters, direct comparisons may be challenging due to differences in the scope of accounting, measurement approaches, and temporal reference periods. When expanding into different countries and regions, enterprises often need to reorganize and convert relevant information, which increases the costs of adapting their disclosures and may compromise the ability of

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overseas clients and investors to accurately assess an enterprise's sustainable operational performance. Insufficient alignment of standards makes it difficult to establish unified and clear cross-border representations of ESG information, thereby diminishing its recognizability and comparability in international markets.

3.2 The ESG data collection and verification mechanism is inadequate, resulting in insufficient authenticity and credibility of the disclosed information

ESG information sources are relatively fragmented; environmental data, employee-related data, and governance information are typically managed by separate departments, such as production, environmental protection, human resources, and finance, meaning the internal data chain has not yet been fully integrated. Some enterprises still rely on manual data entry and periodic summary, which can lead to issues such as inconsistent statistical measurement criteria, incomplete source records, or delayed data updates. For specialized indicators, such as carbon emissions or energy consumption, the absence of a unified accounting basis and verification procedures may result in estimation inaccuracies. The lack of comprehensive traceability throughout the data generation process makes it difficult for external parties to verify the disclosed information. When the disclosed information does not effectively correspond to the original business records, the authenticity and verifiability of that information are undermined, thereby diminishing the trust that overseas stakeholders place in an enterprise's ESG performance.

3.3 Inadequate coverage of supply chain ESG information and relatively weak support capabilities for cross-border due diligence management

The international market's focus on ESG-related information has gradually expanded beyond an enterprise's own operations to encompass various supply chain segments, such as raw material procurement, supplier production, and logistics and transportation. However, the scope of disclosures made by some enterprises remains primarily limited to their own operations, with insufficient understanding of the environmental responsibilities, labor practices, and carbon emission data of their upstream suppliers. Particularly when the supply chain involves multiple tiers, obtaining data from secondary and lower-tier suppliers can be highly challenging; as a result, such information tends to remain confined to the list of primary suppliers or qualitative descriptions[4]. When overseas customers request information regarding a product's carbon footprint, the sourcing of raw materials, or the verification of supplier responsibilities, enterprises may struggle to establish a continuous and comprehensive chain of evidence. This inadequate coverage of supply chain information makes it difficult for ESG information disclosures to support cross-border due diligence assessments and also increases the compliance burden on companies operating within the international supply chain ecosystem.

3.4 Insufficient alignment between ESG information disclosure and international business operations, coupled with limited capability to convert market value into tangible benefits

Some enterprises still view ESG information disclosure primarily as a reporting or compliance exercise, with the disclosed information lacking effective alignment with their international customer acquisition efforts, brand building initiatives, and overseas business decision-making processes. Although these reports cover environmental, social, and governance (ESG) information, they often rely predominantly on general descriptions and fail to adequately highlight the green attributes, responsibility management practices, or governance strengths that are of particular relevance to target markets; as a result, business departments find it difficult to directly apply this information in customer communication or market development activities. The absence of a clear linkage between ESG information and product value, brand positioning, or customer needs also makes it challenging to translate disclosure outcomes into tangible market advantages. This creates a disconnection where "information has been disclosed, but it has not been utilized in business operations", thereby limiting the practical value of ESG information in strengthening customer relationships, enhancing brand recognition, and driving international business growth[5].

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4. Optimal Pathways for Enterprises to Optimize Their International Market Expansion Through ESG Information Disclosure

4.1 Strengthen alignment with international disclosure standards to enhance the cross-border comparability of ESG information

Enterprises shall establish a rule-mapping mechanism based on their actual export destinations, the review requirements of overseas clients, and prevailing international disclosure frameworks, thereby preventing the preparation of ESG reports solely in accordance with domestic disclosure practices. The sustainability, legal, financial, and overseas operations departments may jointly develop a three-tier mapping framework comprising "International Regulations - Client Requirements - Enterprise Indicators", specifying for each high-frequency indicator, such as greenhouse gas emissions, energy consumption, occupational health, employee rights, and board governance, the boundaries of calculation, measurement units, statistical periods, and disclosure bases. Enterprises operating in multiple markets, including the European Union, Southeast Asia, and the Middle East, may maintain a unified baseline data table and then generate tailored disclosure versions based on the regulatory requirements, industry standards, and client review criteria of each respective market, thereby reducing redundant statistical efforts and inconsistencies in measurement criteria. When regulatory requirements evolve, enterprises shall synchronously update their indicator repository, disclosure templates, and internal operational manuals, while maintaining version control records; this ensures that operational departments remain promptly informed of the currently applicable standards. For key clients, enterprises shall standardize the terminology of indicators in both Chinese and English, ensure consistent unit conversions, and align timeframes, thereby preventing discrepancies in numerical values for the same indicator across annual reports, ESG reports, bidding documents, and client questionnaires. For indicators exhibiting significant differences in measurement criteria, enterprises may include explanatory notes regarding calculation methodologies, scope boundaries, and data sources during disclosure, thereby mitigating potential misinterpretations by overseas counterparts.

4.2 Strengthen the ESG data collection and verification mechanism to enhance the authenticity and credibility of disclosed information

The key to enhancing the credibility of ESG disclosures lies in integrating ESG data management into daily operational processes, rather than merely conducting ad-hoc data aggregation during the reporting phase. Enterprises can establish a data accountability framework based on three key dimensions of environment, employee, and governance, thereby explicitly defining, for each dimension, the responsible department, the accountable role, the data collection frequency, the calculation formulas, and the requirements for original supporting documents. For instance, energy consumption data should correspond to electricity bills, energy management systems, or equipment logs; employee data should align with human resource system records; and governance data should be traceable to board resolution documents and internal control records. Prior to entering the disclosure stage, enterprises may implement a three-tier verification workflow: "data submission by the responsible department → review by the designated oversight department → confirmation by the management." Additionally, early-warning mechanisms should be established for scenarios such as abnormal year-on-year fluctuations, unit conversion errors, or changes in statistical boundaries; if such anomalies exceed acceptable thresholds, the enterprise must provide a justification and retain approval records. For estimated, missing, or adjusted data, enterprises should properly document the calculation methodologies, alternative bases, and revision trails, avoiding the practice of retaining only the final results without explaining their derivation process. For key indicators that are of particular concern to international clients, such as carbon emissions and pollutant emissions, enterprises may prioritize the adoption of independent verification or third-party audits, and feed any issues identified during such verification processes back into the data collection phase of the subsequent cycle. Enterprises may also maintain an ESG data issue registry to systematically track and rectify recurring errors, redundant revisions, and ambiguities in accountability. This establishes a data chain characterized by "traceable origins, trackable processes, verifiable anomalies, traceable modifications, and verifiable outcomes", which helps reduce instances of misreporting, omissions, or contradictory information, thereby alleviating concerns among overseas clients regarding "greenwashing" or selective disclosure practices.

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4.3 Enhance ESG information management within the supply chain to strengthen cross-border due diligence support capabilities

ESG management within supply chains requires a strategic shift from merely collecting supplier certification documents to implementing tiered management, continuous tracking, and risk mitigation measures. Enterprises can categorize suppliers into three tiers: core, high-risk, and general, based on factors such as procurement volume, the criticality of raw materials, environmental impact, geographic location, and the risk of supply disruption, while establishing differentiated information requirements for each tier. For core suppliers, enterprises should regularly request data on carbon emissions, environmental permits, labor practices, major penalties, and certification status; for high-risk suppliers, enterprises may conduct targeted audits or on-site verification; whereas for general suppliers, enterprises should maintain basic compliance documentation suffices, thereby avoiding excessively high management costs resulting from uniform data collection practices. Procurement contracts and supplier qualification documents shall explicitly specify the obligations to provide ESG data, commitments to data authenticity, deadlines for reporting major incidents, and corrective action requirements; furthermore, serious environmental violations, forced labor practices, and failure to disclose relevant data shall be incorporated as criteria for supplier evaluation and potential adjustments to supplier relationships. For products subject to stringent carbon footprint requirements, enterprises may systematically aggregate key data across the "raw materials - processing - transportation" value chain, enabling them to clearly demonstrate the origins of primary raw materials, production stages, and transportation-related emissions. For key secondary suppliers, enterprises may leverage their primary suppliers to transmit information submission requirements, thereby progressively enhancing the depth of data penetration across the supply chain. Supplier information shall also be integrated with the procurement system, risk registry, and customer due diligence documentation; should any penalties, certification failures, or missing critical data occur, review and corrective actions shall be promptly triggered.

4.4 Promote the integration of ESG disclosure into international operations to enhance the ability to convert market value

For ESG disclosure to truly support international market expansion, it should be integrated into specific business processes, such as customer acquisition, bid submission and pricing, brand communication, supplier admission, and contract renewal, rather than being confined to annual reports alone. The overseas business departments can create ESG requirement profiles tailored to different countries, industries, and key customers, documenting the key areas of customer audits, including carbon emissions, green certifications, employee rights, and supply chain responsibility, and leverage existing ESG data to generate readily accessible customer profile packages. When participating in international bidding processes, relevant environmental indicators, certification status, emission reduction achievements, and governance information should be embedded into qualification documentation and technical proposals, enabling ESG strengths to directly align with the procurement party's scoring criteria; when engaging with large multinational clients, corresponding evidence should be provided in accordance with their supplier admission standards to minimize subsequent redundant document submission and communication costs. For brand communication, ESG value can be demonstrated through specific products or business scenarios, such as low-carbon manufacturing, clean energy usage, sustainable packaging, or responsible procurement, rather than relying on vague statements of responsibility. Enterprises may also establish an "Disclosure Information Usage Ledger" to record which ESG-related information is utilized for customer admission, order negotiations, contract renewals, or brand initiatives; the marketing department can then report back on the indicators that customers care about most, frequently inquire about, or find most persuasive. For disclosure items with low usage frequency or low customer relevance, repetitive presentation can be minimized; for information that influences admission and procurement decisions, the depth of disclosure and the frequency of updates should be increased.

5. Conclusion

There exists a close linkage between ESG information disclosure and international market expansion of enterprises; the role of ESG information disclosure has evolved from mere information disclosure to encompassing multiple aspects, including cross-border transactions, market access, supply chain management, and international operations. Enhancing the quality of such disclosures can improve

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information transparency, compliance awareness, and international reputation of enterprises; however, the alignment of regulatory frameworks, the credibility of data, supply chain information management, and the translation of operational insights into practical outcomes remain critical constraints to fully realizing this potential. Moving forward, enterprises should continuously refine disclosure frameworks that align with international standards, strengthen digital data governance and supply chain information tracking, and foster the deep integration of ESG information with overseas customer development, brand building, and strategic decision-making, thereby enhancing the sustainability and resilience of their international market expansion efforts.

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