Research on the Progress of International Sustainability Reporting Standards and Their Enlightenment for Chinese Enterprises

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Abstract: The rule-system for global sustainability information disclosure is undergoing profound transformation. The International Sustainability Standards Board (ISSB) has formally issued standards for sustainability disclosure, while well-established disclosure frameworks such as GRI and TCFD are continuously updated and iterated. ESG information disclosure by enterprises worldwide is gradually moving toward standardization and mandatory implementation. Against the backdrop of China's "Dual-Carbon" strategy, capital markets have imposed increasingly stringent regulatory constraints on sustainability-related information disclosed by listed companies. Nevertheless, practical implementation among domestic enterprises still reveals prominent problems, including the separation of financial data and ESG information, disordered selection of disclosure frameworks, and uneven information quality. From the perspective of financial management, this paper sorts out the development context of mainstream international sustainability reporting frameworks including ISSB, GRI and TCFD. It compares practical differences between Chinese and foreign sustainability-disclosure systems, identifies problems arising from domestic listed companies' implementation, analyzes the impacts of international standards on corporate financial management and capital-market supervision in China, and explores optimized paths for sustainability-information disclosure adapted to China's national conditions. This research provides references for improving domestic ESG disclosure quality and promoting the coordinated realization of corporate financial performance and sustainability-development goals.

Keywords: *ISSB; sustainability reporting; ESG information disclosure; financial management; Dual-Carbon*

I. INTRODUCTION

Climate change and green transformation have been deeply embedded in all links of global economic activities. Sustainability-information disclosure has evolved beyond voluntary corporate social-responsibility reporting and become an indispensable information carrier for capital markets. In 2023, the International Sustainability Standards Board (ISSB) released two core standards, IFRS S1 and IFRS S2, establishing a globally-oriented benchmark for sustainability-information disclosure. In the same period, the EU CSRD Directive and new SEC climate-disclosure rules in the United States came into force one after another, ushering in an era of mandatory sustainability reporting.

Policy iteration is also underway in China. Guided by the national "Dual-Carbon" goal, the China Securities Regulatory Commission together with the Shanghai and Shenzhen Stock Exchanges have refined ESG-disclosure guidelines for listed companies to guide enterprises to publish sustainability-related information. However, practical outcomes show that Chinese enterprises are still in the preliminary stage of sustainability-reporting practice. Many enterprises suffer from disconnection between ESG disclosure and traditional financial reports, insufficient capacity for risk quantification, and inconsistent disclosure criteria across entities. For local enterprises conducting overseas businesses, complying with multiple domestic and foreign disclosure rules brings substantial compliance burdens.

Existing studies on sustainability-disclosure systems are mostly conducted from environmental-science or legal-regulatory perspectives. Few researches adopt a financial-management viewpoint to explore the internal relationships between sustainability reporting and corporate financial accounting, financing management and cost control. Adopting literature review, standard comparison and case analysis, this paper interprets latest developments in international sustainability-reporting systems. Combined with the real-world conditions of Chinese enterprises, it discusses opportunities and challenges brought by new international standards, and puts forward practical enlightenment suitable for local enterprises.

II. DEVELOPMENT AND CORE CONTENTS OF MAINSTREAM INTERNATIONAL SUSTAINABILITY-REPORTING FRAMEWORKS

A. ISSB International Sustainability Disclosure Standards

Developed for capital-market investors, the ISSB standards focus on sustainability risks and opportunities that may materially affect enterprise value. They consist of two modules: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. A core feature of ISSB standards lies in their emphasis on the financial impacts of sustainability issues. Enterprises are required to explain how sustainability risks affect corporate cash flows, assets, liabilities and operating costs, so as to build logical connections between sustainability information and financial statements for investors' valuation. Compared with traditional social-responsibility reports, ISSB sets higher requirements for traceability and assurance of disclosed information, raising the threshold for enterprises' internal data governance.

B. GRI Global Reporting Initiative Framework

The GRI framework enjoys the widest global application and targets diversified stakeholders. It covers environmental, social and governance dimensions and focuses on corporate social-responsibility performance and external social impacts. GRI emphasizes enterprises' external social influences, whereas ISSB concentrates on how sustainability issues affect enterprises' own financial value. The two frameworks are complementary yet differ fundamentally in materiality assessment: GRI applies stakeholder-oriented double materiality, while ISSB adopts investor-focused single materiality. Many multinational enterprises prepare sustainability reports under both frameworks[1].

C. TCFD Task Force on Climate-related Financial Disclosures

TCFD takes financial disclosure of climate risks as its core objective. It constructs a complete system covering governance, strategy, risk management, metrics and targets, and serves as an important source for the formulation of ISSB standards. Promoted by TCFD, more enterprises have incorporated climate-risk management into financial management procedures, converting transition risks and physical climate risks into quantifiable financial exposures and laying foundations for global climate-related information disclosure.

Reviewing the evolution of major international frameworks, several trends can be observed: disclosure requirements have shifted from voluntary practice to statutory mandatory rules; sustainability information is no longer isolated from financial reporting with increasingly close interconnections; risk quantification and scenario analysis are gaining importance, and purely qualitative descriptions can hardly satisfy market demands. Disclosure objectives and value orientations of global sustainability reporting keep evolving alongside standard iterations[2].

III. CURRENT SITUATION AND PRACTICAL DILEMMAS OF SUSTAINABILITY-INFORMATION DISCLOSURE AMONG CHINESE ENTERPRISES

Driven by domestic regulatory policies, an increasing number of A-share listed companies have released ESG and sustainability reports. Nevertheless, multiple deficiencies remain when examined from a financial-management perspective.

A common problem is the separation between financial and ESG information. Many enterprises compile sustainability reports independently from financial statements. Expenditure for green transition, relevant operating costs and asset impairment losses caused by climate risks are not reflected in notes to financial statements. Decoupled reporting prevents external investors from evaluating the actual impacts of sustainability factors on corporate operating performance.

Disclosure-framework selection remains disordered. Enterprises may adopt GRI, domestic official guidelines or self-designed frameworks. Diverse statistical criteria hinder horizontal comparability of disclosed information. Some reports are marketing-oriented: they highlight positive achievements while evading transformation risks and negative environmental performances.

Deficiencies exist in corporate internal data governance. Specialized ESG data collection procedures are absent in many firms. Indicators are manually collected without integration into financial-accounting systems. Poor traceability of raw data and excessive qualitative descriptions create great obstacles for subsequent sustainability-information assurance and verification[3].

Enterprises engaged in overseas investment and financing face multi-rule compliance conflicts. They need to satisfy domestic requirements together with international standards such as ISSB and CSRD. Conflicting focus areas across different rules increase workload for financial and risk-control departments.

IV. IMPACTS OF INTERNATIONAL SUSTAINABILITY-REPORTING STANDARDS ON CHINA'S MARKET

A. Impacts on Corporate Financial Management

International standards urge enterprises to redefine responsibilities of financial departments. Beyond accounting for historical transactions, financial teams are required to forecast potential influences of sustainability risks on future cash flows, asset impairment and financing costs. Financial staff need to participate in green-transition strategic planning and complete risk-scenario calculations. High-quality sustainability disclosure can mitigate information asymmetry in green financing and improve financing conditions; meanwhile, data collection and report preparation generate additional administrative costs.

B. Impacts on Capital Markets and Investors

Unified international disclosure standards help domestic and foreign investors identify sustainability-related risks of Chinese listed companies and guide capital toward green and low-carbon industries. Meanwhile, higher demands are raised for information-interpretation capabilities of China's capital market, calling for integrated analytical frameworks combining finance and ESG factors.

C. Impacts on Regulatory System Construction

ISSB standards provide references for China's institutional construction, yet direct copying is infeasible. China differs from overseas jurisdictions in industrial structure, capital-market maturity and enterprise strength. Domestic rule-making should take national conditions as the foundation, absorb rational elements from international standards, build China-specific sustainability-disclosure institutions, and strike a balance between compliance costs and disclosure quality.

V. ENLIGHTENMENT OF INTERNATIONAL SUSTAINABILITY-REPORTING DEVELOPMENT FOR CHINESE ENTERPRISES

A. Enterprise Level: Deepen Integration between ESG Governance and Financial Management

Many enterprises still treat sustainability reporting merely as public-relations material. This misconception should be corrected, and sustainability-related matters ought to be fully incorporated into full-cycle financial management. Enterprises shall improve internal data systems, connect business, financial and ESG ledgers to enhance indicator quantification capacity. Financial departments should participate in sustainability governance, and climate-transition risks shall be included in evaluation of asset impairment and cash-flow forecasting. Enterprises conducting overseas businesses shall coordinate multiple sets of disclosure rules and differentiate disclosure priorities for domestic and overseas scenarios to reduce redundant work. Instead of mechanically copying foreign templates, enterprises shall construct disclosure frameworks matching industrial characteristics, and truthfully reveal transformation risks while demonstrating development opportunities.

B. Financial Practitioners: Develop Compound Professional Competence

Sustainability-disclosure practice sets new directions for the finance profession. Based on mastery of traditional accounting and financial-management knowledge, financial practitioners need to study sustainability-disclosure rules, develop scenario-analysis capabilities, and understand accounting and disclosure requirements for green-related businesses. Universities offering financial-management majors may optimize curricula to cultivate compound-talents for capital markets.

C. Regulatory Level: Construct Sustainability-Disclosure System with Chinese Characteristics

While drawing upon rational components of ISSB standards, domestic disclosure guidelines shall be formulated based on China's industrial reality. Mandatory disclosure can be implemented step-by-step. Differentiated requirements shall be set for enterprises of different industries and sizes to balance affordability of large listed firms and small-and-medium-sized enterprises. Supervision over authenticity of disclosed information shall be strengthened; the regulatory system and top-level design for sustainability-information assurance shall be improved[3], so as to realize positive interaction with international rules and support implementation of the national Dual-Carbon strategy.

CONCLUSION

The ISSB-led international sustainability-reporting-standard system marks a new phase of global sustainability-information disclosure. Its core value lies in establishing logical links between sustainability issues and corporate financial value. Compared with international mature practices, Chinese enterprises are still improving their sustainability-reporting systems. Disconnection between finance and ESG as well as insufficient data quality remain prominent practical problems.

Facing opportunities and challenges brought by international standards, direct transplantation of foreign institutions cannot adapt to China's reality. Enterprises, the finance industry and regulatory authorities should make joint efforts. By integrating international advanced experience with domestic conditions, China can continuously improve sustainability-disclosure quality, realize synergies between corporate financial performance and green sustainability, and fuel high-quality economic development.

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