

Exploring Chinese Sustainable Path Based on International Sustainable Disclosure Guidelines

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Abstract

As international sustainable disclosure standards accelerate their integration, the convergence of global sustainable disclosure frameworks is strengthening. However, regional differences and gaps in corporate practices remain significant. This paper examines the evolution and focus of existing international sustainable disclosure standards, China's localization efforts, and corporate practices from three dimensions. It analyzes the core requirements of international mainstream standards and academic disputes regarding the feasibility of disclosure and data quality, revealing theoretical breakthroughs and practical challenges in China's research on mandatory disclosure, report verification, and other fields. On this basis, the case study of Myriad Medical is used to analyze the innovative path of Chinese enterprises in sustainable development. The study indicates the design and application of sustainable disclosure guidelines is of significance for entering global capital markets and promoting development concepts such as carbon peaking and carbon neutrality. On the corporate side, companies should enhance strategic resilience by prioritizing the identification of key issues, establishing a tiered data management mechanism, gradually improving disclosure capabilities, and flexibly designing disclosure schemes. Meanwhile, sustainable development disclosure requires strengthened institutional safeguards to promote the integration of China's sustainable development practices with the international governance system, providing replicable transformation models for emerging market countries.

Keywords: Sustainability Disclosure; IFRS; ESG; Sustainable Disclosure System; Myriad Medical

1. Introduction

On June 26, 2023, the International Sustainability Standards Board (ISSB) issued International Financial Reporting Sustainability Disclosure Standard No.1 - General Requirements for Disclosure of Sustainability-Related Financial Information (IFRS S1) and International Financial Reporting Sustainability Disclosure Standard No. 2 - Disclosure of Climate-Related Information

(IFRS S2), stipulating that enterprises shall issue sustainability disclosure reports, which will take effect on January 1, 2024. The issuance of these two ISSB standards marks a new phase in the development of sustainable disclosure, with sustainable-related disclosure and related assurance services entering an era of standardized development. To better integrate into international capital markets and promote high-quality economic development in China, on May 27, 2024, China officially released the "Enterprise Sustainable Disclosure Standards — Basic Standards (Draft for Public Comment)." This signifies that sustainable disclosure by Chinese enterprises has entered an era of national standardized regulations, which not only aligns with international ISSB standards but also aligns with the trends of the times. The formulation of China's "Enterprise Sustainable Disclosure Standards — Basic Standards (Draft for Public Comment)" is based on the overarching direction of international sustainable disclosure standards, adapted to China's national conditions. It combines the universality of international sustainable disclosure standards with the uniqueness of China's characteristics. It is necessary to conduct a systematic review and research on China's exploration of sustainable disclosure standards.

2. Relevant Provisions of Existing Sustainable Disclosure Standards

IFRS S1 requires an entity to disclose material information about its sustainability-related risks and opportunities, with the objective of disclosing sustainability information in a way that facilitates the provision of information to users of the resource for decision-making purposes. IFRS S1 requires that an entity's disclosure of sustainability-related information should be fairly presented and that the quality of the sustainability-related information disclosed by the entity should be of appropriate quality characteristics. The core components of IFRS S1 are governance, strategy, risk management, metrics, and objectives. The core elements of IFRS S1 are governance, strategy, risk management, and metrics and objectives. IFRS S1 requires that an entity's disclosure of sustainability-related information should be based on the disclosure topics in the ISDS and SASB standards, taking into account their applicability; that the location of the sustainability report depends on the entity's applicable regulatory or other requirements; and that it should be reported for the same period as the financial statements and provide comparable information for the previous period. Period and provide comparable information for the previous period.

The IFRS S2 standard, which addresses the topic of climate change, has a high degree of consistency in its conceptual underpinnings and general requirements with IFRS S1, which requires that business entities disclose information about climate-related risks and opportunities. In terms of governance, IFRS S2 emphasizes the need to understand the governance processes, controls, and procedures that a business entity uses to monitor and manage climate-related risks and opportunities; in terms of strategy, the need to understand the business entity's strategy for managing climate-related risks and opportunities; in terms of risk, IFRS S2 requires that climate-related risks be categorized into physical and transformational risks and that an assessment be made of the inherent risks and the impacts of the response; and in terms of indicators and targets, the need to assess the impacts of the response; and in terms of the impacts of the response. And

the assessment of the impacts of their inherent risks and responses; and for indicators and targets, to understand the performance of the business in relation to climate-related risks and opportunities and the related progress made.

On July 31, 2023, the European Commission adopted the first 12 EU Sustainability Reporting Standards (ESRS), which are available in 23 official languages and apply to all companies subject to the Corporate Sustainability Reporting Directive (CSRD). The ESRS provides for exemptions from disclosure of quantitative information on climate-related opportunities, with the exception of qualitative information during the transition period and the non-disclosure of climate-related opportunities if the quality of information is not met. The ESRS is characterized by quantitative disclosure of the expected financial impacts of material physical and transition risks, aggregated financial impacts by type of risk, scope, methodology, and parameters, and by cross-indexing and quantitative reconciliation tables. ESRS requires that the relevance of disclosures to financial statement information be deepened and quantified through the use of cross-indexing and quantitative reconciliation tables and that the quantification include not only the inherent risks but also the measures to address the risks.

On March 21, 2022, the U.S. Securities and Exchange Commission (SEC) issued Draft Enhanced and Regulated Disclosure of Climate-Related Information for Investors (the New Climate Disclosure Rule). The New Climate Disclosure Regulation provides that a subject should assess the financial impact of the current period in terms of financial impact indicators, expenditure indicators, financial estimates, and assumptions. The New Climate Disclosure Regulation clarifies the specific location of climate-related risk disclosures and sets threshold requirements for materiality judgments. Unlike the IFRS and ESRS, the SEC's new climate disclosure rule assesses the financial impact of climate-related risk information for the current period and establishes measures such as dual protection and "safe harbors" to protect registrants.

Promoting the establishment and implementation of sustainability disclosure standards globally is needed by many and is in line with the current trend, Cecília and Miguéis (2022) examine the reasons for voluntary sustainability reporting by unlisted companies, adopting a multi-case study methodology and investigating five manufacturing companies in Spain. There are two main reasons for the voluntary preparation of sustainability reports: the needs of specific customers and parent companies, and the need to communicate with the company's stakeholders. In addition, they identified problems with the integration of information between sustainability and financial reporting, which are presented as separate reports. Goedertier et al. (2024) use consumer data obtained from a large-scale survey investigating 24,798 participants in 20 countries and one special administrative region (SAR) to explore whether consumers would pay for sustainable brands. The survey analyzed the data using Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) to ensure comparability of the data across geographies. The results show that people's consumer attitudes are shifting, and they are more inclined to spend more money on sustainable and inclusive brands, which are influenced by socio-ecological factors. Farooq et al. (2021) study examined the disclosure practices of listed companies in the member countries of the Cooperation Council for the Arab States of the Gulf (CACG). They found that although the rate of sustainability reporting increased throughout the sample period, the vast

majority of GCC-listed companies do not engage in sustainability reporting. The rate of use of internationally recognized standards also declined. Li et al. (2021) assessed information content by examining panel data of more than 2,600 non-financial U.S. listed companies over the period 2014 - 2018 and regressing market value or stock price on sustainability disclosure and ESG scores. They found that ESG scores are positively related to market value and price. Yavuz et al. (2024) examined the impact of the nature of ownership (majority shareholder, foreign, or institutional) and board composition (size, gender diversity versus expatriate directors) on ESG disclosure. The analysis distinguishes between financial and non-financial firms and reveals the differential impact of corporate governance mechanisms on ESG performance in different industries. Foreign ownership and the presence of foreign and female board members are positively associated with higher ESG disclosure, while equity concentration is negatively associated with ESG performance. Martínez-Ferrero et al. (2016), on the other hand, focus on the voluntary disclosure of information by firms and the asymmetry of information between different market players. They argue that this is particularly important in environments characterized by a high level of concern and commitment to stakeholders. Li et al. (2024) investigate how ESG efficiency affects corporate innovation. They argued that ESG is one of the most important indicators of resource utilization within a firm. By studying the data of Chinese A-share listed companies from 2009 to 2021, the researchers found that the level of ESG efficiency shows a positive relationship with firms' innovation. This suggests that higher ESG efficiency is conducive to promoting corporate innovation. Stavropoulou et al. (2023) argue that the green balanced scorecard enables firms to monitor their environmental progress and energy use and quantify their achievements in reducing their ecological footprint. Firms should prioritize the construction of an energy efficiency management system based on a sustainable balanced scorecard, which will help them achieve the organization's strategic environmental goals. Chen et al. (2025) found that China, Kazakhstan, Mongolia, and Pakistan, countries that are more concerned with the critical need for environmentally and socially sustainable development, and which also have significant energy reserves, are in the "They also have important energy reserves and play a significant role in the green and sustainable development goals of the Belt and Road.

3. Literature Review

In recent years, scholars in China have also devoted themselves to exploring the field of sustainable disclosure. In order to maintain long-term sustainable development, enterprises should not only pay attention to their own business activities, but also pay attention to their impact on the environment and society, and through the establishment of a sound governance mechanism, enterprises can obtain development opportunities and investors' favor. Therefore, ESG has become an important indicator for evaluating the sustainable development of enterprises. It is necessary and urgent to formulate sustainability disclosure standards in line with China's national conditions. On the one hand, China's current sustainability disclosure system focuses more on the disclosure of corporate governance information, with different disclosure rules and no standardized guidelines. On the other hand, the high-quality development of the national economy and the construction of carbon neutrality need to pay attention to sustainable development, which

also plays an important role in the participation of Chinese enterprises in the international supply chain and the response to the EU carbon tariff.

On May 27, 2024, China issued the "Corporate Sustainability Disclosure Guidelines - Basic Guidelines (Draft for Public Comments)", which means that China officially opened the curtain of establishing a sustainability disclosure system, which is of great significance for the establishment of sustainability disclosure guidelines in China, and for conforming to the development trend of the economy and society at home and abroad. The formulation of the Basic Guidelines is very much characterized by Chinese characteristics. The development of the Basic Code was evaluated over a three-month period, covering state-owned enterprises, private enterprises, foreign-funded enterprises, listed companies, and financial institutions. It is the final draft for comment based on discussions and practices from various parties and the opinions of ISSB experts. It is expected that by 2027, the Basic Code and the climate-related disclosure guidelines will be issued successively; and by 2030, China's sustainable disclosure system will be basically completed and continuously improved.

The Basic Standards outline the objectives and principles for providing information users with critical sustainability risk opportunities and impacts, aligning the quality requirements of sustainability disclosures with financial information standards. They emphasize that corporate sustainability disclosures must encompass four core elements: governance, strategic planning, risk and opportunity management, and key performance indicators (KPIs). The release of the Exposure Draft of the Basic Guidelines responds to the economic development trend at home and abroad, helps to promote enterprises to accelerate green transformation, safeguard the fairness and justice of the society, and promotes the harmonious coexistence of human beings and the nature, and is a necessary way to realize high-quality development. The Trinity sustainable disclosure standard framework system of basic standards, specific standards, and application guidelines demonstrated under the basic standards provides guidelines for the sustainable disclosure of information by enterprises in China, meets the needs of the disclosure requirements of the international capital market, is based on the national conditions, highlights the characteristics, and embodies the openness and inclusiveness of the atmosphere by adopting the best of all worlds.

Table 1. The current state of research on sustainable disclosure standards by Chinese scholars

Chinese scholar	Focus of research	Conclusions of the study
Huang (2022)	The combination of international standards and Chinese practice, ESG disclosure and corporate value relevance, and other directions.	Construct a framework of "core disclosure + local expansion", implement mandatory disclosure step by step, establish "national standards for environmental information accounting", and develop a public platform for ESG data.
Cheng (2022)	Analysis of the need for the	Strengthen international cooperation, take into

	establishment of international sustainable disclosure standards and analysis of the enforceability and international applicability of ISDS.	account the differences in the development of different countries and regions, and appropriately reduce the difficulty of disclosure or provide transitional arrangements.
Ye (2022)	Interpretation of the European Sustainability Reporting Guidelines, Climate-related Disclosure Guidelines, and Carbon Emission Reduction.	Follow structured organizational development guidelines to maximize the value of disclosure using digital technology enablement.
Wang (2022)	Construction of a nationally harmonized system of sustainability disclosure guidelines.	Expedite the issuance of environmental thematic guidelines on climate change, guidelines on forensics for sustainable development reports, and increase interoperability provisions.
Wu (2022)	Significant Areas of Controversy in the Implementation of ISSB's Sustainability Disclosure Guidelines.	Enhance multistakeholder communication and cooperation and promote the participation of jurisdictions and stakeholders in the evaluation of ISSB standards.
Qi (2022)	Analysis of the logic, progress, and outcomes of the development of existing international sustainability disclosure standards.	Focus on internationalization and convergence in the top-level design of sustainable disclosure standards.
Wang (2022)	ESG reports identify international trends.	Introduce a mandatory forensic mechanism for sustainability reporting.

However, there is still a long way to go in establishing a sound system of sustainable disclosure standards in China. The formulation of sustainable disclosure standards should take into account both the cost-benefit issues faced by enterprises and their ability to make relevant disclosures, all of which will affect the reliability of disclosure information. Huang (2021) argued that there are more existing frameworks on ESG disclosure internationally, and there is a lack of effective communication and coordination between disclosure standard-setting organizations, with varying standards that make quantitative comparisons difficult. This may lead to difficulties for report preparers to choose the appropriate standard-setting framework for report preparation, which in

turn leads to higher preparation costs, violates the principle of cost-effectiveness, and is not in line with the original intention of advocating green and low-carbon development. Cheng (2023) argued that the development of a set of globally harmonized international sustainability disclosure standards is an inevitable trend, but the successful implementation of the standards depends on the ability of each country and region to combine internationalized standards with their own national reality for subsequent preparation, as well as the demand of investors and stakeholders for the use of the international sustainability disclosure standards.

The basic guidelines implemented in China are applicable to enterprises established in the People's Republic of China that carry out sustainability disclosure in accordance with the regulations. China's basic guidelines do not have a one-size-fits-all mandatory implementation requirement, but rather a gradual, pilot-first approach, progressing gradually from listed companies to non-listed companies, from large enterprises to small and medium-sized enterprises, and expanding from directional to quantitative requirements. In terms of the feasibility of the guidelines, Ye and Huang (2022) indicated that the SEC's new climate disclosure rules are more excellent. First, from the requirement to disclose Scope 1 and Scope 2 emission indicators respectively, it can be seen that the SEC's attitude towards promoting climate governance is resolute; second, as a securities regulator, the SEC's disclosure rules are more pragmatic, with sufficient cost-benefit argumentation, taking into account the interests of both investors and registrants and the overall idea of more feasible. In terms of the relationship between sustainability reporting and financial reporting, Huang and Wang (2023) argued that the ISSB Guidelines treat sustainability-related financial disclosures as part of the financial report, but they are not suitable for accounting practice because they do not meet the definition of the elements of the financial report or because some forward-looking information cannot be reliably measured in monetary terms. Both preferred the EFRAG approach, whereby the sustainability report is separate from the financial report and the two together constitute the company report.

In terms of advancing the implementation of the standard, Ye and Cai (2022) argued that enterprises should conduct as detailed objective measurements as possible to predict the overall impact of the standard's implementation. As the accounting recognition, measurement, and disclosure of climate-related risks have a greater impact on financial statements, some enterprises need to reassess the corresponding assets and projected liabilities to reflect the best estimate of the current situation and inevitably face the pain of transition. Therefore, China's enterprises must promote the energy transition in an orderly manner and do sufficient psychological construction. Ye and Huang (2023) argued that Apple's assessment and disclosure of the financial impact of climate-related risks is superior and worthy of reference. On the one hand, Apple's inherent risk ratings, specific countermeasures first qualitative assessment, visual demonstration of risk and countermeasures after the effect of the landing, and then finally use the unit to quantify the financial impact of risk assessment; on the other hand, Apple's use of historical data-based prediction methods for quantitative data processing, more simple than situational analysis and data can be verified, increasing the credibility of information, and facilitating the information user to assess the relevant risks through historical data, which is worth learning. On the other hand, Apple's quantitative processing of data based on historical data forecasts is simpler than scenario

analysis and the data is verifiable, which increases the credibility of the information and makes it easier for information users to analyze the information through historical data.

Regarding the question of how China should formulate sustainability disclosure guidelines, Wang et al. (2023) stated that China, as the second largest economy in the world, should not copy the guidelines issued by ISSB in its entirety, but should draw on the ISDS, ESRS, and SEC's new climate disclosure regulations, and formulate a sustainability disclosure guideline that is suitable for China's national conditions based on China's actual situation. Wang (2023) argues that the development of sustainability disclosure guidelines in China needs to rely on an implementation guarantee mechanism. He advocates the construction of a guideline implementation guarantee mechanism through six aspects, such as the regulatory system, underlying standards, infrastructure, internal control, forensic system, and regulatory system, to escort the development of China's sustainability disclosure guidelines. At the same time, he believes that it is necessary to define the subject of reporting and related concepts in the relevant standards, i.e., whether the subject of continuous disclosure reporting should be the same as the subject of financial statement reporting and whether the related concepts have the same characteristics. Qi and Ren (2023) suggest that the formulation of China's sustainability disclosure standards should follow the principle of international convergence, conduct more in-depth theoretical research on the concept of materiality, coordinate with the actual situation of various parties to establish specific standards, and put China's designation of sustainability disclosure standards on the agenda as soon as possible from the top-level design. According to Wang et al. (2023), the development of sustainable disclosure standards in China is particularly critical to curbing "greenwashing" behavior. At present, there are different degrees of "greenwashing" in the disclosure of information in China's environmental information market, where companies disclose information that is favorable to them but retain unfavorable information, or even fabricate environmental monitoring data to create a false impression of greenness on the surface. This kind of "greenwashing" behavior is easy to mislead stakeholders but affects the sustainable development of enterprises. In response to the "greenwash" behavior, Huang (2023) also said that China should strengthen the research and governance of "greenwash", implement an independent forensic mechanism for ESG reports, improve the quality of ESG reports, and avoid ESG reports from becoming a numbers game.

With regard to the assurance of sustainability disclosure information, Wang (2023) argues that the role of the audit committee in sustainability disclosure should be repositioned to strengthen its supervisory responsibilities and to utilize the audit's previous experience in the assurance of accounting information to reflect the future sustainable development of the business entity. Wu and Ju (2023) have doubts about the authenticity of sustainability disclosure information and emphasize the importance of external assurance. On the one hand, the development of non-financial reporting standards for assurance is slow, and assurance without standard constraints has a greater impact on the authenticity of disclosure information; on the other hand, there is controversy over the provider of assurance services. They believe that the ability to provide audit engagements for forward-looking information is the most important factor for investors. Wang (2023) indicates that ESG disclosure has gradually moved from voluntary to mandatory, the EU

sustainability report requires mandatory disclosure of ESG-related information, and the main body providing assurance services for the ESG report must be an accredited independent auditor or other assurance body, so as to guarantee the quality of sustainability information; SEC has introduced an independent assurance mechanism for climate information disclosure, and the degree of assurance for sustainability information has gradually moved from limited to mandatory, and the degree of assurance has gradually shifted from limited to mandatory. SEC has introduced an independent assurance mechanism for climate information disclosure, and the degree of assurance on sustainability information has gradually transitioned from limited assurance to reasonable assurance, which shows that the intensity of assurance on sustainability disclosure information is also increasing.

4. Sustainability Disclosure Practices of Chinese Companies

4.1. Evolution of Myriad Medical's Sustainability Disclosure

Myriad Bio-Medical Electronics Company Limited (Myriad Medical) has been committed to releasing its sustainability information annually since 2018 and has achieved significant optimization of its disclosure by integrating its sustainability system in 2021, presenting typical characteristics.

In 2018, Myriad Medical's sustainability disclosure was in the exploratory stage, a stage in which the company's discussion of sustainability-focused primarily on talent sustainability due to the lack of a solid theoretical foundation. Although six standards were referenced, except for the Global Reporting Initiative's (GRI) version of the G3 Guidelines, there was a lack of clear guidance on all the other standards, resulting in limited assessability of the disclosure. In addition, the adopted versions of the GRI standards are relatively outdated, affecting comparability between annual reports. In terms of content, there are problems such as the lack of intuitive flowcharts or framework diagrams in the description of the operational governance level, while the environmental level focuses mainly on emissions and energy saving, while the prevention, supervision, and management of environmental risks are neglected. Information disclosure in this phase mainly focuses on financial and R&D performance, and disclosure in strategy and risk management is still insufficient, with fewer quantitative indicators and unbalanced disclosure of negative information.

Entering the development period from 2019 to 2020, Myriad Medical updates its reference standards, including GRI standards, China Corporate Social Responsibility Reporting Guidelines (CASS-CSR4.0), and the United Nations 2030 Agenda for Sustainable Development (SDGs), and begins to incorporate social responsibility into the company's strategic objectives while establishing a three-tiered linked social responsibility management system. At this stage, the scope of information disclosure was expanded to include multiple dimensions such as talent, business, brand, environment, and occupational health, which helped to promote the sustainable development of the supply chain, industry, and society. In terms of content, in addition to traditional financial and R&D information, data on products, employees, occupational health, and social donations have been added, and quantitative indicators have increased significantly. The

disclosure at the operational governance level is more detailed, and the disclosure at the social level responds to social responsibility issues with Chinese characteristics, such as the Healthy China strategy and poverty alleviation. The environmental level clarifies the environmental protection, health, and safety (EHS) management system and drives suppliers to strengthen green management. At this stage, the disclosure has made significant progress in strategy and risk management, with an increase in the number of quantitative indicators, a clearer form, and the beginning of disclosure of negative information, but the details still need to be improved.

In 2021, Myriad Medical's sustainability disclosure entered a mature stage, in which it mainly referred to the "core" program of the GRI standard and the SDGs Corporate Action Guidelines for disclosure, clarified the reference program of the GRI standard, and disclosed in detail the SDGs targets involved in each part. Compared with the previous stage, Myriad Medical has fully integrated and reshaped its sustainability disclosure, and the quality of disclosure has been significantly improved. In terms of content, quantitative information is significantly increased and well-organized, and the content focuses on product accessibility, innovation and healthcare improvement, reflecting the in-depth integration of economic performance and social performance. The disclosure at the operation and governance level adds new content such as compliance management procedures and business chain synergy management system, in a more intuitive form. The disclosure at the social level shifted to rural revitalization and biodiversity, strengthening the completeness of information disclosure. The environmental level discloses the work of the newly established Environmental Management Sub-Committee, including the identification of risks and opportunities related to climate change, target-setting and action programs, as well as carbon emissions in the product value chain and supply chain response to climate extremes, making the disclosure more comprehensive. Overall, the post-2021 sustainability report has achieved significant improvement in terms of internal capacity, comprehensiveness, and level of disclosure, focusing not only on the disclosure of results, but also on the disclosure of management systems, systems, procedures, mechanisms, and initiatives.

4.2. The Role of Myriad Medical's Sustainable Disclosure to External Users

The role of Myriad Medical's sustainable disclosure to external users is mainly reflected in the following aspects: 1. Enhancement of transparency and trust. Through sustainable disclosure, Myriad Medical has demonstrated to the outside world its practical achievements and efforts in environmental, social and corporate governance. This transparency not only helps to enhance the company's public image but also enhances the trust of investors, customers, suppliers, and other stakeholders in the company. Transparent information disclosure can reduce information asymmetry, and lower external suspicion and misunderstanding of the company, thus winning more support and cooperation opportunities for the company. 2. Promote stakeholder communication and decision-making. Sustainable disclosure provides an effective communication bridge between Myriad Medical and stakeholders. Through the report, stakeholders can understand the company's sustainable development strategy, goals, progress, and challenges, and then make more informed decisions. For example, investors can assess the long-term investment value of a company based on its ESG performance, customers can understand whether the

company's products and services are in line with its sustainability philosophy, and suppliers can learn about the company's procurement policies and supply chain management requirements. 3. Promote social responsibility and sustainable development. Myriad Medical's sustainable disclosure also demonstrates its positive contribution to social responsibility and sustainable development. Through the report, the company conveys to the outside world its commitment and actions to popularize high-end technology, enhance accessibility and affordability of healthcare, and promote green production. This helps to stimulate the attention and participation of all sectors of the community in healthcare and sustainable development, and jointly promote the progress of the healthcare industry and the sustainable development of society. 4. Enhance brand value and competitiveness. As a leading company in the medical device industry, Myriad Medical's sustainable disclosure also reflects the company's brand value and competitiveness. By demonstrating the company's excellence in innovation, quality, environment, and society, the company is able to establish a positive brand image and attract more quality customers and partners. At the same time, such disclosure also helps to enhance the company's visibility and influence in the industry and strengthen its dominant position in market competition. 5. Guide the industry standardization and development. Myriad Medical's sustainable disclosure also demonstrates and leads the entire medical device industry. Through public disclosure of the company's sustainable development strategy and practice results, the company is able to stimulate the sense of competition and innovation of enterprises in the same industry and promote the development of the industry as a whole in a more standardized and sustainable direction. At the same time, such disclosure also helps the government and all sectors of society to understand the overall situation and development trend of the medical device industry and provides a reference basis for the formulation of relevant policies and planning.

In summary, the sustainable disclosure of Myriad Medical has an important role for external users, which not only enhances the transparency and trust of the company, but also promotes the communication and decision-making of stakeholders, promotes social responsibility and sustainable development, enhances the brand value and competitiveness, and guides the standardization and development of the industry.

4.3. Impact of Myriad Medical's Sustainable Disclosure on Corporate Finance

First, bring corporate revenue and net profit growth. According to the financial data released by Myriad Medical, the company has realized continuous growth in revenue and net profit in recent years. For example, in the first three quarters of 2024, the Company realized revenue of approximately RMB 29.485 billion, a year-on-year increase of 7.99%, and net profit attributable to shareholders of listed companies of approximately RMB 10.637 billion, a year-on-year increase of 8.16%. This growth may be partly attributable to the positive impact of the Company's positive performance in environmental, social, and corporate governance, such as enhancing its brand image and attracting more investors and partners, which in turn increased the Company's market share and sales revenue, and in turn, its profits.

Second, it prompts the company to invest in research and development and product innovation. In recent years, Myriad Medical's investment in R&D has continued to increase, which is one of the important factors that enable the company to maintain its market competitiveness and profitability. In the first three quarters of 2024, the company's investment in R&D amounted to RMB 2.843 billion, accounting for 9.64% of its revenue. Sustainable disclosure may prompt the company to pay more attention to R&D investment and product innovation to meet the market demand for high-quality medical devices, which will indirectly enhance profits.

Third, strengthen cost control and enhance operational efficiency. Sustainable disclosure can prompt the company itself to pay more attention to cost control and operational efficiency improvement, in order to cope with market competition and regulatory pressure, so as to maintain or improve the profit level. Myriad Medical has reduced its production and operating costs by optimizing production processes and improving equipment utilization. Meanwhile, sustainable disclosure may enhance investor confidence in the company, and when investors believe that the company has good ESG performance, they may be more willing to provide financing support for the company, thus reducing the company's financing costs. The government provides more subsidies and tax incentives to companies with positive performance in energy saving and emission reduction, green production, etc., which also helps to reduce the company's operating costs.

To summarize, combined with the financial data of Myriad Medical, sustainable disclosure has had a positive impact on the company's profits. By enhancing its brand image, boosting investor confidence, lowering financing costs, and obtaining government subsidies and tax incentives, Myriad Medical has been able to maintain or increase its profit level while also demonstrating its social responsibility and sustainability as an industry leader. However, it should be noted that the impact of sustainable disclosure on profits is a complex and long-term process that needs to be continuously explored and improved by the company in practice.

5. Conclusion

In view of the existing relevant literature and research, the author believes that the design and application of sustainable disclosure standards have a very important impact on the future of the global capital market, and are of great significance to the active and steady promotion of a series of important development concepts, such as carbon peaking and carbon neutrality. The disclosure of sustainable development information is an important competitive area for the micro-entities of the market, such as enterprises, in terms of strategic layout and obtaining investors' favor.

The core differences between the international sustainability disclosure standards and China's Corporate Sustainability Disclosure Guidelines - Basic Guidelines (Exposure Draft) are reflected in the positioning of the standards, the disclosure framework, and the implementation requirements. First, in terms of positioning, the international standard is based on the principle of "single materiality", focusing on financial materiality and requiring enterprises to disclose sustainability issues that directly affect financial value, such as IFRS S2, which mandates enterprises to carry out climate scenario analysis and disclose Scope 1 to Scope 3 carbon

emissions data; while the Chinese standard puts forward the principle of "double materiality". "Dual materiality", focuses on both financial impact and materiality for stakeholders' decision-making, for example, enterprises are required to disclose the effectiveness of pollution prevention and control, rural revitalization inputs, and other social issues. Second, in terms of the disclosure framework, the international standard adopts a four-dimensional structure of governance, strategy, risk management, and indicators, i.e., the G-S-R-M framework, and integrates the SASB industry standards to provide 77 industry guidelines; while the Chinese standard has constructed a layered system of "basic standards plus industry guidelines", and added special indicators such as the promotion of common prosperity, etc. However, the industry coverage is currently mainly focused on traditional industries. However, the industry coverage is mainly focused on traditional "dual-control" areas. In addition, in terms of quantitative requirements, the international standards put forward clear monetary disclosure requirements for climate adaptation investments and transformation plans, such as S2 Appendix II, which requires the disclosure of the percentage of climate-related capital expenditures; while China's standards adopt the progressive path of "mandatory disclosure of basic indicators and encouragement of exploration of higher-order indicators" for Scope 3 carbon emissions and climate investments. The Chinese standard adopts an incremental approach to Scope 3 carbon emissions and climate investment by "mandating disclosure of basic indicators and encouraging exploration of higher-order indicators".

In view of these differences, Chinese enterprises can adopt the following universal strategies: First, prioritize the identification of key issues. Comprehensively assess the degree of impact of sustainability issues on the financial performance and social value of enterprises, and focus on screening energy cost control, carbon emission management, supply chain security, employee welfare protection, and other areas of both financial materiality and social concern as the core of disclosure. Second, establish a hierarchical data management mechanism. Starting from manual statistics of basic data, such as records of production energy consumption and waste disposal, gradually introduce digital tools to build a carbon emission monitoring system, and ultimately realize cross-departmental data integration and automated analysis to provide support for quantitative disclosure. Third, improve disclosure capability in stages. At the initial stage, focus on improving the disclosure of basic indicators in accordance with domestic standards; in the medium term, introduce the methodologies of climate scenario analysis and costing of transformation plans in international standards; and in the long term, incorporate ESG objectives into the process of corporate strategic planning and capital allocation. Fourth, design disclosure programs flexibly. For enterprises operating or financing across borders, modules can be divided into a unified report: the international business section adopts the IFRS S2 framework to disclose climate risks and carbon footprints, and the domestic section supplements characteristic indicators such as rural revitalization inputs and the number of patents on green technologies to achieve convergence between domestic and international standards.

In addition, small and medium-sized enterprises can obtain standardized disclosure templates and toolkits through industry associations, while large enterprises can explore the establishment of an ESG digital platform to reduce compliance costs through data sharing. Through the progressive path of "consolidating data foundation-improving disclosure capability-creating

strategic value", enterprises can not only meet domestic and international regulatory requirements, but also transform sustainable management into supply chain optimization, brand reputation enhancement, and other practical benefits.

At present, more and more scholars in China have called for further accelerating the construction of China's sustainability disclosure standards, which requires the joint efforts of the government and enterprises. Relevant departments should take into account China's national conditions, cater to international sustainability disclosure rules, introduce a mandatory forensic mechanism as soon as possible to ensure the quality of sustainability disclosure and promote the rapid development of corporate ESG in order to respond to the strategic needs of the country's sustainable development. However, it is also necessary to pay attention to the gradualness of policy advancement, resolutely refrain from doing things across the board, make gradual progress, grasp the speed of advancement of sustainable disclosure standards, and then make targeted arrangements for specialized areas and the applicability of specific provisions after the conditions in all aspects are relatively mature.

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Conflict of Interest:

The authors declare no conflict of interest.

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