

ESG Performance and Corporate Debt Financing Costs

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Abstract: Against the backdrop of ongoing efforts to achieve carbon peaking and carbon neutrality, and the deep integration of green finance with the principles of sustainable development, corporate Environmental, Social, and Governance (ESG) performance has become a key non-financial indicator influencing both a company's long-term growth potential and its valuation in the capital markets. Based on this, to thoroughly investigate the impact of ESG Performance on Corporate Debt Financing Costs, this study utilizes data from Chinese A-share listed companies from 2010 to 2024. By constructing a fixed-effects model, we empirically examine the relationship between ESG Performance and Corporate Debt Financing Costs. The results indicate that strong ESG Performance significantly reduces Corporate Debt Financing Costs; that is, the better the ESG Performance, the lower the Corporate Debt Financing Costs. This conclusion remains valid after robustness tests involving a one-period lag and the substitution of key variables. The findings enrich the existing literature on the relationship between ESG Performance and Debt Financing Costs, offering recommendations and evidence for companies to prioritize improving their ESG Performance and for governments to strengthen the development of ESG frameworks.

Keywords: ESG Performance, Corporate Debt Financing Costs, Fixed Effects Model.

1. Introduction

As global climate change intensifies and the concept of sustainable development gains deeper traction, advancing economic and social progress alongside green transformation has become both a national strategy and an international consensus. China has explicitly set targets for "carbon peaking and carbon neutrality," integrating them into the overall framework of ecological civilization construction. Against this backdrop, Environmental, Social, and Governance (ESG) has emerged as a comprehensive evaluation system for corporate long-term value, garnering increasing attention from governments, markets, and academia. ESG not only reflects corporate performance in environmental protection, social responsibility fulfillment, and internal governance efficiency, but has also become a crucial benchmark for measuring sustainability capabilities and resilience. For listed companies, sound ESG practices are not only a manifestation of responding to national policies and fulfilling social responsibilities, but also an important pathway to enhance corporate reputation, optimize financing environments, and reduce operational risks.

Debt financing remains one of the primary methods for enterprises to secure external capital, with its cost directly impacting corporate capital structure, investment decisions, and long-term development. In the current era, Chinese listed companies generally face stringent financing constraints and elevated funding costs. Securing debt capital at reasonable costs has thus become critical to sustaining operations and achieving high-quality development. In recent years, regulators including the China Securities Regulatory Commission and the Ministry of Ecology and Environment have successively issued policies guiding enterprises to disclose ESG Performance metrics. The "Guidelines for Investor Relations Management of Listed Companies (2022)" marked the first inclusion of ESG related information within investor relations communication frameworks. Driven by these policies and reporting requirements, corporate ESG Performance has steadily improved, emerging as a significant

factor influencing Debt Financing Costs.

Existing research on the economic consequences of ESG Performance mainly focuses on three areas: corporate value, financial performance, and investment efficiency. Specifically, ESG Performance drives corporate value growth by accumulating social capital and building competitive advantages; it enhances financial performance by strengthening reputation and improving resource utilization efficiency; and it facilitates efficient capital allocation by improving the information environment and mitigating agency conflicts (Fan Yunpeng et al [1], 2023). Meanwhile, studies on the determinants of Corporate Debt Financing Costs primarily center on two mechanisms: mitigating information asymmetry and reducing agency risk. The former emphasizes conveying effective signals to creditors through higher disclosure quality, while the latter focuses on refining internal and external governance mechanisms to constrain managerial behavior and safeguard creditor interests (Lian Yonghui et al [2], 2023). It is evident that previous literature has largely focused on the impact of ESG Performance on corporate internal operations, with few studies directly link ESG Performance to Corporate Debt Financing Costs, and a comprehensive analytical framework that integrates multiple information channels remains lacking. This paper attempts to fill this gap by incorporating ESG Performance into the analysis of debt financing costs from a non-financial perspective, thereby expanding the research scope and providing a theoretical basis for companies to optimize financing strategies and for governments to improve ESG systems.

Based on this, this paper empirically examines the impact of ESG Performance on Corporate Debt Financing Costs using Chinese A-share listed companies from 2010 to 2024 as the research sample. The contributions of this paper are as follows: First, by adopting the non-traditional financial perspective of ESG Performance, it expands the scope of research on factors influencing Corporate Debt Financing Costs. Unlike previous studies that focused on single dimensions such as corporate governance, disclosure quality,

or executive characteristics, this paper provides new empirical evidence for understanding how companies optimize their debt financing environment by enhancing ESG Performance. Second, grounded in China's socialist system and market economy context, the study employs panel data from A-share listed companies between 2010 and 2024. This approach enhances the timeliness and applicability of findings while providing supplementary evidence from emerging markets for future research on the economic consequences of ESG Performance.

2. Literature Review

2.1. Economic Consequences of ESG Performance

ESG Performance falls within the scope of non-financial performance research. In the early stages of academic development, discussions on non-financial performance were largely confined to the single dimension of social responsibility. However, this perspective struggles to comprehensively capture the profound impacts of environmental performance and corporate governance on individual firms. In contrast, ESG Performance—an integrated framework combining environmental (E), social (S), and governance (G) dimensions to measure corporate non-financial performance—has garnered significant academic attention in recent years.

Existing literature primarily examines the economic consequences of ESG Performance from perspectives such as corporate value, financial performance, and investment efficiency. Regarding corporate value, some studies indicate that sound ESG practices help firms accumulate social capital and build competitive advantages, thereby driving corporate value enhancement (Wang Linlin et al [3], 2022). In terms of financial performance, ESG Performance not only relates to the accumulation of corporate reputation and legitimacy but also profoundly influences the stability of profits and the sustainability of growth. By enhancing resource utilization efficiency, optimizing supply chain relationships, and strengthening employee and customer loyalty, ESG Performance demonstrably boosts corporate financial performance (Zhang Qian et al [4], 2023). Regarding investment efficiency, ESG Performance guides capital toward more efficient allocation by improving the information environment and mitigating agency conflicts. Specifically, high-quality ESG disclosure helps mitigate information asymmetry between management and external investors, enabling investors to more accurately assess a company's long-term value and project prospects. This reduces underinvestment or overinvestment stemming from information gaps (Gao Jieying et al [5], 2021). Furthermore, the long-term orientation and stakeholder-win philosophy embedded in ESG help curb management's short-termism, aligning investment decisions with corporate sustainability goals and thereby enhancing overall capital allocation efficiency.

However, there remains room for further research in this area. Existing studies have largely focused on the internal operational level of firms, with limited direct linkage to external financing environments—particularly Corporate Debt Financing Costs. The signaling transmission mechanisms connecting ESG Performance to Debt Financing Costs remain under-explored, indicating sustained research value.

2.2. Factors influencing Corporate Debt Financing Costs

In corporate operations, Debt Financing Costs are defined as the total expenses incurred by a company to obtain debt capital through means such as bank loans and bond issuance. This represents one of the key variables influencing its financial decisions. Current academic discourse on this topic primarily centers on two core mechanisms: mitigating information asymmetry and reducing agency risk.

Regarding information asymmetry, existing research generally holds that the information gap between enterprises and external creditors is a major cause of elevated financing costs. To address this challenge, enhancing the quality of information disclosure has been demonstrated as a potentially effective solution (Li Fengyu and Zhai Xinyue [6], 2024). Notably, this information disclosure extends beyond traditional financial statements; non-financial disclosures also hold significant value. By enhancing transparency on social responsibility and environmental performance, firms can convey signals to creditors about their long-term strategies, risk management capabilities, and social accountability. This facilitates more accurate credit risk assessments by creditors, thereby reducing the required risk premium.

From an agency risk perspective, the refinement of internal governance mechanisms and the involvement of external oversight play an indispensable role in curbing financing costs. On one hand, enhancing the quality of internal controls effectively restrains management's opportunistic tendencies, providing fundamental safeguards for creditors' interests (Jiang Fang [7], 2024). Reasonable equity arrangements, such as maintaining moderate equity concentration or introducing strategic investors, can strengthen oversight of management and reduce decisions detrimental to creditors' interests. On the other hand, external governance mechanisms are equally crucial. Analyst coverage, through professional interpretation and information dissemination, strengthens market oversight of firms (Luo Yonghua et al [8], 2025), while institutional investors leverage their expertise and long-term investment perspective to constrain management behavior and reduce agency costs. This synergy between internal and external governance collectively signals sound corporate governance to creditors, ultimately driving down Corporate Debt Financing Costs.

As summarized above, regarding the determinants of Corporate Debt Financing Costs, while both information asymmetry and agency risk are central mechanisms, most studies adopt a single-dimensional approach, lacking a comprehensive analytical framework that integrates multiple information channels.

3. Conceptual framework and hypothesis

Based on information asymmetry theory, signaling theory, and stakeholder theory, this study elucidates the mechanism through which ESG Performance influences Corporate Debt Financing Costs across three dimensions. First, according to information asymmetry theory, strong ESG Performance helps reduce information barriers between companies and external creditors, thereby lowering risk premiums. The multifaceted information encompassed by ESG Performance—such as environmental management, social responsibility practices, and corporate governance effectiveness—can be proactively disclosed to convey more

comprehensive and reliable signals about operational and risk management to creditors. This not only compensates for the limitations of traditional financial reporting but also reduces creditors' perceptions of uncertainty regarding the firm's future cash flows and default risk. Consequently, creditors lower their risk compensation demands, directly driving down Debt Financing Costs.

Second, based on signal transmission theory, strong ESG Performance helps enhance corporate reputation and build trust among stakeholders such as governments and creditors. Within China's socialist market economy system, the government serves as a key regulator in resource allocation, exerting significant influence over the distribution of financial resources. Strong ESG Performance and high ESG ratings serve as external indicators of a company's commitment to social responsibility and sustainable development principles. They signal to government agencies the company's proactive efforts in green transformation and social governance, thereby helping to build moral capital and reputational assets. Simultaneously, reputation as a vital intangible asset signals strong commitment to ethical operations and contractual fulfillment to creditors, bolstering their trust in the enterprise. This, in turn, creates favorable conditions for securing more advantageous credit terms and interest rates.

Finally, based on stakeholder theory, strong ESG Performance can drive synergistic optimization of both internal and external corporate governance, thereby enhancing fundamental business operations. Typically, companies with superior ESG ratings exhibit more robust governance structures, more comprehensive risk management systems, and more stable stakeholder relationships. This not only helps reduce the company's own operational risks and agency costs but also strengthens external oversight by attracting more analyst coverage and institutional investor participation (Xiong Zixuan [9], 2024). This further improves the information environment and governance standards, indirectly enhancing the company's debt repayment capacity and creditworthiness, thereby laying a solid foundation for lowering Debt Financing Costs.

Therefore, strong ESG Performance can mitigate information asymmetry, enhance corporate reputation, optimize governance and operations, while simultaneously sending positive signals to creditors and reducing their perceived risk. This, in turn, helps companies secure lower Debt Financing Costs. Based on the above analysis, this paper proposes the following research hypothesis:

H1: Strong ESG Performance significantly reduces Corporate Debt Financing Costs.

4. Research Design

4.1. Sampling and Data Collection

This study selects A-share listed companies in China from 2010 to 2024 as the initial sample and employs Stata 15 for empirical analysis of the sample data. The sample data undergoes the following processing: (1) Exclusion of listed companies with ST, *ST, or PT designations; (2) Exclusion of samples with missing or anomalous data for key variables; (3) Financial and insurance sector companies were excluded; (4) All continuous variables underwent trimmed tailing at the 1% and 99% levels. Following these procedures, a total of 46,844 observations were obtained. ESG Performance data were sourced from the Wind database, while Corporate Debt Financing Costs and other relevant data were obtained from the CSMAR database.

4.2. Variable specifications

4.2.1. Dependent Variable

Corporate Debt Financing Costs (COD). Drawing upon the research of Wei Zhihua et al [10]. (2012), this paper measures Corporate Debt Financing Costs as the ratio of financial expenses to the annual average total debt. To facilitate the presentation of regression results, the Corporate Debt Financing Costs is multiplied by 100 in this study. This measurement method accounts for handling fees and other financial expenses incurred during corporate debt financing, thereby enhancing its rigor and persuasiveness.

4.2.2. Independent Variable

ESG Performance (ESG). Drawing upon the research of Wang Bo and Yang Maojia et al [11]. (2022), this paper employs the Huazheng ESG Rating to measure corporate ESG Performance. The Huazheng ESG Rating System, grounded in the realities of China's capital markets, conducts periodic assessments of listed companies' ESG levels across three dimensions: Environmental (E), Social (S), and Corporate Governance (G). It assigns nine comprehensive rating tiers from highest to lowest: AAA, AA, A, BBB, BB, B, CCC, CC, and C. Scores range from 9 to 1 across these nine tiers, with higher scores indicating superior ESG Performance in the respective year.

4.2.3. Control Variables

To analyze the correlation among variables, it is necessary to control for other factors that may influence Corporate Debt Financing Costs. Drawing upon the research of Ma Rong et al [12]. (2024), this study selected the following control variables: Firm Size (Size), Firm Age (Age), Leverage (Lev), Return on Assets (ROA), Cash Flow to Assets Ratio (CFO), Loss Indicator (Loss), and Revenue Growth Rate (Grow).

Table 1 shows the specific variable definitions.

Table 1. Variable definitions

Variable Type	Variable Name	Variable Symbol	Description
Dependent Variable	Corporate Debt Financing Costs	COD	Financial expenses / average annual total liabilities * 100
Independent Variable	ESG Performance	ESG	Huazheng ESG rating, assigned values from 9 to 1
Control Variables	Firm Size	Size	Natural logarithm of year-end total assets
	Firm Age	Age	Natural logarithm of (years since listing + 1)
	Leverage	Lev	Year-end total liabilities / average annual total assets
	Return on Assets	ROA	Net profit / average annual total assets
	Cash Flow to Assets Ratio	CFO	Net cash flow from operating activities / total assets
	Loss Indicator	Loss	Takes the value of 1 if net profit is less than 0, otherwise 0
	Revenue Growth Rate	Grow	Current year's revenue increase / prior year's operating revenue

4.3. Research Model

To examine the impact of ESG Performance on Corporate Debt Financing Costs, this paper constructs the following empirical model:

$$COD_{i,t} = a_0 + a_1 ESG_{i,t} + a_i Controls_{i,t} + \sum Industry + \sum Year + \sum Firm + \varepsilon_{i,t} \quad (1)$$

In this model, COD represents the Dependent variable, Corporate Debt Financing Costs; ESG represents the Independent variable, ESG Performance; Controls refer to the aforementioned Control variables; *i* and *t* represent Firm and Year; Respectively, ε represents the error term. Additionally, this study controls for industry, Year, and Firm. If $a_i < 0$, the hypothesis is supported.

5. Results and Discussions

5.1. Descriptive Analyses

Table 2 presents the descriptive statistics for the core

variables in this study. The results indicate that the mean of the dependent variable, Corporate Debt Financing Costs (COD), is 0.412, with a median of 1.030 and a standard deviation of 3.580. This suggests that the Debt Financing Costs data across the sample firms exhibits relatively dispersed distribution and significant variability. The minimum value of Corporate Debt Financing Costs (COD) is -18.365, and a maximum of 5.811. This indicates that some listed companies exhibit negative financing costs due to higher interest income. The substantial variation in Debt Financing Costs across firms may stem from differences in their financial conditions and governance structures.

The Independent variable, ESG Performance (ESG) exhibits a mean of 4.122, a median of 4.000, and a standard deviation of 0.980. This indicates a relatively concentrated distribution of ESG Performance (ESG) among the sample companies, with smaller disparities. However, some companies exhibit substantial variation (minimum value: 1.000, maximum value: 8.500), likely because certain firms prioritize traditional financial objectives over ESG considerations.

Table 2. Descriptive analyses

Variable Symbol	Observations	Mean	Standard Deviation	Min	Median	Max
COD	46844	0.412	3.580	-18.365	1.030	5.811
ESG	46844	4.122	0.980	1.000	4.000	8.500
Size	46844	22.228	1.305	19.903	22.024	26.329
Age	46844	2.899	0.379	0.000	2.944	4.248
Lev	46844	0.423	0.207	0.054	0.415	0.907
ROA	46844	0.038	0.065	-0.219	0.038	0.216
CFO	46844	0.047	0.068	-0.155	0.046	0.241
Loss	46844	0.135	0.342	0.000	0.000	1.000
Grow	46844	0.138	0.354	-0.560	0.089	2.011

5.2. Correlation Analyses

Prior to correlation analysis, this paper conducted correlation tests on the variables. Table 3 presents the correlation test results for the core variables. The correlation coefficients between all variables are below 0.7. Among them,

the correlation coefficient between the dependent variable Corporate Debt Financing Costs (COD) and the Independent variable ESG Performance (ESG) is -0.131, indicating a significant negative correlation at the 1% level. This finding preliminarily supports the hypothesis proposed in this paper.

Table 3. Correlation analyses

	COD	ESG	Size	Age	Lev	ROA	CFO	Loss	Grow
COD	1.000								
ESG	-0.131***	1.000							
Size	0.211***	0.229***	1.000						
Age	0.101***	-0.049***	0.208***	1.000					
Lev	0.520***	-0.110***	0.474***	0.163***	1.000				
ROA	-0.253***	0.240***	0.002	-0.158***	-0.385***	1.000			
CFO	-0.089***	0.107***	0.084***	0.006	-0.159***	0.409***	1.000		
Loss	0.133***	-0.192***	-0.060***	0.125***	0.210***	-0.679***	-0.215***	1.000	
Grow	0.031***	0.008*	0.028***	-0.102***	0.028***	0.279***	0.040***	-0.214***	1.000

Note: *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

5.3. Multicollinearity Test

Table 4 presents the results of the Variance Inflation Factor (VIF) test. The findings indicate that the VIF value for Return on Assets (ROA) is the highest, approximately equal to 2.61, while the VIF value for Firm Age (Age) is the lowest, approximately equal to 1.10. Neither exceeds the empirical critical threshold of 5 for multicollinearity. Therefore, it is further inferred that no severe multicollinearity issues exist among the variables, rendering the regression results robust and reliable.

Table 4. VIF analyses

Variable Symbol	VIF	1/VIF
ROA	2.61	0.383
Loss	1.90	0.527
Lev	1.73	0.579
Size	1.56	0.639
CFO	1.24	0.806
ESG	1.18	0.847
Grow	1.13	0.883
Age	1.10	0.909
Mean VIF	1.50	

5.4. Regression Analyses

This study employs a fixed-effects model for regression analysis. Table 5 presents the benchmark regression results for the relationship between ESG Performance and Corporate Debt Financing Costs. Column (1) displays the benchmark regression between Corporate Debt Financing Costs (COD) and ESG Performance (ESG), controlling only for firm, industry, and year fixed effects. The regression result is -0.2345, which is negatively significant at the 1% level. Column (2) presents the benchmark regression between Corporate Debt Financing Costs (COD) and ESG Performance (ESG) after incorporating a set of control variables while controlling for firm, industry, and year effects. The regression result is -0.0645, which remains significantly negative at the 1% level. In summary, strong ESG Performance can significantly reduce Corporate Debt Financing Costs, thereby validating the hypothesis.

Table 5. Regression analyses

	(1)	(2)
	COD	COD
ESG	-0.2345*** (0.0237)	-0.0645*** (0.0213)
Size		0.0101 (0.0608)
Age		2.5010*** (0.3701)
Lev		7.5644*** (0.2502)
ROA		-2.8761*** (0.4692)
CFO		0.4724* (0.2453)
Loss		0.0500 (0.0553)
Grow		0.1871*** (0.0376)
_cons	1.3812*** (0.0977)	-9.3342*** (1.5542)
Firm	YES	YES
Industry	YES	YES
Year	YES	YES
N_full	46844	46844
F	97.98	168.30
r2_a	0.5111	0.5801

Note: Robust standard errors rounded to four decimal places are in parentheses.

5.5. Robustness Test

5.5.1. Lagged One Period

To account for potential reverse causality from contemporaneous variables, this study adopts the methodology of Ma Rong et al [12]. (2024) by regressing the independent variable ESG with a one-period lag. Table 6 presents the robustness test results after lagging the independent variable by one period. The regression results for lagged ESG Performance (L.ESG) remain significantly negative at the 1% level, indicating that strong ESG Performance can significantly reduce Corporate Debt Financing Costs. The regression results remain robust.

Table 6. Robustness test results: Lagged Independent Variable

	Lagged Independent Variable COD
L.ESG	-0.1073*** (0.0234)
Size	-0.0005 (0.0633)
Age	3.4409*** (0.4375)
Lev	7.7735*** (0.2667)
ROA	-2.7656*** (0.4734)
CFO	0.7382*** (0.2529)
Loss	0.0205 (0.0554)
Grow	0.1679*** (0.0392)
_cons	-11.8861*** (1.7458)
Firm	YES
Industry	YES
Year	YES
N_full	41819
F	153.56
r2_a	0.5913

5.5.2. Variable Substitution

Table 7. Robustness test results: Alternative measurement of Independent Variable

	(1) Median Value COD	(2) Year-End Value COD
ESG2	-0.0418** (0.0184)	
ESG3		-0.0432*** (0.0164)
Size	0.0036 (0.0607)	0.0048 (0.0608)
Age	2.5051*** (0.3703)	2.5080*** (0.3703)
Lev	7.5862*** (0.2503)	7.5819*** (0.2503)
ROA	-2.8859*** (0.4693)	-2.8745*** (0.4691)
CFO	0.4785* (0.2453)	0.4791* (0.2453)
Loss	0.0513 (0.0553)	0.0511 (0.0553)
Grow	0.1889*** (0.0376)	0.1879*** (0.0376)
_cons	-9.3062*** (1.5548)	-9.3307*** (1.5556)
Firm	YES	YES
Industry	YES	YES
Year	YES	YES
N_full	46844	46844
F	168.28	168.53
r2_a	0.5800	0.5800

To ensure the robustness of empirical results, this study employs alternative approaches to measure independent variables. On one hand, drawing on the research by Ma Rong et al [12]. (2024), we recalculate the regression analysis of

Corporate Debt Financing Costs using the annual median ESG Performance. On the other hand, following the methodology of Fang Xianming and Hu Ding [13]. (2023), we adopt the Huazheng ESG Year-End Rating Index to measure the regression analysis of ESG Performance on Corporate Debt Financing Costs.

Table 7 presents the robustness test results for the replacement of independent variables. Column (1) replaces the annual average ESG rating with the annual median (ESG2), yielding a regression coefficient of -0.0418, which is negatively significant at the 5% level. Column (2) replaces the annual average ESG rating with the year-end value (ESG3), yielding a regression coefficient of -0.0432, which is negatively significant at the 1% level. This indicates that strong ESG Performance significantly reduces Corporate Debt Financing Costs, confirming the robustness of the benchmark regression results in this study.

6. Conclusion and Recommendations

This study empirically examines the impact of ESG Performance on Corporate Debt Financing Costs using a sample of Chinese A-share listed companies from 2010 to 2024. The findings reveal that strong ESG Performance significantly reduces Corporate Debt Financing Costs, meaning companies with higher ESG ratings incur lower debt financing expenses. This conclusion remains robust across multiple tests, including lagged period adjustments and alternative ESG metric approaches, indicating high reliability. Based on these findings, the following recommendations are proposed:

For enterprises, the focus should be on improving ESG Performance to reduce Corporate Debt Financing Costs. Specifically, on the one hand, companies should proactively establish and refine ESG governance and disclosure systems. Corporate leaders must move beyond viewing ESG as a short-term compliance burden and instead integrate it into long-term development strategies and core value creation processes. At the same time, they should proactively, promptly, and comprehensively disclose ESG information—particularly key non-financial data such as environmental risk management, social responsibility practices and corporate governance effectiveness. This addresses the limitations of traditional financial reporting, providing creditors like banks and bond investors with a more comprehensive and transparent corporate profile.

On the other hand, companies should focus on transforming sound ESG practices into sustainable competitive advantages. For instance, reducing environmental costs and regulatory risks through green technological innovation and circular production models; enhancing operational stability by fostering harmonious employee and supply chain relationships; and improving corporate governance by strengthening board independence and risk management capabilities. These measures will lay the informational foundation for companies to secure more favorable financing terms, thereby reducing the Corporate Debt Financing Costs.

For the government, first, it should accelerate the establishment of unified, scientific ESG disclosure standards and an ESG evaluation system that aligns with national conditions. It is recommended that the China Securities Regulatory Commission (CSRC), the Ministry of Ecology and Environment (MEE), and the State-owned Assets Supervision and Administration Commission (SASAC),

among other departments, take the lead in developing and promoting an ESG disclosure framework tailored for Chinese listed companies. This framework should draw on international experience while aligning with national strategies such as China's dual carbon goals, rural revitalization, and common prosperity.

Second, the government should employ a combination of policy measures to incentivize and guide enterprises in improving their ESG Performance. For listed companies demonstrating outstanding ESG Performance—particularly those setting benchmarks in green transition, employee rights protection, and corporate governance innovation—the government can offer incentives through market-based measures such as tax breaks, green credit subsidies, and expedited bond issuance channels. This will encourage enterprises to prioritize and continuously improve their ESG Performance.

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