The In-Depth Implementation of Corporate Social Responsibility Under the Guidance of Business Ethics: A Case Study of Haier Smart Home's ESG Performance

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Abstract. Against the backdrop of growing global attention to corporate social responsibility (CSR) and sustainable development, ESG performance has become an important benchmark for measuring how enterprises fulfill their social responsibilities and achieve long-term value. Using Haier Smart Home as a case study, this paper examines the company's practices across the three dimensions of Environment, Social, and Governance (ESG). The analysis reveals that actively engaging in corporate social responsibility can enhance a company's image and brand value, attract more investors and top talent, while implementing an ESG strategy can foster green innovation initiatives, thereby strengthening the enterprise's sustainable development capabilities. This study highlights the pivotal guiding role of business ethics in the process of corporate social responsibility practice. The findings presented in this paper can serve as a valuable reference and inspiration for other manufacturing enterprises seeking to enhance their CSR efforts.

Keywords: Corporate Social Responsibility, Haier Smart Home, ESG Performance, Business Ethics.

1. Introduction

In recent years, sudden events such as global warming and environmental degradation, along with increasingly severe global challenges, have prompted countries around the world to place greater emphasis on sustainable development. In line with the goals of fostering a community with a shared future for mankind and achieving sustainable development, China is accelerating its green transformation efforts, and its pace toward realizing sustainable development is continuously speeding up. The "Made in China 2025" initiative, proposed by the State Council in May 2015, states: "Adhere to sustainable development as a key focus in building China into a manufacturing powerhouse... Comprehensively promote green manufacturing, strengthen green management throughout the entire product lifecycle, and strive to establish an efficient, clean, low-carbon, and circular green manufacturing system." In December 2023, the Ministry of Industry and Information Technology, in conjunction with eight other departments including the National Development and Reform Commission, issued the "Guiding Opinions on Accelerating the Transformation and Upgrading of Traditional Manufacturing Industries," once again emphasizing that "accelerating the transformation and upgrading of traditional manufacturing industries is an important task in advancing new industrialization and building China into a manufacturing powerhouse, as well as an inevitable requirement for establishing a new development paradigm and driving high-quality development. The 2027 goal is to significantly enhance the level of high-end, intelligent, green, and integrated development in traditional manufacturing industries."

Against this backdrop, manufacturing enterprises—as economic actors operating within both the natural and social environments—have a dual responsibility: on one hand, they are called upon by national strategic initiatives to protect and manage the environment as well as fulfill their social responsibilities; on the other hand, the pursuit of sustainable corporate development also drives these enterprises to actively engage in social responsibility practices.

The ESG framework evaluates enterprises based on non-financial performance indicators—including environmental, social, and governance (ESG) metrics—thereby encouraging businesses to fulfill their social responsibilities. This approach aligns closely with the Sustainable Development Goals and has become a key focus for governments, regulatory authorities, and investors. Taking

Haier Smart Home as a case study, this paper examines how the company, guided by business ethics, continuously explores pathways for deeply integrating corporate social responsibility into its operations. Drawing on Haier Smart Home's current ESG practices, it analyzes the positive impacts that strong ESG performance can have on a business, offering actionable insights and lessons for companies across the same and other industries when implementing ESG strategies.

2. Theoretical Basis

2.1. ESG Meaning

ESG refers to the comprehensive assessment of three dimensions: Environmental, Social, and Governance. It represents an investment philosophy and a corporate evaluation framework focused on a company's non-financial performance.

As times have evolved, ESG has become a crucial metric for evaluating enterprises and investment projects. For businesses themselves, strong ESG performance can enhance their corporate image and brand value, mitigate operational risks, expand financing channels, stimulate innovation capabilities, and foster sustainable development. For market investors, they are increasingly moving away from traditional approaches that rely solely on financial metrics to assess a company's performance. By taking into account information across non-financial dimensions—such as environmental, social, and governance (ESG) factors—investors can make more informed decisions.

Existing literature extensively explores the impact of corporate ESG performance, focusing on, on one hand, the effect of ESG performance on corporate performance. Through an empirical study utilizing data from manufacturing listed companies on the Shanghai and Shenzhen stock exchanges covering the period 2015–2022, it was found that strong ESG performance significantly enhances the performance of manufacturing listed companies, with innovation capability playing a partial mediating role in this relationship. [1] Other scholars, from the perspective of the "dual carbon" goals, also concluded that improved ESG performance can significantly boost corporate performance growth, and they validated this finding through a mediating effect analysis, demonstrating that ESG performance promotes the improvement of corporate performance via financing constraints as a mediating mechanism. [2] On the other hand, research has examined the impact of ESG performance on a company's green innovation capability. Currently, China's economy is undergoing a phase of shifting growth rates and experiencing the pains of structural adjustment; how manufacturing enterprises can enhance their financing capabilities and increase their corporate value while fulfilling their social responsibilities represents an urgent practical issue requiring further investigation. Based on data from Chinese manufacturing listed companies on the A-share market covering the period 2012–2021, one study found empirically that strong ESG performance helps reduce the financing costs of manufacturing enterprises, and that green innovation capability plays a partial mediating role in this mechanism.[3] To better understand and foster the development of China's ESG industry, other scholars have investigated the impact of ESG rating divergence on companies' sustainable development strategies; by analyzing ESG rating data from A-share listed companies between 2010 and 2022, they discovered that ESG rating divergence exerts a driving force on the green innovation activities of these listed companies. The digital infrastructure of listed companies facilitates the enhancement of their green innovation capabilities; however, the process of advancing high-level digital transformation may, to some extent, diminish these companies' willingness to adopt green innovation as a means of mitigating the operational risks arising from market divergence.[4] The aforementioned research partially demonstrates the feasibility of helping enterprises strike a balance between fulfilling their social responsibilities, strengthening their green innovation capabilities, and reducing financing costs, thereby providing guidance for the implementation of targeted policies.

2.2. Corporate Social Responsibility

Corporate social responsibility refers to the voluntary obligations that enterprises undertake toward other stakeholders—such as consumers, suppliers, employees, and communities—beyond their

primary goal of generating profits and fulfilling their responsibilities to shareholders; it constitutes one of the strategic decisions within an enterprise's business operations [5].

In recent years, with the deepening of the sustainable development concept, an increasing number of domestic manufacturing enterprises have begun to place greater emphasis on fulfilling their corporate social responsibility (CSR) obligations. Through the disclosure of CSR reports, these manufacturing enterprises evaluate the low-carbon performance of Chinese manufacturing enterprises across multiple dimensions—including strategy, products, organizational behavior, production technology upgrades, information disclosure, and outcomes—thereby demonstrating their commitment to corporate social responsibility [6].

Several scholars in the academic community have conducted relevant research on social responsibility and corporate sustainable development capabilities. Analysis of data from A-share listed companies spanning the period 2009–2022 reveals that a firm's dynamic capabilities can foster strong ESG performance. Consequently, firms can enhance their dynamic capabilities through a range of measures, thereby achieving superior ESG performance. The government can also promote corporate sustainable development through infrastructure development initiatives [7]. Additionally, some scholars have employed empirical analyses to demonstrate that corporate ESG performance positively influences a firm's sustainable development capabilities; this effect is mediated entirely by market external attention [8]. Another study, using a sample of 2,989 A-share listed companies from 2012 to 2018, found empirically that the stronger a firm's sustainable development capabilities, the greater its willingness to disclose social responsibility information; conversely, stronger sustainable development capabilities are associated with higher quality in corporate social responsibility information disclosure [9]. Overall, domestic enterprises' environmental and social responsibility behaviors exhibit intertemporal characteristics; large-sample empirical analyses indicate that, over time, the social responsibility behaviors of firms tend to evolve toward moderate or higher levels[10], whereas their environmental responsibility behaviors exhibit divergence into either high or low levels. Therefore, these intertemporal characteristics can provide insights for shaping the direction of corporate sustainable development.

3. Case Study

3.1. Company Profile

Haier Smart Home, born from the 1984-established Haier brand, is the flagship home appliance brand of the Haier Group. Haier Smart Home has been publishing its social responsibility reports since 2008. Since 2020, Haier Smart Home has achieved four consecutive upgrades in its ESG rating by MSCI (Morgan Stanley Capital International), with its rating evolving from B to BB to BBB, and ultimately reaching an A-grade in 2023. It also secured the highest rating index among its peers in China across assessments conducted by multiple ESG rating agencies, including Wind and China Securities Index. Additionally, Haier Smart Home has been included in all three major ESG indices of the Hang Seng Index. In 2024, Haier Smart Home was awarded an overall AA rating in the "Top 100 ESG Investment Value List" released by Securities Star in collaboration with the Huazheng Index, representing the highest rating in the home appliance industry. Furthermore, it has successfully appeared on the Fortune China ESG List for three consecutive years, ranking first in the industry. Therefore, examining Haier Smart Home's ESG practices holds significant representativeness and guiding value.

3.2. Haier Smart Home ESG Performance

3.2.1. Environmental aspects

The home appliance industry has long been regarded as a major source of carbon emissions. As a result, how home appliance manufacturers manage their carbon emissions, pollution, and waste disposal is a key focus for market observers when assessing their fulfillment of social responsibility

and environmental commitments. Against the backdrop of China's 2020 carbon peaking and carbon neutrality target framework, Haier Smart Home – as a leading enterprise in the home appliance sector – plays an active and significant role in environmental governance and protection from both the "zero-carbon" and "negative-carbon" perspectives .In 2022, Haier Smart Home launched its "6-Green" full lifecycle green development strategy, implementing comprehensive green management practices across all stages – from product R&D and raw material procurement to manufacturing, packaging and transportation, and finally to product recycling. This section focuses on highlighting the key initiatives undertaken by Haier Smart Home during the R&D and design phase, the manufacturing phase, and the recycling phase.

(1) R&D and Design Phase

During the product design phase, Haier Smart Home prioritizes the use of recyclable and renewable materials to minimize the environmental impact of its products. Particularly in carbon reduction design, Haier Smart Home takes "production carbon reduction" as its starting point and remains committed to the research, development, and innovation of new technologies. Across all of Haier Smart Home's appliance brands – including core technologies for refrigerators, washing machines, water heaters, and air conditioners – the company continuously drives innovation, striving to reduce electricity consumption at the R&D stage and implement green technology solutions. As shown in Table 1, this table lists the energy efficiency levels of Haier Smart Home's current mainstream appliances.

Table 1. Energy Efficiency of Haier Smart Home Appliances

Electrical appliances	ice box	washing machine	water heater	air-conditioning
new technique	F-D PLUS Variable Frequency Drive Technology	Essence Wash Function	Environmental Factor Variable Frequency Control	Variable Diversion Technology
Green Efficiency	15% energy savings	38% water savings	Energy efficiency: 15.5%	Energy savings: 458 kWh per unit

In 2023, Haier Air Conditioning further advanced its innovation by introducing Variable Flow Distribution Technology. By modifying the air conditioner's heat exchanger design, the cooling and heating flow paths were transformed from fixed to flexible and variable, enabling each unit to reduce annual electricity consumption by more than 458 kWh and cut carbon dioxide emissions by 261 kg. According to data disclosed by Haier Smart Home, Haier's total carbon emissions in 2023 amounted to 650,000 tons, representing a year-on-year decrease of 23.86% – the highest reduction rate among the seven companies surveyed. Haier Smart Home's technological green innovations in its electrical equipment have effectively improved the utilization efficiency of various energy sources and reduced energy consumption, playing a significant role in environmental protection and the achievement of sustainable development.

(2) Manufacturing Stage

As an appliance manufacturing enterprise, Haier Smart Home inevitably generates significant pollution and waste during its production and manufacturing processes. To address this, Haier Smart Home continuously optimizes its production processes to enhance energy efficiency. Additionally, by strengthening its emissions management – including implementing waste and pollutant control procedures and installing emissions monitoring and treatment facilities – the company achieves reductions in both emissions and waste generation, thereby minimizing and controlling carbon emissions throughout its manufacturing operations as much as possible. In 2023, all supply chain factories operated by Haier Smart Home within its domestic market achieved ISO 14001 Environmental Management System certification, achieving a 100% coverage rate. Furthermore, the company operates seven "Lighthouse Factories" and one "Sustainable Lighthouse Factory," which collectively result in an annual carbon reduction of 70,600 tons. Haier Smart Home's achievements in manufacturing carbon reduction are reflected not only in its domestic factories but also in its international facilities.

The amount of waste foam processed by Haier Smart Home in one year is equivalent to the carbon emissions generated by 200,000 households. This fully demonstrates the social responsibility undertaken by Chinese enterprises in the new era.

(3) Recycling Phase

Against the backdrop of China's "Dual Carbon" goals, the country is experiencing a peak period of replacement of both legacy and new household appliances, which has drawn significant attention from the industry regarding green recycling and circular utilization practices in the appliance sector. In response, Haier Smart Home has established a recycling ecosystem – specifically, a comprehensive product recycling system designed to enable the standardized collection and reuse of end-of-life household appliances. To this end, Haier Smart Home has built a green, interconnected recycling factory that provides professional recycling and processing services for electrical appliances. This facility seamlessly integrates four key stages—recycling, disassembly, regeneration, and reuse—enabling the circular reuse of certain components and making "negative carbon" emissions a feasible reality[11]. Through technological innovation, Haier Smart Home has achieved precise disassembly of end-of-life household appliances, producing recycled materials with a purity rate as high as 99% that match the performance of new materials.

In 2023, Haier Smart Home also obtained recycling certification under the "New Nine Categories" initiative, enabling the company to collect over 6.74 million end-of-life household appliances through various channels. The operation of Haier Smart Home's Circular Recycling Factory allows for the dismantling of 2 million end-of-life household appliances annually; its capacity for producing recycled materials reaches 30,000 tons, with an annual carbon emission reduction potential of approximately 17,000 tons – equivalent to planting 1,550,000 trees. These figures demonstrate, to a certain extent, that Haier Smart Home has achieved outstanding performance in recycling and circular economy practices, effectively reducing environmental pollution and strengthening its commitment to environmental protection.

3.2.2. Social aspect

Haier Smart Home's social responsibility initiatives are primarily analyzed from two perspectives: public welfare support and employee management.

(1) Public Welfare Assistance

Haier Smart Home has always placed great emphasis on public welfare initiatives focused on rural education, poverty alleviation, disaster relief, critical illness care, and elderly care services, and has actively participated in and made substantial investments in these efforts over the years. During the COVID-19 pandemic, Haier Smart Home donated RMB 13 million in cash and IoT-enabled home appliances worth RMB 2.5 million to support local communities; as a result, the company was honored with the "Annual Enterprise Award" at the 14th and 15th People's Enterprise Social Responsibility Awards hosted by People's Daily Online. Through initiatives such as donating schools, providing teaching equipment, and organizing volunteer teaching programs, Haier Smart Home has helped children in underprivileged areas access better educational resources and pursue their dreams. As of June 2024, Haier has invested a total of over RMB 140 million in educational philanthropy, supporting the construction of 405 Hope Primary Schools and 1 Hope Secondary School across 26 provinces, municipalities, and autonomous regions nationwide, making it the enterprise that has contributed the most Hope Primary Schools under the Hope Project initiated by the Central Committee of the Communist Youth League.

Furthermore, as a global enterprise, Haier Smart Home actively fulfills its social responsibility commitments in international markets. For instance, the company has donated goods and cash to local charitable organizations and initiatives across various countries—including the United Kingdom, Italy, and Indonesia—thereby contributing to local social development. Additionally, Haier Smart Home supports local communities in improving their living standards and fostering regional economic growth through initiatives such as technical training programs and employment assistance programs. These efforts have earned recognition from the countries receiving the company's support. Haier Smart Home's philanthropic actions both domestically and internationally demonstrate the

commitment of a major multinational corporation to supporting global charitable causes and continuously leveraging its corporate influence for positive impact.

(2) Employee Management

Haier Smart Home embraces the principle of "putting people's value first," reflecting a strong commitment to human-centered care. In its employee management practices, Haier Smart Home focuses on fostering employees' career development and safeguarding their rights and interests; it is dedicated to creating an equitable and inclusive work environment along with clear promotion pathways, respects employees' preferences, protects their fundamental rights, and provides them with a supportive workplace and ample opportunities for growth.

In terms of career development, Haier Smart Home places great emphasis on talent cultivation. The company has established a tiered talent development system, providing employees with a wealth of learning resources through diverse approaches—including course-based training, specialized workshops, and rotational assignments—and continuously refines its training and development framework. This system supports employee growth from multiple dimensions, tailored to the unique needs of each individual, thereby enhancing both their professional skills and overall competencies. Additionally, Haier Smart Home has pioneered the "Ren-Dan Integration" management model. In this model, "Ren" refers to employees who possess entrepreneurial and innovative spirit, while "Dan" denotes the creation of user value. This model encourages employees to proactively identify areas where they can create user value, achieve personal business breakthroughs, and secure better career advancement opportunities. Notably, in terms of promotion, Haier places particular emphasis on the career development of female employees, actively safeguards their rights and interests, and implements gender-equal employment policies. In 2023, the proportion of female managers within the company's management team increased to 22.2%.

At the compensation and incentive level, building upon the "Human-Order Integration" model, Haier Smart Home has innovatively designed a compensation mechanism, establishing a short-, medium-, and long-term incentive system that combines labor-based remuneration, value-added sharing, and equity incentives to encourage employees to approach their work with an entrepreneurial mindset. This approach aligns employee value with corporate and shareholder value, fostering a win-win development scenario for both the company and its employees. Since 2009, Haier Smart Home has continuously rolled out multiple equity incentive programs and employee stock ownership plans, benefiting more than 12,000 mid-and senior-level employees. In 2023, the company launched an A-share employee stock ownership plan and an H-share employee stock ownership plan. The A-share plan involved approximately 2,400 participants, with a total incentive fund of RMB 565.5 million; the H-share plan involved approximately 34 participants, with a total incentive fund of RMB 70.5 million. As of the end of the 2023 reporting period, Haier Smart Home employed 112,458 staff members, including 23,889 technical personnel. Through these initiatives, Haier Smart Home promotes the sharing of benefits between employees and the company, adhering to the principle of "employees paying the wages," and utilizes performance-linked investment mechanisms to enable employees and the enterprise to share both risks and rewards, thereby attracting, motivating, and retaining the company's core talent.

In safeguarding the safety and health of its employees, Haier Smart Home complies with the Occupational Disease Prevention and Control Law of the People's Republic of China as well as all relevant laws and regulations, firmly ensuring the occupational health and safety of its workforce. The company conducts routine health check-ups for every employee annually and adds additional screening items tailored to employees across different age groups. In 2022, the company advanced the platform-based, systematic, and standardized upgrade of its occupational health and safety management system; both Haier Smart Home and its subsidiaries have obtained ISO 45001 Occupational Health and Safety Management System certification, providing a more robust institutional framework to support workplace safety and employee well-being.

3.2.3. Governance

Haier Smart Home consistently embraces the core principles of "integrity-based operations, standardized governance, and information transparency," committing itself to fostering a trustworthy ecosystem through high-standard corporate governance and robust internal controls, thereby ensuring the company's stable operations and sustainable development.

(1) ESG Management Framework

Haier Smart Home established an ESG Committee based on its top-level organizational structure, clearly defining the responsibilities and authorities at each level to ensure the effective implementation of its ESG initiatives. The ESG Committee represents the Board of Directors in exercising comprehensive oversight over all ESG-related matters and fulfilling the corresponding ESG governance responsibilities. Under the ESG Committee, the ESG Executive Office and various working groups are established to oversee the company's specific ESG-related activities. The ESG Executive Office comprises departments including the Securities Department, Strategy Department, R&D Department, Internal Control Department, Human Resources Department, Legal Department, Energy Department, and Values Department; it is responsible for managing all ESG-related matters and regularly reporting its progress to the ESG Committee. Additionally, Haier Smart Home's overseas subsidiaries—GEA, FPA, and Candy—as well as its Indian subsidiary, have also established dedicated sustainability management frameworks to advance their ESG initiatives in compliance with the applicable laws and regulations. Through the establishment of a robust ESG governance framework, Haier Smart Home has created a governance mechanism characterized by clearly defined roles and responsibilities, effective coordination, and mutual checks and balances, thereby achieving normalized and standardized management of its ESG initiatives.

(2) Risk Management and Internal Control

In addition to building its ESG framework, Haier Smart Home has also established a comprehensive risk management system and internal control framework. Each year, the company engages annual audit firms compliant with Chinese Accounting Standards to audit its internal control over financial reporting, conducting large-scale self-audits of the enterprise within fixed timeframes. These audits primarily focus on reviewing the design and implementation of the internal control system, as well as disclosing material weaknesses. Meanwhile, Haier Smart Home actively drives its digital transformation, leveraging a digital and intelligent risk management system to enhance its management efficiency and risk prevention and control capabilities.

In 2023, Haier Smart Home continued to strengthen its integrated risk management approach encompassing "internal control + auditing + anti-fraud measures," while deepening its anti-corruption initiatives. On one hand, when conducting its business and commercial activities, Haier Smart Home strictly complies with the laws and regulations of the countries or regions where it operates regarding the prevention of bribery, fraud, extortion, and money laundering; it prohibits all forms of commercial bribery and strives to foster a business environment built on integrity and ethical practices. The company employs a big data cloud monitoring system for proactive risk early-warning identification; it routinely identifies and analyzes anti-corruption, anti-fraud, and anti-money laundering risks across all levels—including its manufacturing facilities, business units, and digital platforms—on a daily, weekly, monthly, and quarterly basis. Through risk audit identification and process diagnosis, the company detects risks within various business scenarios and implements mechanisms to govern and mitigate common risk drivers. Each quarter, Haier Smart Home requires personnel in key positions to sign an "Integrity and Self-Discipline Commitment Letter," urging employees to strictly adhere to compliance requirements and ensure integrity across all business domains.

On the other hand, Haier Smart Home has established a diversified anti-corruption and compliance training system that combines on-site training, online courses, and electronic publications. Through its Newsletter, the company conducts anti-corruption training for directors and management personnel, covering topics such as the global and domestic anti-corruption landscape, Haier Smart Home's anti-corruption risk identification processes, and compliance framework development. The company also provides training for its investigators to strengthen employees' legal awareness and

enhance their ability to implement anti-fraud measures. In 2023, Haier Smart Home conducted 258 internal anti-corruption and anti-fraud training sessions, published 12 issues of its compliance electronic newsletter, ensured that each employee received over two hours of anti-corruption training, and issued integrity reminder letters to all suppliers, thereby safeguarding the fairness and transparency of its business operations.

4. Impact on Enterprises

(1) Enhance brand image and corporate value

Haier Smart Home has cultivated a positive brand image by actively fulfilling its obligations in environmental protection, social responsibility, and good governance through the implementation of ESG principles. For example, in the 2024 China ESG Influence Ranking, Haier Smart Home once again made the list, ranking at the top of the industry for the third consecutive year. This honor not only highlights Haier Smart Home's leadership in the ESG sector but also further enhances its brand image. This strong brand image has steadily increased consumers' recognition and trust in Haier Smart Home; such positive social recognition can be translated into the company's market competitiveness. Furthermore, transparency in corporate governance and a comprehensive organizational structure not only drive high operational efficiency but also foster a strong social reputation, bolstering investor confidence in the company and reinforcing their belief in its capacity for sustainable long-term growth.

Furthermore, ESG practices have a positive impact on corporate value. Corporate value refers to an enterprise's ability to deliver satisfactory returns to all its stakeholders; it reflects the time value of corporate capital, as well as the company's risk management and sustainable development capabilities. Strong ESG performance enhances corporate value, whereas poor ESG performance can deter investors and diminish corporate value. Haier Smart Home integrates low-carbon and environmental sustainability into its daily operations, actively aligning itself with national policies, thereby reducing the risk of penalties imposed by government or regulatory authorities due to environmental violations. This approach has bolstered investor confidence and generated significant investment opportunities for the company. Additionally, ESG represents an international investment philosophy; strong ESG performance can help Haier Smart Home expand its overseas financing channels. Moreover, Haier Smart Home's "RenDanHeYi" (Human-Order Integration) philosophy provides internal guidance for employee development and promotion, motivating employees to create greater value for the company. This diversified talent development approach, which aims to maximize the potential of every employee, is also one of the pathways for Haier Smart Home to enhance its overall quality and operational efficiency.

(2) Promoting green innovation

Corporate commitment to green development can motivate businesses to proactively enhance their green innovation capabilities and intensify R&D efforts in green and low-carbon technologies. In the realm of environmental governance, Haier Smart Home consistently aligns its strategies with investors 'green investment demands, taking the lead in responding to China's "Dual Carbon" goals by leveraging its ESG strategy to drive green development and establishing a green and low-carbon development framework centered on energy conservation, emission reduction, and sustainable development. Guided by its original technology innovation strategy, Haier Smart Home has continuously increased investment in green innovation, built a globally leading R&D system, and seen a steady stream of innovative achievements—demonstrating that Haier Smart Home's implementation of its ESG strategy has fostered corporate green innovation. Additionally, in 2023, Haier was selected for the inaugural China Industrial Carbon Peaking "Leading Enterprise" list, recognizing the accomplishments of Haier Smart Home in green innovation.

Meanwhile, in terms of corporate governance, Haier Smart Home has actively driven its digital transformation, optimized its business management processes, and enhanced its operational efficiency. Its strong green innovation capability has enabled Haier Smart Home to reduce costs and increase efficiency amid challenging industry conditions, further solidifying its competitive advantage.

5. Recommendations

(1) Implementing ESG principles: Deepening integration and engaging all employees

The ESG framework can drive enterprises toward a green, low-carbon, and high-quality development path; this aligns perfectly with both corporate stakeholder interests and the objectives of sustainable development. Therefore, enterprises should integrate ESG principles into their long-term strategic planning and day-to-day operations, and fully implement the ESG development philosophy.

When implementing ESG principles, relying solely on a theoretical foundation is insufficient; it is essential to foster a bottom-up awareness of sustainable development. This requires strengthening employee education and training on ESG principles, ensuring that everyone—from frontline staff to senior management—recognizes the importance of an ESG strategy. Only then can collaboration across all departments during the formulation and execution of corporate strategies better align with ESG principles, driving the organization's objectives forward in unison.

Furthermore, ESG risk management should be strengthened. An ESG strategy has a significant impact on a company's profitability, competitiveness, and long-term reputation. To ensure that ESG initiatives do not become mere "window-dressing" projects, companies should establish dedicated ESG strategy teams and robust risk management systems, regularly assess the ESG risks they face, and develop appropriate response measures. This approach enables companies to better integrate their ESG strategies into their core development strategies and more effectively mitigate potential risks.

(2) Enhancing the quality of social responsibility information disclosure: increasing transparency and credibility

Information disclosure is a crucial component of ESG management; it enables both social and institutional investors to understand the efforts and outcomes that companies are making in implementing ESG principles. Although many large enterprises are increasingly engaging in ESG information disclosure, the quality of such disclosures remains a concern. To address this, companies can, on one hand, actively refer to internationally recognized ESG reporting frameworks to enhance their disclosure practices and ensure that the information provided is comprehensive and accurate, thereby meeting the information needs of their stakeholders. On the other hand, companies should establish rigorous mechanisms for the collection, organization, analysis, and verification of ESG data, and subject their ESG reports to independent audits conducted by third-party audit or certification bodies to enhance the credibility of these reports.

Secondly, regulatory authorities should harmonize ESG reporting disclosure standards, implement industry-specific supervision, integrate various thematic modules to establish sector-specific disclosure frameworks, and streamline and standardize mandatory disclosure procedures. Appropriate incentive and penalty mechanisms can also encourage enterprises to proactively engage in ESG information disclosure.

(3) Supporting the establishment of an ESG framework: Promoting collaborative industry social responsibility efforts

Corporate ESG practices are not isolated actions taken independently of society or other businesses; rather, within the broader social and economic context, companies across the board are implementing ESG initiatives in pursuit of high-quality and sustainable development. Therefore, companies like Haier Smart Home—which have already achieved significant results—should actively participate in the development and promotion of industry-specific ESG standards. By leveraging the strengths of manufacturing enterprises, companies can strengthen ESG management throughout their supply chains and, through measures such as training, technical support, and financial assistance, help their suppliers enhance their ESG management capabilities, thereby achieving overall supply chain optimization. Additionally, cross-sector collaboration is highly encouraged; for instance, Haier Smart Home could partner with businesses from other industries, non-governmental organizations, and research institutions to jointly explore innovative ESG solutions. Through the sharing of resources, technologies, and expertise, companies can drive the further advancement of ESG practices.

Enterprises play a leading role in building ESG frameworks; their sense of corporate social responsibility is inextricably linked to their capacity for sustainable development. Therefore, companies with a sustainable development mindset should proactively strive to become builders of the ESG ecosystem, rather than merely passive participants.

6. Conclusion

Using Haier Smart Home as a case study, this paper examines the impact of enterprises 'implementation of ESG principles—particularly their fulfillment of environmental, social, and governance responsibilities—on their business performance and, based on the findings, proposes corresponding recommendations. In the future, as global attention to sustainable development and corporate social responsibility continues to grow, ESG is poised to become a key benchmark for measuring corporate value and competitiveness. As an industry leader, Haier Smart Home should further deepen its ESG practices, continuously innovate and achieve breakthroughs, and make an even greater contribution to the sustainable development of the industry. Meanwhile, other enterprises should actively draw upon Haier Smart Home's successful experience, strengthen their ESG strategic management, thereby enhancing their awareness of corporate social responsibility and bolstering their capacity for sustainable development.

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