

Accounting and ESG-related Practice Data of **Agricultural Firms** for Corporate Valuation

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Needs for Corporate Valuation

- For the rural development, Promoting **ESG (long-term) investments** or **financing** into agricultural business is an important strategy.
- Then, what kind of information on agricultural business do investors and financing experts need?
→ **Value of the farm business, including synergies between firm strategy and ESG factors**

└─ Basically, the accumulation of **all future cash flows** from the business
(planned or estimated)

- When estimating cash flows, the information on ESG practices can be used to know the effect of;
 - **Reducing risks** from environmental changes and shocks, strengthened business regulations
 - **Seizing opportunities** such as new market growth and acquisition of skilled labor



What kind of dataset can be used for this analysis?
Firm accounting data / ESG practice data

Data Availability in Japan

- In Japan, MAFF conducts **annual sampling survey** of **detailed accounting of agricultural corporations** for decades. Then, we can use the panel data and calculate their corporate values.



- Preparing **the list of the important ESG practices** and including these question items **into the existed annual accounting survey** is needed to collect ESG-related practices data.
- The ideal set of data would be similar to the situation in other countries. However, I want to emphasize **the importance of the data of corporate governance** for corporate valuation. This is because only good governance **ensures the synergies** between economic strategies and non-economic practices in agricultural firms. This point of view should be considered in the data collection process.