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Monetary Measurement of Social Contributions: A Study on Rural Revitalization Disclosure in Inner Mongolia Yili Industrial Group Co.,Ltd.'s ESG Value Accounting

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ABSTRACT
With the deepening of the concept of sustainable development, the monetization of corporate social contributions has become a cutting-edge topic in accounting. Taking Inner Mongolia Yili Industrial Group Co., Ltd. as a case study, this paper analyzes the monetization methods and disclosure models for social contributions related to rural revitalization based on the company's officially disclosed financial data and ESG reports. The study found that by establishing a "monetization of social value" accounting framework, Yili Co., Ltd. converted 280 million yuan in external donations into 6.805 billion yuan in positive social impact value. Specifically, investments related to rural revitalization were transformed from "social benefits" into "accounting terms" through three pathways: recognition via government subsidies, closed-loop management of special bond funds, and quantification of industrial assistance value. In 2023, Yili Co., Ltd. achieved operating revenue of 126.179 billion yuan and net profit attributable to shareholders of 10.429 billion yuan, while receiving a cumulative total of 1.103 billion yuan in various government subsidies, thereby helping 5.6 million livestock breeders and farmers nationwide increase their income and achieve prosperity. However, current disclosures still suffer from issues such as insufficient transparency in accounting methods, unclear reconciliation with financial statements, and a lack of third-party verification. This paper proposes recommendations such as establishing a unified measurement standard for contributions to rural revitalization, strengthening the integration of financial and non-financial information, and introducing an independent verification mechanism, thereby providing a reference for improving the ESG disclosure system with Chinese characteristics.

KEYWORDS
ESG value accounting; Rural revitalization; Monetized measurement; Information disclosure

1 Introduction

Since the ESG (Environmental, Social, and Governance) concept was first proposed by the United Nations Global Compact in 2004, it has undergone two decades of development and has become a crucial framework for measuring corporate sustainability. How to translate ESG performance into comparable and verifiable monetized information remains a common challenge faced by both the academic and professional accounting communities. The 2023 Central Document No. 1 explicitly calls for "guiding social capital investment into rural revitalization," and the investments and outcomes of listed companies in this initiative are increasingly drawing attention from capital markets. However, current accounting standards lack unified regulations regarding the recognition, measurement, and disclosure of expenditures related to rural revitalization, making it difficult for information users to assess the true value of a company's social contributions.

In May 2024, Yili Group released the first ESG value accounting report in the global food industry, summarizing the outcomes of its 2023 ESG practices in monetary terms, which attracted widespread attention within the industry. This innovative practice provides a typical case study for research on the monetization of social contributions. This paper selects Inner Mongolia Yili Industrial Group Co.,Ltd. as the case study enterprise. Based on its officially disclosed financial data and ESG reports, it conducts an in-depth analysis of the monetization methods for social contributions related to rural revitalization, the disclosure models, and their accounting implications.

2 Literature Review and Theoretical Framework

2.1 Theoretical Foundation of Corporate Social Responsibility Disclosure

Research on corporate social responsibility (CSR) disclosure can be traced back to Western academia in the 1970s, while Chinese scholars began systematically focusing on this field in the late 1990s. In *Theory of Social Responsibility Accounting* (1998), Lin Wanxiang first systematically expounded the basic theoretical framework of social responsibility accounting, pointing out that corporate financial reports should reflect a company's contributions to and impact on society. This work laid the foundation for social responsibility accounting research in China. Shen Hongtao and Jin Tingting

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(2006) conducted a systematic analysis of the current state of social responsibility disclosure among Chinese listed companies, finding that the overall level of disclosure was low at the time, with content being fragmented, formats inconsistent, and a lack of comparability.

From the perspective of disclosure content, Li Zheng and Xiang Rui (2007) conducted a systematic study on the definition and measurement methods of corporate social responsibility (CSR) information disclosure. They categorized CSR information into six major categories: environmental issues, employee issues, community issues, general social issues, consumer issues, and other issues, and proposed corresponding measurement methods. This classification framework laid an important foundation for subsequent research. Shen Hongtao (2007) further explored the relationship between firm characteristics and CSR disclosure, finding that firm characteristics such as firm size, profitability, financial leverage, and refinancing needs have a significant impact on the level of CSR disclosure.

Zhao Juan (2007)[6] analyzed the issues surrounding social responsibility disclosure by listed companies from a practical perspective, pointing out that at the time, the social responsibility information disclosed by enterprises was mostly qualitative in nature, with insufficient quantitative data, and lacked unified disclosure standards and formats. Ma Lianfu, Zhao Ying (2007)[8] found through empirical research that social responsibility information disclosure by listed companies is influenced by factors such as industry attributes, company size, and equity structure, and recommended that regulatory authorities formulate unified guidelines for social responsibility information disclosure.

2.2 Construction of the Theoretical Framework

This paper constructs a theoretical analysis framework comprising three layers. The first layer is the theoretical foundation, which integrates stakeholder theory, signaling theory, and legitimacy theory to explain the motivations and mechanisms behind corporate social responsibility disclosure. The second layer is the monetization measurement pathway, which identifies three monetization pathways for contributions to rural revitalization based on the practices of Yili Co., Ltd.: the government subsidy pathway (revenue recognition), the bond funding pathway (liability management), and the ESG value accounting pathway (value conversion).The third level is the case application layer, which evaluates the disclosure quality of monetized information related to rural revitalization using Yili Co., Ltd. as a case study, assessed across four dimensions: understandability, relevance, reliability, and comparability. This framework integrates theoretical analysis with practical case studies, providing a systematic analytical foundation for subsequent in-depth research.

3 Overview of the Case Company and ESG Disclosure Practices

3.1 Basic Information on Inner Mongolia Yili Industrial Group Co.,Ltd

Inner Mongolia Yili Industrial Group Co.,Ltd. was established in 1993 and is headquartered in Hohhot, Inner Mongolia Autonomous Region. It currently ranks among the top five global dairy companies and has held the top position in Asia's dairy industry for ten consecutive years. As the only Chinese enterprise to provide dairy products for the 2008 Beijing Olympics, the 2010 Shanghai World Expo, and the 2022 Beijing Winter Olympics, Yili holds a prominent benchmark status within the industry.

In 2023, Yili Co., Ltd. achieved operating revenue of 126.179 billion yuan, representing a year-on-year increase of 2.49%; net profit attributable to shareholders of the listed company was 10.429 billion yuan, up 10.58% year-on-year; and net profit excluding non-recurring items was 10.026 billion yuan, up 16.78% year-on-year, demonstrating robust profitability and strong growth potential.

3.2 Development of ESG Disclosure

Yili Co., Ltd. is one of the earliest companies in China's dairy industry to disclose social responsibility information. In 2007, Yili released the industry's first corporate citizenship report themed "The Power of Responsibility", becoming the first private enterprise in China to publish a social responsibility report at that time (Shen Hongtao & Jin Tingting, 2006). In 2017, Yili upgraded its "Healthy China Social Responsibility System" to form a sustainability system structured around the "WISH" framework. In 2022, Yili further upgraded this system to create the "WISH2030" Golden Key Sustainability System.

Currently, Yili has established an ESG disclosure system comprising three reports: the *Sustainability Report,* the *Biodiversity Conservation Report*, and the *Zero-Carbon Future Report*. Yili Co., Ltd.'s ESG reports have received the highest "Five-Star Excellent" rating from the China Corporate Social Responsibility Report Rating Expert Committee for five consecutive years.

3.3 Practices Related to Rural Revitalization

Yili Co., Ltd.'s initiatives in rural revitalization span multiple dimensions, including industrial assistance, financial support, cost reduction, income enhancement, milk payment distribution, charitable donations, and youth-focused public welfare programs. In terms of industrial assistance, the company has built a "shared prosperity chain" through "seven benefit linkages," cumulatively helping 5.6 million dairy farmers and herders nationwide increase their income and achieve prosperity.In terms of financing support, during the COVID-19 pandemic in 2020, the company provided 670 million yuan in financing support to upstream dairy farms within 50 days. Regarding cost reduction, technical services have helped partner farms reduce annual farming costs by an average of 410 million yuan. In terms of income growth, the company has cumulatively helped partner farms increase their income by 15.15 billion yuan. Regarding milk payment disbursements, the company has paid out approximately 247.496 billion yuan in milk payments since 2014. Regarding charitable donations, the company contributed 280 million yuan in 2023. In youth-focused initiatives, projects such as "Yili Ark" and "Yili Nutrition 2030" have cumulatively reached 26 provinces nationwide, benefiting 1 million young people.

4 Monetary Measurement Analysis of Contributions to Rural Revitalization

4.1 Government Subsidies: From "Policy Support" to "Revenue Recognition"

According to the *Announcement on Receipt of Government Subsidies* released by Yili Co., Ltd. in August 2023[16] , the company and its subsidiaries received a cumulative total of approximately 1.103 billion yuan in various government subsidies from January 1, 2023, to June 30, 2023. These subsidies included projects closely related to the development of agriculture, rural areas, and farmers, such as the "Grain-to-Fodder" pilot program, milk procurement subsidies, and special funds for rural revitalization.

From an accounting perspective, the recognition and measurement of government grants comply with *Enterprise Accounting Standard No. 16—Government Grants*. According to this standard, government grants are classified into grants related to assets and grants related to income.In its 2023 annual report, Yili Co., Ltd. disclosed that, in accordance with the relevant provisions of the *Interpretative Announcement No. 1 on Information Disclosure for Companies Issuing Public Securities—Non-recurring Gains and Losses (Revised in 2023)*, the company has reclassified government grants that are closely related to its normal business operations, comply with national policies, are received in accordance with established standards, and have a continuing impact on the company's profit or loss as recurring gains and losses.

This adjustment carries significant accounting implications: reclassifying government subsidies related to rural revitalization from "non-recurring gains and losses" to "recurring gains and losses" signifies that the company views rural revitalization as an integral part of its ongoing business operations, rather than a one-time, incidental event (Shen Hongtao, 2007). This accounting treatment more accurately reflects the nature of rural revitalization as a long-term corporate strategy.

4.2 Rural Revitalization Bonds: From "Fundraising" to "Closed-Loop Management"

In July 2025, Yili Co., Ltd. successfully issued the 11th Series of 2025 Science and Technology Innovation Bonds, with an actual issuance amount of 4 billion yuan, a term of 182 days, and an issuance interest rate of 1.48%. This was an innovative product under the company's diverse debt financing instruments, with the raised funds explicitly directed toward rural revitalization-related sectors.In January 2026, the company completed the redemption of this bond issue, with the total principal and interest paid amounting to RMB 4,029,518,904.11.

From an information disclosure perspective, the bond issuance announcement disclosed the following key information: the bond name included the "rural revitalization" identifier, clearly defining the intended use of funds; the issuance results announcement disclosed key terms such as the total issuance amount, interest rate, and maturity. However, from the perspective of accounting information quality, the current disclosures still have the following shortcomings: the specific allocation of the raised funds has not been detailed, making it difficult for information users to determine which rural revitalization projects the 4 billion yuan ultimately flowed into; an evaluation of the benefits of fund utilization is missing, preventing investors from understanding the social benefits generated by these funds (Li Zheng, Xiang Rui, 2007).

4.3 ESG Value Accounting: From "Input Costs" to "Social Value"

The core innovation of Yili Co., Ltd.'s ESG value accounting report lies in transforming social contributions from "input costs" into "social value." In 2023, Yili's external donations reached 280 million yuan; building on this, Yili generated

6.805 billion yuan in positive impact value for society and the environment through its operations. This accounting process embodies the core logic of "input—transformation—output": the input side (cost perspective) includes 280 million yuan in external donations, 1.103 billion yuan in government subsidies, and investments in the industrial chain; through the value multiplier model (with a multiplier of approximately 24.3), the output side (value perspective) yields 6.805 billion yuan in positive social impact value.

This process is reflected across two dimensions: in the financial accounting dimension, donation expenditures are recorded as non-operating expenses, government subsidies as other income, and bond funds are recognized as liabilities or assets; in the stakeholder value distribution dimension, shareholders received 10.429 billion yuan in net profit, communities saw 5.6 million farming households benefit from increased income, and society as a whole gained 6.805 billion yuan in calculated value.

4.4 Analysis of Monetization Pathways for Rural Revitalization Contributions

Based on the above analysis, there are three parallel pathways for the monetization of Yili Co., Ltd.' s social contributions related to rural revitalization. These pathways exhibit significant differences in terms of accounting recognition, measurement attributes, relationship with financial statements, verifiability, and relevance to rural revitalization.

Pathway 1 is the government grant pathway. Government grants related to rural revitalization are directly recognized as revenue, appearing in the income statement as "other income" or as a reduction of related costs. This pathway uses historical cost measurement, establishing a direct reconciliation relationship with the financial statements; it has high verifiability (confirmed through audit) and a partially explicit association with rural revitalization. In 2023, the scale of such grants was approximately 1.103 billion yuan.

Pathway Two: Bond Funding Pathway. Funds raised through rural revitalization bonds are recognized as liabilities (bonds payable). The use of these funds results in assets or expenses, and the effectiveness of fund utilization is reflected in the future through project benefits or social value accounting. This pathway also employs historical cost measurement and is presented on the balance sheet. It has moderate verifiability (funds are traceable through regulatory oversight) and is clearly earmarked for rural revitalization. The 4 billion yuan in rural revitalization bonds issued in 2025 is a typical example of this pathway.

Pathway Three is the ESG Value Accounting Pathway. Rural revitalization-related investments are converted into social positive impact value through a value multiplier model and presented in monetary terms in ESG value accounting reports. This pathway employs simulated value measurement and constitutes off-balance-sheet disclosure. Its verifiability is low (lacking independent verification), and its association with rural revitalization is reflected indirectly. In 2023, the social positive impact value calculated through this pathway amounted to 6.805 billion yuan.

The differences in accounting treatment among these three approaches reflect a progressive transition from traditional financial information to new forms of non-financial information. The government subsidy approach is the most mature and standardized, the bond funding approach is still developing, while the ESG value accounting approach represents a frontier of exploration, with significant room for improvement in the quality of its information disclosure.

5 Issues and Recommendations Regarding Rural Revitalization Disclosure

5.1 Major Issues with Current Disclosure

Based on the case study of Yili Co., Ltd., the current disclosure of monetized information related to rural revitalization presents the following issues:

First, there is insufficient transparency in accounting methods. The ESG value accounting report disclosed a social positive impact value of 6.805 billion yuan, but did not provide detailed information on the specific calculation process, parameter assumptions, data sources, or model selection for this figure. The transparency of information disclosure is a key factor affecting the relevance of the reported values; a lack of transparency may make it difficult for information users to assess the reliability of the figures.

Second, the reconciliation with financial statements is unclear. There is a lack of clear explanatory notes regarding the relationship between the 6.805 billion yuan in positive social impact value and the 10.429 billion yuan in net profit attributable to shareholders and the 280 million yuan in external donations reported in the financial statements. Social responsibility information should complement rather than replace financial information; however, the two types of information currently stand independently, making it difficult to integrate and utilize them effectively.

Third, the absence of third-party assurance. Although Yili Co., Ltd.' s sustainability reports have consistently received a "Five-Star Excellent" rating, its ESG value accounting reports have not yet incorporated independent third-party assurance. The lack of external assurance is a significant factor limiting the reliability of social responsibility information.

Fourth, there is insufficient disclosure regarding rural revitalization initiatives. Although the ESG report provides an overall account of social contributions, specific disclosures related to rural revitalization remain inadequate. For example, there is a lack of detailed disclosure regarding the specific allocation of the 4 billion yuan in rural revitalization bonds or the concrete outcomes of industrial assistance projects.

5.2 Recommendations for Improvement

In response to the above issues, this paper proposes the following recommendations for improvement:

First, establish a unified standard for measuring contributions to rural revitalization. It is recommended that relevant government departments or industry associations take the lead in formulating guidelines for the monetization of rural revitalization contributions, clarifying methods for determining value multipliers, ranges for parameter selection, and data collection standards (Huang Shizhong & Wang Pengcheng, 2023), thereby enhancing the comparability of information across different enterprises.

Second, strengthen the integration of financial and non-financial information. When disclosing ESG value accounting information, enterprises should explain the reconciliation between monetized measurement results and relevant items in financial statements, and enhance the credibility of the information by establishing a "value reconciliation statement."

Third, introduce independent third-party attestation. Drawing on the experience of financial statement audits, gradually introduce an independent attestation mechanism for ESG value accounting reports to provide reasonable assurance regarding the rationality of accounting methods, the reliability of data sources, and the accuracy of calculation processes.

Fourth, refine the disclosure of information specific to rural revitalization. It is recommended that enterprises include a dedicated section on "rural revitalization" in their ESG reports, disclosing information such as the accounting recognition and classification of expenditures related to rural revitalization, details on the use of funds from special financing instruments, and the beneficiary groups and catalytic effects of industrial assistance projects.

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