

IVS 104 Data and Inputs



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IVS 104 Data and Inputs deals with the selection and use of *data* to be used as *inputs* in the *valuation*. The aim of the *valuation* is to maximise the use of relevant and *observable data* to the degree that it is possible.

10. Introduction

- 10.01 *Data* and *inputs* are used in developing *values* for all types of *assets* and *liabilities*. *Inputs* are derived from *data*, along with assumptions and adjustments and are used in the quantitative development of a *value* conclusion.
- 10.02 *Data* and *inputs* should be based on factual information (such as measurements or published *prices*), but often include reasoning and analysis in order to arrive at an *input* to be used in the *valuation*.
- 10.03 The *valuation* should maximise the use of *observable data*. *Observable data* is defined as information that is readily available to market participants about actual events or transactions that are used in determining the *value* for the *asset* or *liability*.
- 10.04 The *valuer* is responsible for assessing and selecting the *data*, assumptions and adjustments to be used as *inputs* in the *valuation* based upon *professional judgement* and *professional scepticism*.

20. Use of a Specialist or Service Organisation

- 20.01 If the *valuer* does not possess all of the necessary *data* to perform all aspects of the *valuation*, it is acceptable for the *valuer* to engage a *specialist* or *service organisation*.
- 20.02 Prior to using a *specialist* or *service organisation*, the *valuer* must ensure their capabilities meet the requirements of the *intended use* and must document their capabilities.

30. Characteristics of Relevant Data

- 30.01 The *valuer must* determine the *data* that is relevant, which for the purposes of IVS 104 *Data and Inputs* means “fitness for use” in terms of the *asset* and/or *liability* being valued, the scope of work, the *valuation method* and the *valuation model*.
- 30.02 The *valuer must* apply *professional judgement* to balance the characteristics of relevant *data* listed below in order to choose the *inputs* used in the *valuation*. The characteristics of relevant *data* are:
- (a) accurate: *data* are free from error and bias and reflect the characteristics that they are designed to measure,
 - (b) complete: set of *data* are sufficient to address attributes of the *assets* or *liabilities*,
 - (c) timely: *data* reflect the market conditions as of the *valuation date*,
 - (d) transparent: the source of the data can be traced from their origin.
- 30.03 In certain cases, the *data* may not incorporate all of these characteristics. Therefore, the *valuer must* assess *data* and conclude, based on *professional judgement*, that the *data* is relevant to value the *assets* and/or *liabilities* in accordance with the scope of work and the *valuation method*.

40. Input Selection

- 40.01 *Inputs must* be selected from relevant *data* in the context of the *asset* or *liability* being valued, the scope of work, the *valuation method*, and the *valuation model*.
- 40.02 *Inputs must* be sufficient for the *valuation models* being used to value the *asset* and/or *liability* based on the *valuer* using *professional judgement*.
- 40.03 When valuing portfolios or groups of similar *assets* or *liabilities*, *inputs should* be selected appropriately across those portfolios or groups of *assets*.
- 40.04 If *significant inputs* are inadequate or cannot be sufficiently justified, the *valuation* would not comply with IVS.

50. Data and Input Documentation

- 50.01 The source, selection and use of *significant data* and *inputs must* be explained, justified, and documented.
- 50.02 Documentation *must* be sufficient to enable the *valuer* applying *professional judgement* to understand why specific *data* was determined to be relevant and *inputs* were selected and were considered reasonable.
- 50.03 The form and location of documentation may vary based on the scope of work.

IVS 104 Data and Inputs: Appendix

The *valuer should be aware of relevant legislation and frameworks in relation to the environmental, social and governance factors impacting a valuation.*

A10. Environmental, Social and Governance (ESG) Considerations

- A10.01 The impact of *significant ESG factors should be considered in determining the value of a company, asset or liability.*
- A10.02 *ESG factors may impact valuations both from a qualitative and quantitative perspective and may pose risks or opportunities that should be considered.*
- A10.03 Examples of environmental factors may include but are not limited to the following:
- (a) air and water pollution,
 - (b) biodiversity,
 - (c) climate change (current and future risks),
 - (d) clean water and sanitation,
 - (e) carbon and other gas emissions,
 - (f) deforestation,
 - (g) natural disaster,
 - (h) resource scarcity or efficiency (eg, energy, water and raw materials),
 - (i) waste management.
- A10.04 Examples of social factors may include but are not limited to the following:
- (a) community relations,
 - (b) conflict,
 - (c) customer satisfaction,
 - (d) data protection and privacy,
 - (e) development of human capital (health & education),
 - (f) employee engagement,
 - (g) gender equality and racial equality,
 - (h) good health and well-being,
 - (i) human rights,
 - (j) working conditions,
 - (k) working environment.
- A10.05 Examples of governance factors may include but are not limited to the following:
- (a) audit committee structure,
 - (b) board diversity and structure,
 - (c) bribery and corruption,

- (d) corporate governance,
- (e) donations,
- (f) *ESG* reporting standards and regulatory costs,
- (g) executive remuneration,
- (h) institutional strength,
- (i) management succession planning,
- (j) partnerships,
- (k) political lobbying,
- (l) rule of law,
- (m) transparency,
- (n) whistle-blower schemes.

A10.06 *ESG* factors and the *ESG* regulatory environment *should* be considered in *valuations* to the extent that they are measurable and would be considered reasonable by the *valuer* applying *professional judgement*.