

IVSC SRB London Meeting Update May 2024

Items shown in bold italics should include links to the relevant documents.

This IVSC Update highlights preliminary decisions of the IVSC Standards Review Board (Board). Projects affected by these decisions can be found on the ***IVSC Publication Schedule***. The Board's final decisions on IVS® Standards and Amendments are formally balloted as set out in the ***IVSC Standards Review Board Due Process and Working Procedures***.

The Board met in person in London (and remotely) on 15 May – 17 May 2024. The topics in order of discussion were:

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Administration

- Welcome, Attendance and Agenda
(10.05.2024. SRB London Agenda May 2024 and IVSC SRB New York Meeting Update February 2024)
 - Brief Biography of each SRB member (1-2 minutes per person)
 - SRB Goals
 - Board Structure (Trustees, SRB, BVB, FIB, TAB, GMSRC, EMSRC etc.)
 - Review of Agenda
 - SRB Standard Setting Process and Public Meetings
(2024.04.03. IVS Bylaws and IVSC Standards Review Board Due Process and Working Procedures)
 - Topic Forms
(IVSC SRB Topic Form)
- IVSC CEO Update
- IVS Messaging and Marketing

Asset Board Updates and AFWG Update and Discussion

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(2024.05.10 IVSC SRB Topic Form - Intangible Asset Capstone Draft)
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 - Current Focus Areas and Working Groups
(Internally Generated Intangible Assets, Basis of Value, Calibration, Capital Structure Considerations, Discounts and Premia, Early-Stage Business and Transfer Pricing)
 - Planned Perspectives Papers 2024 - Intangible Asset Capstone Draft
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 - Illustrative Examples
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 - Professionalism/Credentialling
 - Planned Perspectives Papers 2024, if applicable
 - Other Market Engagement, if applicable

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 - *Current Focus Areas and Working Groups*
 - *(Investigations and Evidence (Inspections), Prudential Value, Agricultural and Plantation Land (Biological Assets, Quality Control and Individual Valuer, Compulsory Purchase and Insurance Valuations)*
 - *Planned Perspectives Papers 2024*
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- ESG/Sustainability Working Group Discussion
 - *ESG Survey Update*
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 - *Growth of Green FI Issuance (SIFMA reports)*
- TIP and White Paper Working Group Discussion
 - *Code of Ethical Principles*

- *Competency Framework*
- *Developing a VPO*
- *Guide to the Audit Process*
- *PMOs Web PDF*
- *SB Extra Agenda Item B - FVA Project Brief*

Public Meeting

- IVSC SRB Public Meeting - ESG Survey & ESG Update

Discussion and Perspectives Papers

- FI Guidance Discussion re Requests for FI Illustrative Examples
- IVS and Capital Markets
- Approval of Current Perspective Papers
(2024.05.06 Draft IVSC TAB Perspectives Paper on Inspection without track changes)

Agenda Consultation

- Agenda Consultation
(2024.05.09. IVSC Agenda Consultation 2024 without track changes)
Key topics
 - *Key topics*
 - *GAP analysis headers and timing review*
 - *Descriptions of all topics*
 - *Approval of Agenda Consultation*

Presentations

- Impact of AI and Machine Learning on Bond Pricing - Ian Blance, Bond Pricing Institute
- Technology in Valuation Presentation and Discussion with IVSC SRB - Andrew Knight, RICS
- Presentation from Jeffrey Hales and Khrystyna Bochkay on ISSB

The Board were asked if there were any conflicts of interest in relation to the proposed topics and no conflicts were declared.

Administration

IVSC Meeting Update January 2024 ((10.05.2024. SRB London Agenda May 2024 and IVSC SRB New York Meeting Update February 2024))

- Brief Biography of each SRB member (1-2 minutes per person)

SRB members each provided a two-minute verbal biography to the SRB. (See <https://www.ivsc.org/boards/>)

- SRB Goals

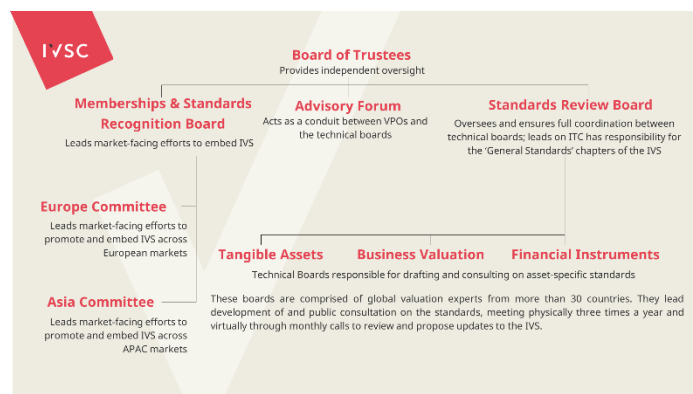
SD advised that the goal of SRB is to maintain standards and ensure consistency across all standards. This board has done a lot of good hard work over the past few years with the publication of IVS (effective 31 January 2025) and several perspective papers.

SD added that the SRB now have the opportunity to have a reset and develop where we want to go over the next 3-5 years through the publication of the IVS Agenda Consultation.

The SRB now need to determine the key current and future topics and how the SRB can work with the IVSC Technical Boards to achieve these goals.

- Board Structure (Trustees, SRB, BVB, FIB, TAB, GMSRC, EMSRC etc.)

SD advised that the IVSC Board Structure was as follows:



- Review of Agenda

SD advised that today the SRB will focus on asset board updates and the Advisory Forum Update.

SD further advised that tomorrow the SRB will have the IVSC Update from the Nick Talbot and will then focus on the Agenda Consultation key topics (valuation risk, ESG and technology in valuation), followed by the IVS Agenda Consultation Topics (current and future).

SD also advised that on Friday the SRB will have an update from Richard Stokes on the IVSC (can marketing and messaging strategy).

SD added that the SRB will then review the IVSC Agenda Consultation, and this will be followed by presentations from external specialists on AI and a presentation from ISSB board members on the International Sustainability Standards.

- *SRB Standard Setting Process and Public Meetings (2024.04.03. IVS Bylaws and IVSC Standards Review Board Due Process and Working Procedures)*

AA advised that the IVSC SRB new board members will have received a copy of the IVS Bylaws and IVSC Standards Review Board Due Process and Working Procedures and advised new members that it would be worthwhile familiarising themselves with these documents.

- *Topic Forms (IVSC SRB Topic Form)*

AA further advised that prior to a new topic being considered by the Boards the relevant Board submit a topic form to the SRB where they have to answer the following questions:

1. *What is the topic?*
2. *What is the problem statement?*
3. *Where does the problem exist?*
4. *How do you intend to address this problem?*
5. *How is consideration of this topic consistent with the IVSC mission?*
6. *What is the process required to accomplish this solution?*

Next steps

None.

IVSC CEO Update

NT thanked the SRB for dedicating their time and resources to IVSC.

NT added that it was good to have new members join the SRB and noted that this would be particularly helpful in providing the Canadian, Latin American and Singapore perspective on valuation practices within their markets.

NT advised that the IVSC were on track to open a Middle Eastern office later this year.

NT further advised that that the IVSC was in the final stages of reviewing applications for a new chair of the Board of Trustees.

NT also advised that the IVSC had a meeting with IOSCO next week and that IOSCO was still in the process of reviewing the IVSC processes and standards and comparing them to the IASB and the IAASB.

NT added that IOSCO was due to issue a report toward the end of the year, but he did not know if the report would be made publicly available.

NT further added that he would expect some public synopsis or announcement to be made post a review of IVSC that would help prove to investors that valuation should be taken seriously.

NT also added that IVSC that the IVSC investors forum have continued to meet on a quarterly basis and that the members of the forum now include the biggest investors in the world, who between them manage over 21 trillion dollars of investment.

NT advised that the Asian Development Bank (ADB) was now a member of the IVSC and that the ADB was interested in valuation in relation to the funding they provided for capacity building in some markets.

NT further advised that there were a number of other Development Banks such as the American Development Bank that the IVSC would be targeting for membership.

NT also advised that the IVSC aimed to get the World Bank more involved in the IVSC, but this was not easy as their structure was quite fragmented.

NT added that the IVSC are continuing to work with WIPO.

Next steps

None.

IVS Messaging and Marketing

RS discussed the IVS messaging and marketing.

RS advised that in respect of the publication of IVSC Perspectives Papers and Professional Insight Papers he had a dashboard that allowed him to see who downloaded and reshared the papers.

RS further advised that IVSC had recently begun publishing IVSC Professional Insight Papers to provide insights into different professional perspectives on key market issues.

RS also advised that the IVSC Professional Insights Paper did not represent the IVSC view and were an expedient way to bring key topics to markets.

RS informed the SRB that the IVSC and Kroll was providing a June series of webinars, and the topics and timings were as follows:

- *Global Trends Shaping Today's Economy (13 June, 14:00 BST)*
- *Latest Developments in Digital Assets (18 June, 14:00 BST)*
- *Economic Engines: The Role of IP Valuation in Growth and Innovation (20 June, 12:00 BST)*
- *Navigating Valuation Risk (21 June, 14:00 BST)*
- *Valuation in Transition: Navigating the Complexities of Restructuring (25 June, 13:00 BST)*

RS advised that the IVSC had recently rebranded and developed their website and since then there had been an 18% increase in website traffic and a 32% increase in website traffic since Q1 2024.

RS further advised that LinkedIn traffic had grown by 20% to over sixteen thousand members and that the number of people who downloaded Enews had grown by 12% during the past year.

RS also advised that in respect of Linked in it would be helpful if new Board members included their IVSC Board role under their experience as this would increase website traffic.

RS requested that the SRB and other IVSC Board members to like, share or share and comment on IVSC Linked in postings.

RS added that share and comment was the preferred option as it would help increase traffic to the IVSC website.

RS advised that the IVSC strength lay in the members of its Boards and the IVSC wanted to leverage this strength as much as possible and Enews is an important channel for this.

RS further advised that Mailchimp is an important tool which has helped double IVSC perspectives papers responses and the IVSC now has subscribers in over 114 countries.

RS also advised that the tools within Mailchimp help facilitate group discussions.

RS discussed the IVS Agenda Consultation and advised that the IVSC intended to adopt a proactive approach to allow people to discuss future changes.

RS advised that the IVSC is planning a framework for the Agenda Consultation to promote a conversation among that yields insights.

RS further advised that the iVSC will collect information, store it in the clouds and share it with SRB and Technical Boards.

RS also advised that the IVSC will set up presentations, webinars and round tables and videos to encourage participation within the IVS Agenda Consultations.

SDE thanked RS for his update and all his hard work on the IVSC.

Next steps

None.

Administration

Business Valuation Board Update (2024.05.10 IVSC SRB Topic Form - Intangible Asset Capstone Draft)

○ New Board Members Update

RS advised that the following new members had been integrated into the BVB:

- Edwina Tam
- Gabriela Clivio
- Rob Crockett
- Victor Siu

- *Current Focus Areas and Working Groups*

RS advised that the current focus of the BVB was Internally Generated Intangible Assets, Basis of Value, Calibration, Capital Structure Considerations, Discounts and Premia, Early-Stage Business and Transfer Pricing.

- *Planned Perspectives Papers 2024 - Intangible Asset Capstone Draft*

NK advised that a topic form had been submitted and the topic is part of the IVSC Perspective paper series on Intangible Assets (Part 6) and that the perspective paper:

1. Briefly reviews the main findings of the types of intangibles reviewed previously, including human capital, brand value, technology, and data.
2. Builds on these findings to examine the value drivers and some emerging new guidance in the valuation of customer related assets.
3. Draws overall conclusions from the series and explores the future evolution of the valuation of both Intangible assets and of businesses.

- *Other Market Engagement, if applicable*

NK further advised that the BVB had met over the past few days and had the following guest speakers and discussion the following topics:

- Adrian Nicholls (Head of AI at EY) discussed the use of AI in valuation and the impact of AI both on prices and the subject asset.
- Matt Tilling (*UK Endorsement Board similar to EFRAG*) discussed common topics such as crypto Assets. Also want to participate in IVSC Interview series.
- Denis Juliens (footnotes analysis) provided a presentation on equity analysis.
- Hayden Jones (Kroll) provided a presentation on crypto assets and digital assets.
- Andreas Ohl (Head of ESG at EY) provided a presentation on ESG and Sustainability.
- Rika Suzuki (IASB) led a discussion on the integration of IVS and IASB and common issues such as intangible assets

Next steps

BVB to submit draft perspectives paper on Intangible Asset Capstone Draft at next BVB meeting.

Financial Instruments Board Update

○ New Board Members Update

TL advised that the that the FIB had not met in person and that the following new members had been integrated into the FIB:

- Maisam Raza
- Stephani Mason
- Tomas Krabec

○ Current Focus Areas and Working Groups

TL further advised that the FIB is focussing on two main topics:

1. Perspectives papers on FI Topics
2. Illustrative Examples

TL also advised that the FIB had set up working groups to explore the following topics:

- Branding
- Outreach
- Professionalism
- Techniques
- Illustrative Examples

TL further advised that further to the working group meeting the FIB realised that all topics were intertwined. For example, branding and consistency of presentations is connected to outreach.

TL also advised that that the frequency of valuations of FI have changed partly due to the fact that there is more liquidity in prices and volatility in the market. As a result, most financial instruments valuations have moved from quarterly to monthly valuations and in some instances, this has become daily valuations.

TL added that the FIB is considering the use of AI and automation and as part of this process is exploring the following questions:

- What does it mean?
- How is it used?
- In what way/manner is it used?
- Could it lead to shorter valuation cycles?

TL advised that for commercial real estate lending there is mortgage refinancing at the moment.

TL further advised that for crypto currency there are Levels 1, 2 and 3 and the Board is currently exploring whether crypto currency should be valued as per the market or whether it is an intangible asset, and the valuer should just look at impairment.

TL also advised that the FIB was exploring valuation ranges but noted that this was tied to valuation risk.

The FIB discussed how to explore valuation ranges and had been discussion how to include valuation ranges in iVS 500 Financial Instruments and the criteria for valuation ranges.

- *Branding*

The FIB also explored branding such as producing consistent presentations but felt that this was interconnected to Valuation Risk.

- *Illustrative Examples*

TL advised that as there were no VPO's in the financial instruments arena with the exception of AICPA the FIB felt there was a need for illustrative examples or guidance to aid the adoption and implementation of iVS.

TL added that illustrative examples were preferred to guidance as guidance would need to be continually updated to ensure that it met current requirements.

TL noted that as this was an agenda item for discussion on the 16th May the FIB would not provide further details at this point in time.

- *Outreach*

TL advised that the FIB was considering market outreach and building a list of key stakeholders.

TL also advised that S & P was now a member of the IVSC and there was a need to understand the way they work.

- *Professionalism/Credentialling*

TL advised that professionalism was a key issue for financial instruments as with the exception of AICPA there was no valuation professional organisation and no universal credential.

TL further advised that this led to a number of questions in relation to:

Who is a valuer?

What is their credential/qualification?

What is the quality of a financial instruments' valuer?

TL added that the FIB noted that they needed to get an FI credential into the market but in order to do this they needed either a carrot or a stick, but it was very difficult to do this without a VPO.

TL further added that accreditation was not only needed for the individuals but also for the valuation process.

TL also added that this led to a number of questions as what the role of credential is if AI is used for the valuation.

TL noted that AI could assist in providing more timely and frequent financial instruments valuations and in some instances, AI was already being used by firms.

- *Planned Perspectives Papers 2024, if applicable*

TL advised that the FIB was still in the process of discussing topics for perspective papers in 2024.

- *Other Market Engagement, if applicable*

TL advised that the FIB had provided several presentations to key stakeholders and was still in the process of discussing further market engagement for 2024.

Next steps

None.

Tangible Assets Board Update

KH advised that the TAB had not met in person in London and the current practice of the TAB was to have two physical meetings a year, one of which included the AGM.

- *New Board Members Update*

KH advised that the following new members had been provided with an induction presentation and had been integrated into the TAB:

- Charles Golding (RICS)
- Leo Lo (Fomento Holdings Limited)
- Paloma Arnaiz (AEV)

- *Current Focus Areas and Working Groups*

KH advised that the TAB have been focussed on contributing to the Agenda Consultation and the key tangible asset topics.

KH further advised that the key tangible asset topics were as follows:

- Inspection
- Prudential Value
- Listed vs Unlisted
- ESG and Plant Equipment and infrastructure

KH also advised that from this list Inspection and Prudential Value were the most urgent topics.

KH informed the SRB that the TAB had the following working groups:

- 1) TAB Prudential Value Working Group
- 2) TAB ESG Working Group
- 3) TAB Inspection Working Group

4) TAB AI Working Group

KH advised that the TAB AI Working Group would not be starting until the TAB had received the responses from the IVS Agenda Consultation.

KH further advised that in respect of the forthcoming IVS Agenda Consultation 2024 the TAB current and future topics were as follows:

Agenda Consultation: Current Topics (0 to 2 years)

- Investigations and Evidence
- Private vs Public Markets
- Prudential Value for Immovable Assets

Agenda Consultation: Future Topics (2 years plus)

- Agricultural and Plantation Land /Biological Assets
- Compulsory Purchase
- Insurance Valuations
- Quality Control and Individual Valuer
- Valuation Reviews

○ *Planned Perspectives Papers 2024*

KH advised that the TAB was working on perspective papers on the following topics (*shown in publication order*):

- Inspection Perspective
- Prudential Value
- ESG and Plant Equipment and Infrastructure
- Listed vs Unlisted Assets (*joint project with all Boards*)

KH further advised that the Inspection Paper had been submitted to the SRB for approval under a later agenda item and if the publication of this perspective paper was approved the TAB was planning to publish this perspectives paper in June 2024.

○ *Other Market Engagement, if applicable*

KH had advised that AA and KH had provided or were providing presentations to the following organisations:

- Australian Accounting Standards Board
- Australian Tax Authority
- Balkan Finance Board
- Bulgarian Chamber of Commerce
- EMSRC
- UPAV

AA advised that he had also met the European Mortgage Federation to participate in their Valuation Committee as an observer member and to Discuss Property Value (Prudential Value) and the forthcoming European regulations in relation to this.

- *Other Topics*

KH advised that many several TAB members had advised that Tangible Asset valuations had recently come under increasing scrutiny from auditors.

KH further advised that answering auditor's questions was taking a considerable amount of time for valuers and as a result many valuation providers were including a time limit within their terms and conditions.

KH also advised that if this time limit was exceeded (i.e. normally 4 hours) then there would be an additional hourly fee applicable.

SRB also discussed whether they could help organisations such as the PCAOB with this process.

Next steps

None.

Advisory Forum Working Group (AFWG) Update

- *AFWG & AF Current Projects*

BE advised that he had taken over as chair of the IVSC Advisory Forum Working Group from John Martin.

BE further advised that that the IVSC Advisory Forum (AF) brings together representatives from all the IVSC's member and sponsor organisations. It Advisory Forum members represent all stakeholders across the valuation process and come from 78 countries, covering Africa, Asia, Europe, Middle East, North America, Oceania and South America.

BE also advised that Advisory Forum Working Group (AFWG) is responsible for coordinating the activities of the AF and for leading its engagement with the other IVSC boards and working groups. It is comprised of leading professionals from a number of IVSC member and sponsor organisations, predominantly VPOs.

BE added that members of the AF provide the majority of funding for the IVSC.

BE further added that in the past there had been some tensions between the IVSC and AF and this was normally around guidance, training and conferences.

BE also added that in the past the publication of Technical Information Papers by IVSC caused issues as these were seen as direct competition to guidance issued by Valuation Professional Organisations.

BE advised that an added complication was that most VPO's felt that they must have the ability to set standards for their own members.

BE further advised that the issue in relation to TIP's was heightened as previous editions of the IVS stated that TIP's and anything else the IVS issued wanted to issue at any times were standards.

BE further advised that this issue had been largely resolved since the publication IVS 2017.

o Competence

BE also advised that RICS adopt IVS but have their own framework and guidance to regulate members.

BE stated that the Red Book incorporated IVS, but the structure of the Red Book was generally as follows:

Preface

Part 1: Introduction

Part 2: Glossary

Part 3: Professional standards

PS 1 Compliance with standards where a written valuation is provided

PS 2 Ethics, competency, objectivity and disclosures

Part 4: Valuation technical and performance standards

VPS 1 Terms of engagement (scope of work)

VPS 2 Inspections, investigations and records

VPS 3 Valuation reports

VPS 4 Bases of value, assumptions and special assumptions

VPS 5 Valuation approaches and methods

Part 5: Valuation applications

VPGA 1 Valuation for inclusion in financial statements

VPGA 2 Valuation of interests for secured lending

VPGA 3 Valuation of businesses and business interests

VPGA 4 Valuation of individual trade related properties

VPGA 5 Valuation of plant and equipment

VPGA 6 Valuation of intangible assets

VPGA 7 Valuation of personal property, including arts and antiques

VPGA 8 Valuation of real property interests

VPGA 9 Identification of portfolios, collections and groups of properties

VPGA 10 Matters that may give rise to material valuation uncertainty

Part 6: International Valuation

BE further advised that that National Supplements such as the UK Red Book National supplement sits under this and provides more detailed best practice guidance.

BE also advised that the RICS was glad that IVSC had moved to a three-year cycle.

BE added that the RICS Red Book is currently under consultation and the revised Red Book , which fully incorporates IVS (effective 31 January 2025) is due to be published in September/October 2024.

BE advised that other VPO's adopted a similar strategy though e very VPO had a slightly different approach to adoption and implementation of IVS.

BE gave the example of API who fully adopt IVS but issue their own best practice guidance, which offers more detailed standards for their members.

o *Survey Update*

SRB asked BE about the Advisory Forum Survey and the rationale for the survey.

BE advised that the AF Survey was a means to engage all the Valuation Professional Organisations who are members of the IVSC to understand how they adopted IVS and whether their adoption equally applied to the Business Valuation, Financial Instruments and Tangible Standards.

BE also noted that though IVSC does not regulate IVS many VPO's, who are members of the AF regulate their own members.

BE advised the SRB that he would provide the SARB with a copy of the survey prior to the AF survey going into consultation.

SRB discussed the AF members and asked how many AF members dealt with Business Valuation and Financial Instruments Valuation.

BE advised that the majority of the AF VPOs specialised in Tangible Assets valuation, some AF VPOs such as CBVI specialised in Business Valuation and no VPOs specialised in Financial Instruments valuation.

SRB advised that for Financial Instruments there were the following Valuation Professional Organisations who provided IVS approved syllabuses:

- o AICPA
- o ASA
- o CFA

SRB suggested that it may be worth asking some of these organisations to join the AF to ensure that Financial Instruments valuers were also represented.

SRB & BE discussed whether it would be possible to have the AF membership extend beyond VPOs to include firms etc.

BE advised that the AF was currently focussed on getting greater engagement with AF members as there are currently 140 AF members and 10 AFWG members.

BE further advised that the AFWG had also been working with the IVSC Global Membership and Standards Recognition Committee and that Drew Dorweiler had attended the last AFWG meeting.

SRB and BE discussed the creation of a concept paper exploring how the AFWG could integrate financial instrument specialists.

o *Quality Assurance Monitoring Group*

SRB advised BE that they had some concern in relation to mention of a Quality Assurance working group within the Survey, particularly in light of ongoing conversations with IOSCO.

BE advised that quality control questions were aimed at VPO's and that the survey would not go beyond AF members.

BE advised that many VPOs regulate their own members and the point of the survey question was not create an independent quality assurance working group but wanted to understand how many VPOs regulated their members.

BE accepted that this question was badly worded and advised the SRB that the AFWG would revise this question prior to the survey going out into consultation.

- *Case Studies and Best Practices*

SRB discussed whether it would be possible for the AF to produce a best practice textbook supported by the IVS as the SRB received a number of questions in relation to technical matters.

SRB advised that it could not issue guidance on technical matters as this was outside the remit of IVS.

BE advised that most VPO's issued their own technical guidance for their members as the VPOs also needed to include national requirements.

- *Agenda Consultation Roundtables*

SRB discussed the possibility of the AF arranging some round table events around the AGM and perhaps running a session with the Asian Development Bank or the World Bank on their requirements.

BE advised that the AF was excited about the forthcoming IVS Agenda Consultation.

Next steps

BE and RS to find a copy of the updated AF Survey questions to the SRB.

Working Group Updates

Academic Working Group Discussion

- *Goals*
- *Outside academic recruitment*

JC advised that the IVSC SRB Academic Working Group had already had their initial meeting and a preliminary brief for the group was as follows:

The goals of the Academic Working Group Discussion of the IVSC (International Valuation Standards Council) SRB will focus on fostering collaboration and knowledge exchange among academics and researchers in the field of valuation. Here are some specific objectives:

- **Ensure Sufficient Academic Rigour and Input in Standard Setting:** Promote a robust academic foundation in the development of valuation standards to ensure they are well-informed and credible.
- **Presence and organising Conferences:** Promote the presence at conferences and organising a few ones serves to disseminate research findings, engage with a broader audience, and influence the global valuation community through evidence-based contributions and discussions.
- **Identify Academic Specialists:** This group should identify experts in specific topics, such as artificial intelligence, to participate in working groups and present new ideas.
- **Coordinate with Global Membership and Standards Recognition Committee:** This group should work in tandem with the Global Membership and Standards Recognition Committee to align efforts and share insights.
- **Promote Research and Innovation:** Encourage the sharing of research related to valuation methodologies, theories, and practices, focusing on emerging trends and innovative approaches.
- **Enhance Understanding of Valuation Standards:** Facilitate discussions on how academic research can refine and contribute to the development of international valuation standards set by the IVSC.
- **Address Practical Applications:** Bridge the gap between academic research and practical valuation by discussing real-world applications of theoretical concepts through case studies and empirical studies.
- **Facilitate Collaboration and Networking:** Provide a platform for academics to connect and collaborate with researchers, valuation professionals, and standard setters, fostering partnerships for research and events.
- **Support Education and Training Initiatives:** Discuss strategies for integrating valuation education into academic programs and promoting professional development for students and practitioners.
- **Inform Policy and Regulation:** Explore how academic research can inform policy and regulatory frameworks related to valuation practices at both national and international levels, advocating for evidence-based policymaking.

Overall, the Academic Working Group Discussion of the IVSC SRB aims to advance the field of valuation through academic inquiry, collaboration, and dissemination of knowledge, contributing to the continuous improvement and global harmonization of valuation practices.

SRB discussed the working group goals and felt that they were appropriate.

SRB noted that though IVSC does not provide training the SRB could encourage the VPO's to provide training through the AFWG,

SRB also discussed how they could make the topics interesting enough for academic participation and felt the Artificial Intelligence would be a good topic for a forum with academics,

SRB felt that there would need to be some benefit for academics such as the opportunity to present academic papers in order to encourage participation.

SRB advised the working group to communicate with the GMSRC and AFWG.

SRB discussed linking to universities who are members of the IVSC.

SRB also discussed how the IFRS worked with Academia and were advised that the IFRS had a "resources for Academics" webpage with potential research p[rojects for academic.

SRB was advised that the link to the IFRS academic webpage was as follows:

<https://www.ifrs.org/academics/>

SRB noted that most academics were not interested in discussing issues unless there was a potential publication.

SRB further noted that it may be worth having informal conversations with professors who were close to retirement as there were no publishing requirements.

SRB discussed setting up a suitable conference or round table post the publication of the IVS Agenda Consultation.

SRB also discussed in participating in other conference such as the Triple A Accounting Conference.

Next steps

JC to share the IVSC Academic brief with the SRB.

Listed vs Unlisted Working Group

- *Divergence between the listed price and NAV*
- *Basis of Value*
- *Consistent Approach/Minimising Differences*

IJ advised that the working group had a number of new members and that Darren Sullivan and Tim Deal had now joined the working group.

IJ further advised that the working group was currently reviewing the previous working group draft perspectives paper.

IJ also advised that there had previously been some tension between the Business Valuation Board and the Tangible Assets Board in relation to listed vs unlisted as they both had different perspectives.

IJ added that this was not only a key topic for the IVSC as IOSCO and the IASB were also discussing this issue.

IJ further added that there had been a lot of negative press about the difference between listed and unlisted asset valuations.

IJ advised that the working group was in the early stages of drafting a revised straw man perspectives paper on Listed vs Unlisted to be considered by the SRB in due course.

IJ noted that the effective date and the frequency of valuations were other reasons for the potential difference.

RS advised that the BV was keen to see the updated draft perspectives paper.

SRB discussed the difference between listed and unlisted valuations and noted that there were many potential reasons for this difference.

SRB noted that the majority of the reasons for this difference were explicable,

SRB generally discussed NAV and market capitalisation and secondary market traits and how NAV included expectation and future investments etc.

SRB noted that NAV was a special type of valuation, and this may be one of the reasons for the huge gap between NAV and market capitalisation.

SRB further noted that the one of the reasons for the difference in markets such as Germany was that the German Government publishes and dictates interest rates.

SRB also noted that the difference could also be due to timing and information asymmetry.

SRB discussed liquidity and how the assets were subject to a different market time and unlike shares could not be traded immediately.

SRB also discussed how another reason for the difference was the reluctance of tangible asset valuers to reduce values when there was limited market evidence.

AA advised that the RICS had noted this in their valuation review and had advised valuer to look at other factors such as inflation rates etc when there were no comparable transactions.

AA noted that there were some things that a tangible asset valuer could do better and added that the perspective paper would also discuss these issues.

SRB discussed a recent Bloomberg article and how market capitalisation (i.e. price) did not always equal value as two valuers could come up with different values.

SRB agreed that the paper should illustrate how using IVS 104 Data and Inputs could minimise the difference in valuation for unlisted and listed assets.

SRB discussed how in some instances when you sell shares you need to sell at a discount as when you sell shares some market participants are slow to react.

SRB further discussed that the article should not be defensive but should be more of an educational piece highlighting the reasons for the difference.

Next steps

Listed vs Unlisted working group to draft perspectives paper on listed vs unlisted assets and to consider some of the points raised by the SRB.

Valuation Risk Discussion

- *Topics of Concern*
- *Outside specialist recruitment*
- *Development of Goals*
- *Types of Risk*

- *Operational Risk*

AA advised that SM had just taken over as chair to the SRB.

SRB discussed how valuation risk varied according to the intended use and intended user.

SRB further discussed how at a general level there was the risk that the valuer was sufficiently competent to carry out the instruction, whereas at a granular level the valuation risk and the level of acceptable valuation risk could vary according to the scope of work, the asset class, geography etc.

SRB also discussed ethical considerations and how you needed to set a framework to ensure that you had the right people doing the right job.

SRB felt that the starting point for valuation risk was to ensure you had the correct professional framework as for example in the UK there was no requirement for a business valuation to be undertaken by a business valuation professional and even in Singapore business valuations were not regulated.

SRB noted that this was a professionalism Risk.

SRB further noted that Valuation Risk and the management of risk in the valuation process was a key focus for IOSCO.

SRB also noted that the following definition for valuation risk was an overarching definition that did not go into detail about the different types of risk in the valuation process:

Valuation Risk: *The possibility that the value is not appropriate for its intended use.*

SRB discussed different types of Valuation Risk such as :

- *Technology Risk*
- *Data Risk*
- *Model Risk*

SRB noted that within IVS Valuation is defined as *“the act or process of forming a conclusion on a value as of a valuation date that is prepared in compliance with IVS.”*

SRB further noted that valuation is defined as a *“process”* and all processes have risks.

SRB was advised that the working group was in the process of reviewing definitions of valuation risk and considering how different types of risk affected valuations.

SRB felt that the valuation risk perspective paper should explore ways to mitigate valuation risk and the credibility of a valuation.

TL commented that the working group needed to consider measurement as there are different types of valuation risk, but some threshold must be met to ensure that the valuation is appropriate for its intended use.

TL added that the valuer must be comfortable with measurement basis and must limit the valuation risk.

SRB noted that professionalism was important but questioned to what degree.
SRB discussed uncertainty of inputs and how much mitigation was required to get to a threshold that was appropriate for the intended use. (i.e. 5% range or 10% range)

SRB generally discussed “reasonable range” and how this was connected to valuation risk.

SRB noted that the reasonable range varied according to the intended use and the type of asset that was being valued.

SRB further noted that for many asset classes such as tangible assets the reasonable range was determined by the courts, and this could vary on a country-by-country basis.

SRB also noted that to an extent the level of controls for valuation risk largely hinged on “*professional judgement*” and “*professional scepticism*”, which also ties into inputs and significance.

SRB discussed how valuation risk further related to issues around technology, data, model and process risk.

SRB further discussed that for a portfolio the concept of materiality is also important in relation to valuation risk.

SRB also further discussed reasonable range and noted that in Portugal reasonable range was defined at 20%.

SRB noted that though more or less all bases of value required a valuation at a point in time the inputs to a valuation are subject to a reasonable range.

Next steps

AA to share the draft Valuation Risk perspectives paper with SD and SM.

Use of Technology in Valuation Discussion

- *Current Trends*
- *Artificial Intelligence (AI)/Artificial General Intelligence (Predictive vs Historic)*
- *Outside specialist recruitment*
- *AVMs*
- *Governance and Controls*
- *Standard Setting (Transparency on use of AI and data protection re client information)*

OP advised that the Use of Technology in valuation had their first meeting on Tuesday 14th May 2024 and the next meeting of the working group was on Tuesday 11th June 2024.

OP noted that the working group would need to review IVS 104 Data and Inputs and IVS 105 Valuation Models.

OP advised that IVS 105 currently stated that *"No model without the valuer applying professional judgement, for example an automated valuation model (AVM), can produce an IVS-compliant valuation."*

OP further advised that though this was the current position of IVS this position may change in future editions.

OP added that the use of AVM was not a substitute for a valuation but could be a useful tool for the valuer to use within the valuation process.

OP further added that the working group were still in early stages of discussion in relation to a perspectives paper, but the working group was agreed that the perspectives paper should be factual but not defensive.

OP also added that the use of AI within valuation was a key topic for the working group though the working group members were not necessarily experts in this field.

OP advised the working group were in the process of looking for suitable AI academic experts to join the working group.

OP further advised that some valuers were already using Chat GPT for their report writing and other forms of AI for parts of their valuation.

AA advised that there had also been developments within Alternative Generative Intelligence , which would include the ability to reason.

AA further advised that some AI was so complicated that you needed another AI system known as *"Explainable AI"* to explain how the AI system worked.

AA also advised that there appeared to be a challenge in relation to both data protection and client confidentiality when open source or closed source ai was used.

SRB discussed how many valuers used systems such as Argos or Excel, both of which have data collection capabilities.

AA advised that during a previous TAB conference call many valuation instructions were requesting ownership of the data used in a valuation report.

AA further advised that it was not clear in these cases who owned the data as it could be argued that the bank, client and valuer had co-ownership of the data.

SRB discussed how it was not clear what data was used as for example you could take data from Bloomberg in three different ways.

SRB further discussed that for audit purposes you to show that all the software used was appropriate.

SRB also discussed how it was important to have the right questions within any AI perspectives paper so the SRB could fully understand the issues.

SRB noted that the following factors needed to be considered in relation to the use of AI:

- Monitoring
- Control
- Governance
- Liability
- Transparency

SRB further noted that as part of this process the valuer needed to reform the professional judgements made and any critical thinking to truly assess the validity of any underlying valuation.

Next steps

As part of the research phase OP and AA are to invite experts to speak to the working group so they can learn more about AI and how AI is currently used and can be used within valuations.

ESG/Sustainability Discussion

- *ESG Survey Update*
- *New Specialists/Contacts - All*
- *Growth of Green FI Issuance (SIFMA reports)*

RH advised that the IVSC RSB Survey working group was currently waiting for the responses to the IVS ESG survey.

RH further advised that the consultation for the ESG Survey opened on the 28th of March 2024 and close on the 31st of May.

RH also advised that the ESG working group felt that it was important to carry out a regular survey of valuers and other stakeholders to understand where they are in their journey towards the quantification of ESG components within their valuations.

AA added that once the survey has been completed, the IVSC will compile the results and publish a report.

AA further added that the report will provide insights on the present stage of ESG in valuations and what valuers are presently seeing in their markets and that the IVSC will share details of the survey findings.

AA also added that the report will provide the IVSC Standards Review Board with further guidance on the current consideration of ESG's within valuations and the need for more explicit ESG requirements within future editions of IVS.

AA advised the SRB that there had only been 92 responses to the survey so far and asked the SRB to encourage their stakeholders and contacts in the IVSC ESG survey.

Next steps

SRB to encourage clients and stakeholders to participate in the IVSC ESG survey,

TIP and White Paper Working Group

AA advised that the IVSC and white paper working group had not yet.

AA further advised that MC would be chairing this working group.

AA also advised that the working group would be reviewing the following documents.

- *Code of Ethical Principles*
- *Competency Framework*
- *Developing a VPO*
- *Guide to the Audit Process*
- *PMOs Web PDF*
- *SB Extra Agenda Item B - FVA Project Brief*

AA informed that the working group comprised DL, MC and AA.

SRB discussed the role of the working group and agreed that there were the following three options in relation to these papers:

- *Update*
- *Delete*
- *Archive*

Next steps

DL, MC and AA to review the existing IVSC Tips and White Papers and advised the SRB whether any of these papers should be updated, deleted or archived.

Public Meeting

IVSC SRB Public Meeting - ESG Survey & ESG Update

SRB held a public meeting on the ESG survey and RH and AA provided the following presentation on the ESG survey.

AA and RH advised that:

The SRB and IVSC SRB ESG working group felt that it was important to carry out a regular survey of valuers and other stakeholders to understand where they are in their journey towards the quantification of ESG components within their valuations. Gathering data via a survey This is particularly important as the role of standard setters is not to lead the market but to develop standards to meet market needs.

AA and RH further advised that:

The latest survey relates to all types of valuations including valuations for financial reporting, market capitalisations, secured lending and tax reporting purposes and will only take approximately 5 to 10

minutes to complete. The survey will run between the 28th March 2024 and the 31st May 2024. Once the survey has been completed, the IVSC will compile the results and publish a report. The report will provide insights on the present stage of ESG in valuations and what valuers are presently seeing in their markets.

AA and RH also advised that:

ESG and sustainability are often used interchangeably. For the purposes of this survey and in order to encourage responses from all markets, we have used the term ESG/Sustainability. Ultimately, we are looking for your perspective on how these factors are incorporated into your valuations.

AA and RH provided some preliminary survey results.

AA and RH advised that the Survey closes on the 31st May and further advised that:

Once the survey has been completed, the IVSC will compile the results and publish a report. The report will provide insights on the present stage of ESG in valuations and what valuers are presently seeing in their markets. The IVSC will share details of the findings with you when you complete the survey. The report will also provide the IVSC Standards Review Board with further guidance on the current consideration of ESG's within valuations and the need for more explicit ESG requirements within future editions of IVS

Next steps

None.

Discussions and Perspectives Papers

FI Guidance Discussion re Requests for FI Illustrative Examples

SRB discussed the creation of Financial Instruments Illustrative Examples.

SRB further discussed whether an illustrative example needed to be exposed for public consultation.

SRB discussed what other standards setters did and noted the following:

- *IFRS includes both Application Guidance and Illustrative Examples.*
- *IPAV has no illustrative Examples but can create templates.*
- *AICPA includes 300 pages of examples.*
- *USPAP includes both Advisory Opinions and FAQs*

Further to discussion the SRB thought that it was more appropriate for the FIB to produce FAQs as these were more flexible and did not form part of IVS so could be updated and revised as required without public consultation.

SRB also felt that the establishment of Financial Instruments GAQs could lead the way for future FAQs for Business Valuation and Tangible Assets Valuation, if required.

SRB noted that Financial Instruments FAQs could be published in the IVSC Enews and if required could form part of IVS.

Next steps

FIB to draft a sample financial instruments FAQ to be considered by the SRB.

IVS and Capital Markets

NK provided a presentation on IVS and Capital Markets.

NK advised that the objective of the presentation was as follows:

- *To present recent developments pertaining to IVS and Capital Markets.*
- *To present recent developments pertaining to IVSC and Capital Markets stakeholders.*
- *Elicit feedback and input from Board members.*
- *Consider possible strategic actions to be taken by the SRB.*
- *Initiate a debate about the issue of ensuring the relevance of IVS in Capital Markets.*

NK reviewed how Australia, Singapore and the US treated Capital Markets and came to the following conclusions:

- Capital Markets are generally covered by a body of statutes, regulations, case law and practices. These sometimes reference IVS, often for definitions.
- IOSCO agreement, internationalisation of valuations and rise of Arbitration are tailwinds for IVS and IVSC.
- Proximity of this issue to the matter of IVS and the Law.

SRB generally discussed the following questions in relation to Capital Markets:

- *What actions for the SRB and Boards?*
 - a. *Working Group, including legal experts?*
 - b. *Perspective paper? (has its challenges)*
 - c. *Direct engagement with stakeholders?*
- *Future Changes to IVS?*
 - a. *Partial Compliance*
 - e.g. "Compliant to IVS 103 and IVS 105 only"? or
 - b. *Compliance in Part?*
 - e.g. "Offer is fair under IVS valuation; IVS does not apply to Reasonableness of offer."

SRB discussed these issues, but no conclusion was reached.

Next steps

NK to continue to explore the issue of IVS and Capital Markets and to make recommendations to the SRB.

Approval of Current Perspective Papers (2024.05.06 Draft IVSC TAB Perspectives Paper on Inspection without track changes)

KH and AA presented the revised *"2024.05.06 Draft IVSC TAB Perspectives Paper on Inspection without track changes."*

KH advised the SRB that the TAB had distributed since presenting the previous version of the Inspection Perspective Paper to the SRB the TAB had sent the perspective paper to the SRB and Technical Boards for consideration and review.

KH further advised that the TAB had received some comments in relation to referencing the use of the term's hierarchy, homogeneous and independent.

KH also advised that further to these comments the TAB had revised the perspective paper accordingly and had moved to use the term *"classification."*

SRB discussed the perspective paper in detail and advised KH that they had no issues in relation to the perspective paper and that it could proceed to publication.

Next steps

AA to send the Inspections Perspectives Paper to the IVSC publishing team (DW and RS) for editing and formatting prior to a June publication and a subsequent publication in the IVSC Enews.

Agenda Consultation

Agenda Consultation Review and Finalisation (2024.05.09. IVSC Agenda Consultation 2024 without track changes)

- *Key topics*
- *GAP analysis headers and timing review*
- *Descriptions of all topics*
- *Approval of Agenda Consultation*

SRB discussed and reviewed the IVSC Agenda Consultation 2024 and restructured the Introduction section as follows:

Introduction

- 1: Key Topic: Environmental, Social and Governance (ESGs)*
- 2: Key Topic: Technology in Valuation*
- 3: Key Topic: Valuation Risk*
- 4: IVS Additional Topics*
- 5: Agenda Consultation Questions*

SRB agreed the IVS Agenda Consultation Key Topics but suggested that some of the content was too detailed and required further review.

SRB also reviewed the Key Topics consultation questions and agreed that all the key topic questions should be identical and should be revised as follows:

Question 1: *Do you agree that XXX should be a key topic within the Agenda Consultation and a current topic? If not, why?*

Question 2: *Should IVS include additional requirements in relation to XXX? If so, please provide further details and your reasoning.*

SRB discussed the “IVS Future Topics” and changed the nomenclature to “IVS Additional Topics.”

SRB revised the timing of the IVS Additional Topics as follows:

- *Current Topics* *0 to 2 years*
- *Future Topics* *3 years plus*

SRB also requested that further details were added to the Current and future topics and post the SRB meeting the IVSC Agenda Consultation working group revised this section as follows:

Agenda Consultation: Current Topics (0 to 2 years)

(Perspective papers due to be published in the next two years or potential topics to be incorporated in the next edition of IVS)

Agenda Consultation: Future Topics (2 years plus)

(Perspective papers beyond the next two years or potential topics to be incorporated in IVS)

SRB further reviewed the Background section and commented that the table and description of technical clarification, technical revisions, perspective papers and standards seemed to provide an SRB view in relation to the IVS Additional Topics and the purpose of the Agenda Consultation was to ensure an open consultation.

SRB shortened this section and agreed that the table and the explanation within the table regarding technical clarification, technical revisions, perspective papers and standards should be deleted.

SRB discussed the IVS Current and Future Topic Details and agreed that the subsections on “deliverables” and “Timeline” should be removed as otherwise it appeared that the SRB had already made these decisions prior to going into consultation.

SRB reviewed the IVS Proposed Agenda Consultation Questions and further to discussion revised the consultation questions as follows:

Question 4.1: Do you agree with the scope of the project as described above and the prioritisation contained in the IVS additional topics? If not, why?

Question 4.2: Do you believe that there any other topics that should be included and if so, why? (Please state your suggested scope and prioritisation for this topic).

SRB felt that in order to make the Agenda Consultation more user friendly an additional section should be added containing all the Agenda Consultation questions.

Further to discussion the SRB asked the IVSC SRB Agenda Consultation Working group to revise the IVS Agenda Consultation accordingly and to resubmit the revised Agenda Consultation to the IVSc Technical Boards for consideration and review.

SRB also asked the IVSC Agenda Consultation working group to submit the revised IVS Agenda Consultation to the SRB for publication approval at the next SRB conference call on the 26th of June 2024.

Next steps

IVSC SRB Agenda Consultation Working Group to revise the IVS Agenda Consultation and resubmit to the IVSC Technical Boards for consideration and review. Post consideration by the IVSC Technical Boards the IVSC SRB Agenda Consultation Working Group are to revise the document accordingly and resubmit to the SRB for publication approval at the. next IVSC SRB conference call on Wednesday 26th June 2024.

Presentations

Impact of AI and Machine Learning on Bond Pricing - Ian Blance, Bond Pricing Institute

Ian Blance (IB) provided a presentation on the Impact of AI and Machine Learning on Bond Pricing.

IB concluded his presentation by stating that bond pricing has always used a range of models but due to AI the following is new:

- Predictive Focus.
- Machine Learning.
- No manual input.

Next steps

AA to share Ian Blance's presentation with the SRB and to invite IB to present to the IVSC SRB Use of Technology in Valuation Working Group.

Technology in Valuation Presentation and Discussion with IVSC SRB - Andrew Knight, RICS

Andrew Knight (AK) provided a presentation on the use of technology in valuation.

AK discussed the following types of models that are seen in the marketplace:

- *'White-box' through to 'Black-Box'*
- *Simple scoring of comparable evidence*
- *Hedonic*
- *Statistical*
- *Regression analysis – many at multi-level*

- *Supervised and unsupervised machine learning*
- *Neural networks*
- *A mix of approaches*
- *Beware 'fake AI'!*
- *Some just for portfolios*
- *Other just assist in identifying comparable evidence*
- *Calibrated and back tested against actual sale prices and 'manual' valuations*
- *'Models' a better term:*
 - *A set of models*
 - *Control model*
 - *Confidence model*

AK discussed the following ways in which AVMs are already being used:

- *Mortgage origination and re-mortgaging*
- *Quality assurance*
- *Loan books*
- *Risk weighed assets (RWA)*
- *Non-performing loans (NPLs)*
- *Real Estate Owned (REO)*
- *IFRS9*
- *Brokerage/marketing*
- *Taxation mass appraisal*
- *i-buyer*
- *Intercompany asset transfers*
- *Fund net asset valuations (NAVs)*

AK advised that AVMs are currently being used for the following types of assets:

- *Work better with homogeneous and widely traded assets*
- *Widely used for residential*
 - *Unusual and higher value properties often excluded*
 - *Challenges around modern methods of construction, buy-to-rent and houses-in-multiple occupation (HMOs)*
 - *Used by lenders based on loan-to-value (LTV) thresholds*
 - *Used by tax authorities for mass appraisals*
- *Not just residential...but you need the data...*

AK further advised that AVMs are being used for the following asset types:

- *Commercial real estate very different to residential:*
 - *More heterogeneous*
 - *More thinly traded*
 - *Data issues*
 - *Income/DCF approaches very different from residential*
 - *Models working at portfolio level*
 - *Calculating indices, vacant possession, rental values, identifying comparable evidence etc.*
 - *But not impossible...models are being developed, and used*
 - *Examples across office, retail, logistics and multi-family*
- *Land*
- *Business valuation*

- *Intangibles*
- *Plant and machinery*

AK provided the following information into whether a model was an innovation or disruption or an opportunity or risk:

- *Being used in jurisdictions or for asset classes where the data and model maturity are insufficient*
- *Being treated as a valuation when they are an estimate*
- *Being used for the wrong purpose*
- *Using a portfolio model for individual assets*
- *Selection bias*
- *Many not tested through a down-cycle*
- *Sensitivity to market disruption and uncertainty*
- *Driving market volatility*
- *Acting as market makers*
- *Not forward looking*
- *Lack of education and market awareness*

AK advised that valuers need to do the following to maximise the opportunities and minimise the risk:

- *Education across all the affected stakeholders*
- *A due diligence framework for valuers and their clients.*
 - *'When not to use an AVM!'*
- *Delegate does not abdicate*
- *Transparency around their usage and limitations*
- *Need valuers-in-the-loop as AVMs developed, implement and governed*
- *Improve data standardisation, quality and availability*
- *Demand 'explainability' and transparency*
- *Include AVMs within scope of future valuation standards?*
- *Drive inclusion of ESG metrics*
- *Look at all types of valuation automation...*

AK finally advised that in respect of automation the valuer needs to consider the following:

- *Existing complex tools and DCF Modelling*
- *Data & Data Analytics:*
 - *Provenance*
 - *Abstraction*
- *Report Generation*
- *Workflow Automation*
- *Standard Adherence via LLMs*
- *Asset Identification, Inspection, Condition and Quantity*

Next steps

AA to share Andrew Knight's presentation with the SRB and to invite AK to present to the IVSC SRB Use of Technology in Valuation Working Group.

Presentation from Jeffrey Hales and Khrystyna Bochkay on ISSB

SRB had a discussion with JH and KB in relation to the ISSB.

JH and KB discussed the various challenges in relation to data from data not being available to inconsistent data and varying quality of data.

JH and KB also discussed the importance of companies having the same framework when considering ESG/Sustainability and added that the valuer could be a catalyst for this process as they sit between the analytics platform and the end user.

JH and KB advised that IFRS S1 is a general sustainability standard whereas IFRS S2 deals more with climate change.

JH and KB further advised that IFRS S1 broadly dealt with:

- Governance
- Strategy
- Risk Management
- Metrics and Targets

JH and KB also advised that IFRS S1 considered:

1. Manufactured Capital
2. Financial Capital
3. Natural Capital
4. Social Capital
5. Human Capital
6. Intellectual Capital

JH and KB advised that IFRS S1 adopted an industry-based approach, which included 11 different sectors and 77 industry-based standards which include KPI's in that industry.

SRB discussed that these requirements could reasonably be expected to effect the performance of cash flows.

SRB asked why it was necessary when capturing future cashflows to disaggregate things and JH and KB advised that there was a difference between disaggregation and classification.

JH and KB advised that when considering IFRS S1 and S2 values also needed to note that these requirements interconnect with IFRS 18 Presentation and Disclosure in Financial Statements.

JH and KB further advised that classification can be helpful as it facilitates understanding between current and anticipated financial effects.

SRB advised JH and KB of the IVSC Perspectives Papers on Intangible Assets, which included human capital.

JH and KB advised that they would be interested in seeing these perspectives papers.

SRB thanked JH and KB for their attendance and agreed to stay in contact to discuss key issues, share information and to ensure synergy between IVS and ISSB standards.

Next steps

NK to send JH and KB the IVSC Intangible Assets series of perspective papers.

AOB

The Board was asked if there was any other business and as there was no other business the meeting was closed.