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Mr. Erkki Liikanen
Chair, IFRS Foundation Trustees
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16 November 2026

Dear Mr Liikanen

Exposure Draft: Proposed Targeted Amendments to the IFRS Foundation Constitution

We are pleased to comment on the above noted Exposure Draft. Following consultation with the BDO network[1], this letter summarises views of member firms that provided comments on the Exposure Draft.

We have significant concerns about the extent to which the Trustees appear to have decided to reduce the number of board members, in particular in relation to the IASB. This is in the context of the number of jurisdictions which have adopted IFRS Accounting Standards, the current and likely future workload of the IASB and the need for appropriate geographic, background and organisational representation. At this stage in the adoption of IFRS Sustainability Disclosure Standards, we have fewer immediate concerns in relation to the ISSB, but consider that if the Trustees do reduce the size of the ISSB in the way that has been suggested, flexibility is retained in order that the number of board members can be increased swiftly as circumstances change.

Our detailed responses to the questions in the Exposure Draft are set out in the attached Appendix.

We hope that you will find our comments and observations helpful. If you would like to discuss any of them, please contact me at +44 (0)7776 215267 or by email at andrew.buchanan@bdo.global.

Yours sincerely

Andrew Buchanan

Global Head of IFRS and Corporate Reporting

[1]Service provision within the BDO network in connection with International Financial Reporting Standards (IFRS) Accounting Standards (comprising International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the IFRS Interpretations Committee and the former Standing Interpretations Committee), and other documents, as issued by the International Accounting Standards Board, IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board, and European Sustainability Reporting Standards (ESRS) published in the Official Journal of the European Union, is provided by BDO IFR Advisory Limited, a UK registered company limited by guarantee. Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium. Each of BDO International Limited, Brussels Worldwide Services BV, BDO IFR Advisory Limited and the BDO member firms is a separate legal entity and has no liability for another entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV, BDO IFR Advisory Limited and/or the BDO member firms. Neither BDO International Limited nor any other central entities of the BDO network provide services to clients.

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Appendix

Question 1 – Board size and geographical allocation of board members

Do you agree with how the Trustees propose to amend the Constitution to implement their decision to reduce the size of the boards by:

- *(a) specifying a range for board membership; and*
- *(b) amending the geographical allocation of members to maintain appropriate international diversity and balance?*

If not, why not and what would you propose instead and why?

We have significant concerns at the Trustees' decision to reduce the size of each of the Boards to 8-12 members, with a target of 10 members, in particular from the perspective of the IASB.

From a jurisdictional perspective, we disagree with the Trustees' view that 'jurisdictional participation can be considered across the two boards' given the different nature and stage of development of their standard setting activities. We also disagree that equivalent jurisdictional participation is provided in other parts of the boards' activities such as standard-setting advisory forums, Advisory Council and other consultative bodies and the boards' interpretation and implementation committees. We consider that these do not form a substitute for being 'at the table' as a decision making board member.

We are also concerned at the suggestion that the Trustees themselves can provide links with particular jurisdictions from an IASB and/or ISSB perspective, as the Trustees need to be wholly independent of the two standard setting boards.

Linked to our concerns about jurisdictional representation, we agree with the criteria in the Constitution that the Trustees select members of the boards with backgrounds including 'auditors, preparers, users, academics and market or financial regulators'. However, with a significantly reduced board size we believe that it would be very challenging to maintain an appropriate representation from each of those groups. As an example, a user from Asia might have a different background, assumptions and practical concerns in comparison with a user from North America or from Europe. Similarly, we are concerned that a significantly reduced board size could result in the board being comprised of representatives only from the largest companies and other organisations, with the associated risk that direct input of perspectives of other organisations could be excluded from the board discussions.

In addition, as noted in the ED, if the Trustees did reduce the number of board members to only eight, there would be linked consequences for small group meetings. We believe that these meetings form an important part of the overall standard setting eco-system and caution against actions which could or would restrict their scope.

Given the different stages of development of IFRS Accounting Standards and IFRS Sustainability Disclosure Standards, we provide additional comments in respect of each Board.

International Accounting Standards Board

All or most publicly listed companies in over 140 jurisdictions are now required to apply IFRS Accounting Standards, which represent a mature, well developed and comprehensive reporting framework. The IFRS Foundation website lists 170 jurisdictional profiles which set out the extent to which IFRS Accounting Standards are required or permitted to be applied.

When a jurisdiction requires IFRS Accounting Standards to be followed, it has effectively given up at least a significant part of its own sovereignty over the standard setting process. Even if a jurisdiction has an endorsement mechanism in place to incorporate IFRS Accounting Standards into national law or other requirements, there is a very high threshold not to adopt the standards issued by the IASB. This means that it is essential that those jurisdictions consider that they have sufficient representation within the group that takes the decisions on the requirements of IFRS Accounting Standards. While we note and agree that IASB Board members are appointed in a personal capacity, it is also the case that they bring backgrounds and assumptions that link back to their own home jurisdictions which is a necessary feature in the global acceptance of IFRS Accounting Standards that are proposed and finalised by the IASB.

If the membership of the IASB is reduced to the extent envisaged by the Trustees, there is a significant risk that only members drawn from larger jurisdictions from each geographical region will be allocated a seat at the Board, with members drawn from smaller jurisdictions effectively being excluded from the direct standard setting process. We believe that this would be inappropriate, and would risk jurisdictions being more likely to propose local amendments to the requirements of IFRS Accounting Standards on the basis that these do not reflect the needs or circumstances of those jurisdictions.

We also note that the IASB has a very full agenda. It is important that there is sufficient Board member resource to enable existing and future projects to be progressed and finalised. We encourage the Trustees to review their decision to reduce the number of board members to 10 in the context of the needs of the IASB; there are already projects that have taken many years to reach a conclusion, and we believe that there is a risk that this would be exacerbated by a significant reduction in Board members.

In our view, the membership of the IASB should not be reduced below 12 members. In order that there could be periods during which there are fewer than 12 members (for example, due to a vacancy arising), we suggest that the IASB should '…normally have 12 members but in any event not fewer than 10'.

International Sustainability Standards Board

While the considerations noted above for the IASB will ultimately apply equally to the ISSB as global adoption of IFRS Sustainability Disclosure Standards (IFRS SDS) expands, the ISSB is

currently in a somewhat different place from the IASB, both in terms of the number of jurisdictions which have (or are) adopting IFRS SDS or standards based on them, and the size of the current work programme. Consequently, it may be realistic for the ISSB to operate with fewer board members than the IASB (or a higher proportion of part-time board members) in the short term. However, we caution against reducing the size of the board below 10 members (for example, due to the effect on the ability of board members to attend small group meetings noted above and in our response to question 3 below).

If the Trustees did decide to reduce the size of the ISSB board membership to below that of the IASB, we believe that it would be appropriate for the ISSB to have between 10 and 12 members so that, as the number of jurisdictions apply IFRS SDS or standards based on them increases, and the ISSB's work programme expands, the Trustees have the flexibility to increase the size of the board as appropriate.

Question 2 – Attributes of board members

Do you agree with the Trustees' decision to propose no changes in the Constitution:

- *(a) to the main provisions related to part-time board membership; and*
- *(b) to the main qualifications for membership of the boards?*

If not, why not, and what would you propose instead and why?

Part time board membership

While the number of part time board members of the ISSB would automatically be revised in the event of a reduction in the total number of board members, this is not the case for the IASB. We encourage the Trustees to revisit the number of potential part time members of the IASB and suggest that, if the membership is reduced to 12 (as we have suggested) then the maximum number of part time members should be reduced from three to two.

Main qualifications for membership of the boards

We agree with the Trustees' decision not to introduce changes.

Question 3 – Voting arrangements

Do you agree with how the Trustees propose to update the voting requirements in the Constitution to facilitate effective decision-making for the smaller boards? If not, why not and what would you propose instead and why?

We do not, in principle, object to the proposed changes to the voting arrangements. However, we note that if the size of a board was reduced in size to only 8 members, then only 6 votes in favour would be required to approve Exposure Drafts or Standards (and, for board of 10 members, only 7). Linked to our comments in response to question 1 we question whether, in

particular for the IASB, this is a sufficient number to be properly regarded as being reflective of a decision taken by a globally representative group of individuals.

As noted above, depending on the extent to which the board are reduced in size, there will be significant restrictions on the number of board members who would be permitted to join small group meetings. We believe that this would be unfortunate, and consider that significant value is derived from the ability of a number of board members, and staff, to meet collectively to discuss research projects and proposals being developed for discussion in future public meetings.

Question 4 – Other targeted amendments

Do you agree with the other proposed targeted amendments to the Constitution?

We agree.