Deutsches Rechnungslegungs Standards Committee e.V.

Accounting Standards Committee of Germany

DRSC

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Berlin, 16 November 2026

Dear Trustees,

Re: Exposure Draft – Proposed Targeted Amendments to the IFRS Foundation Constitution (August 2026)

On behalf of the Accounting Standards Committee of Germany, we are writing to comment on the Exposure Draft – Proposed Targeted Amendments to the IFRS Foundation Constitution (August 2026), issued by the Trustees of the IFRS Foundation on 18 August 2026 (herein referred to as 'ED'). We appreciate the opportunity to comment on the questions.

Our overall assessment of the ED is that, while motivated by legitimate concerns regarding long-term financial sustainability, it prioritises short-term cost containment at the expense of structural robustness. We are concerned that the proposed reduction in board size, coupled with revised voting thresholds and flexible term lengths, introduces significant governance risks that could undermine the technical rigour, deliberative depth, and global legitimacy of both the IASB and the ISSB. Instead of shrinking the boards, we believe financial responsibility can be better achieved through a more nuanced approach that preserves a larger, more representative board membership base. In addition, long-term financial sustainability should not rely solely on cost reductions. The Trustees should continue to strengthen and diversify the Foundation's funding base, as sustainable revenue generation is an equally important component of financial resilience.

In this context we wish to highlight the inherent tensions associated with part-time board membership. While part-time appointments can offer flexibility, an over-reliance on such members risks impairing the independence, commitment, and quality of standard-setting work. Part-time members may face competing professional obligations that could dilute their undivided attention, depth of engagement, and capacity for rigorous peer challenge.

Additionally, we emphasize the importance of stability in board appointments. We advocate for a preference for longer initial terms to ensure continuity and attract top-tier talent. Any deviation from longer terms should be treated as an exception, supported by clear, transparent criteria

and guidance for the Trustees. Given that major standard-setting projects often span many years, greater continuity of membership helps preserve institutional memory and ensures that decisions remain informed by the full history of technical deliberations. Higher turnover risks losing accumulated knowledge and weakening the consistency of long-term project development.

We have provided detailed responses to each question in the appendix to this letter, highlighting our concerns and proposing alternative approaches where necessary. Our summarised response to each of the four questions of the ED is as follows:

1. We strongly disagree with reducing the boards to 8–12 members and the corresponding adjustment of geographical allocations. A smaller board compromises deliberative capacity, voting resilience, and guaranteed regional representation. We recommend retaining a 12–14 member range and preserving the existing regional representation, or adopting a harmonised 3-3-3-1-[at-large] structure for both boards with a clearly safeguarded at-large element. Maintaining a broader membership base also ensures continuity of expertise, diversity of perspectives, and effective succession planning within the governance structure. Reducing the number of seats would increase the risk that important stakeholder viewpoints and regional interests are underrepresented, particularly in periods of board member turnover or absence. A balanced and geographically inclusive board is essential to sustaining legitimacy, stakeholder confidence, and informed decision-making across the organisation.

2. While we support the existing qualification requirements, we have mixed views on the part-time caps as we do not support reducing the total board size as the primary mechanism for addressing financial sustainability. On the one side it may be worth to consider expanding part-time membership allowances to maintain a larger board, better manage workloads and skill diversity while preserving board capacity and continuity. On the other side, while part-time appointments can offer flexibility, an over-reliance on such memberships risks impairing the independence, commitment, and quality of standard-setting work. Part-time members may face competing professional obligations that could dilute their undivided attention, depth of engagement, and capacity for rigorous peer challenge. We therefore recommend that part-time appointments be utilized strictly subject to rigorous safeguards.

3. We disagree with the fixed, very low, minimum voting thresholds (e.g. five affirmative votes), which risk enabling decisions by a narrow absolute majority on smaller boards. We recommend replacing fixed minima with proportional thresholds or raising the minimums to seven and six votes for Standards/Exposure Drafts and other papers, respectively, to preserve deliberative weight and consensus-building. Very low thresholds can unintentionally weaken the legitimacy of decisions by allowing significant technical pronouncements to be approved without sufficiently broad support. More robust voting

requirements encourage meaningful debate, foster stronger consensus, and help ensure that diverse regional and stakeholder perspectives are adequately reflected in the final outcome. This is particularly important for decisions with long-term implications for the credibility and global acceptance of the IFRS standards.

4. We agree with most operational clarifications (e.g. Basis for Conclusions, Managing Director title, ISSB interim provisions). However, we caution against excessive flexibility in board member term lengths, recommending a fixed initial term range, transparent renewal criteria, and a stability framework to ensure predictability and attract or retain top-tier talent. We propose to keep a structural preference for a longer initial term (e.g., five years). Shorter terms should be permitted only as explicit exemptions. We urge the Trustees to establish clear, transparent guidance and criteria for when shorter terms or shorter prolongations are used, ensuring, with appropriate Monitoring Board oversight, that such decisions are justified and do not undermine succession planning.

In summary, we want to highlight that, the IFRS Foundation's global credibility and technical authority are inextricably linked to the robustness, diversity, and representativeness of its standard-setting boards. Financial sustainability should not be pursued through structural downsizing that erodes deliberative capacity and voting resilience. We urge the Trustees to recalibrate the proposed amendments to preserve a minimum of 12 members, adopt proportional voting thresholds, carefully consider part-time flexibility, and establish predictable term structures with a preference for longer initial appointments. By doing so, the Foundation can achieve long-term fiscal responsibility while safeguarding the high-quality, inclusive, and globally legitimate standard-setting process that capital markets worldwide rely upon.

For more details on our findings on the specific proposals in the ED, we refer to our responses to the questions which are laid out in the appendix to this letter. If you would like to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

Georg Lanfermann
President

Sven Morich
Vice President

Appendix – Answers to the questions in the ED

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 respectfully disagree with the proposed amendments.

While we acknowledge the Trustees' objectives of operational efficiency and long-term financial sustainability, we believe the proposed reduction of the IASB and ISSB to a range of 8–12 members, coupled with the revised geographical allocation, introduces significant governance risks that could undermine the technical rigour, deliberative depth, and global legitimacy of both boards. Our concerns are precise and relate directly to the current constitutional allocations versus the proposed changes:

Board Size Reduction Compromises Deliberative Capacity and Voting Resilience

Currently, the IASB and ISSB operate under different geographical allocations to reflect their distinct operational stages and stakeholder ecosystems:

a) IASB (section 27): 4 Asia-Oceania, 4 Europe, 4 Americas, 1 Africa, 1 at-large (Max: 14)

b) ISSB (section 46): 3 Asia-Oceania, 3 Europe, 3 Americas, 1 Africa, 4 at-large (Max: 14)

The proposal collapses both structures into a uniform 2-2-2-1-[at-large] allocation for an 8–12 member board. With that, the ED proposes a lower bound of eight members. A board of this size inherently limits the diversity of professional backgrounds, cognitive perspectives, and lived market experience required to navigate increasingly complex standard-setting challenges. Historical practice under the 14-member model demonstrates that a larger quorum enables more robust challenge, peer review, and consensus-building. Operating at the lower end of the proposed range would also heighten vulnerabilities to absences, recusal, or part-time arrangements, potentially stalling critical projects or forcing reliance on smaller sub-committees for technical deliberation. We strongly recommend retaining a minimum of 12 members, with the upper limit remaining at 14, to preserve decision-making resilience and

ensure that the boards can sustain their work programmes without over-reliance on staff, advisory bodies or the Trustees.

Erosion of Guaranteed Regional Representation Weakens Global Legitimacy

The proposal reduces IASB regional seats from 12 to 6 and ISSB regional seats from 9 to 6, while shifting the remaining composition to discretionary "at-large" appointments. While the ED argues that at-large members will provide flexibility, this replaces predictable, constitutionally guaranteed regional voice with Trustees' discretion. The current framework ensures balanced representation from the world's largest capital markets. Increasing the proportion of at-large seats from 1/14 to 5/12 for the IASB heightens the risk of geographic homogenization and undermines stakeholder confidence that the boards genuinely reflect the jurisdictions they serve. The phrase "subject to not creating overall geographical imbalance" is a post-hoc safeguard, not a proactive guarantee of representation. It lacks the operational certainty provided by fixed regional seats.

This reduction also fails to account for the ISSB's expanding standard-setting portfolio, which requires robust regional representation to address diverse jurisdictional implementation challenges. Reducing major region seats from 3 to 2 each for the ISSB disproportionately shrinks its capacity to reflect the global sustainability reporting landscape, where Asia-Oceania, Europe, and the Americas represent the highest concentration of preparers, investors, and regulators.

While the ED emphasises the flexibility of "at-large" appointments, this mechanism inherently weakens predictable regional voice and may inadvertently concentrate appointments in markets with the strongest talent pipelines or institutional ties. The Foundation's credibility rests on its perception as a truly global standard-setter; diluting explicit regional seats risks eroding stakeholder trust, particularly in emerging economies and jurisdictions that currently rely on their allocated representation to ensure their practical implementation challenges are heard at the highest level.

Operational and Voting Risks at the Lower Bound (8 Members)

A board of 8 members fundamentally alters the deliberative and voting dynamic. Under the proposed thresholds (simple majority + 1, minimum 5 affirmative for Standards/Exposure Drafts), an 8-member board would require exactly 6 votes to pass a Standard, leaving only 2 dissenting votes. This narrow margin increases the risk of polarized outcomes, reduces the buffer for member absences, recusals, or part-time arrangements, and heightens reliance on staff or advisory input. For the IASB, which manages a mature but complex portfolio of standards and interpretations, losing up to 6 seats critically constrains the diversity of auditor, preparer, regulator, and academic perspectives currently embedded in the board.

Advisory and Oversight Mechanisms Cannot Substitute for Board-Level Representation

The ED suggests that the Foundation's staff infrastructure, consultative bodies, and public consultations will compensate for the reduced board size. While these mechanisms are valuable, they are inherently advisory and lack decision-making authority. Standard-setting requires deep, sustained engagement from members who can internalise diverse market realities, challenge assumptions during closed deliberations, and bear direct accountability for final decisions. External input cannot replace the voting power and institutional memory of geographically diverse board members. Moreover, any expectation that Trustees could compensate for reduced jurisdictional representation on the boards would risk blurring the distinction between oversight and standard-setting. Such a development could weaken the perceived independence of the IASB and ISSB, which remains a cornerstone of the Foundation's credibility.

Diluting regional representation in the voting body while relying on external consultation fundamentally alters the governance model from inclusive, representative standard-setting to a more centralized process, potentially weakening the boards' credibility with national standard-setters and regulators. It may also create the perception that influence is shifting from the boards towards oversight bodies, thereby weakening confidence in the independence and legitimacy of the standard-setting process.

Constructive Recommendations

We believe the existing constitutional framework strikes an appropriate balance between global representation and operational effectiveness. The proposed reductions, while financially motivated, risk undermining the very credibility and technical robustness the Foundation seeks to protect. We encourage the Trustees to reconsider the scale of these changes and adopt a more conservative approach that safeguards the IASB and ISSB's global legitimacy and decision-making resilience. Here are our main recommendations:

a) Maintain a constitutional floor of 12 members for both the IASB and ISSB, with the upper limit remaining at 14 to accommodate workload fluctuations and part-time appointments.

b) Preserve the current geographical allocation or harmonise it to 3-3-3-1-[at-large] to maintain balanced representation across all major regions.

c) Publish a transparent, metrics-driven methodology for any future board size adjustments (e.g. workload capacity, project pipeline, skill gap analysis) rather than delegating the determination entirely to the Trustees' discretion.

d) Further formalise the role of advisory bodies (ASAF/SSAF) by granting them structured observation rights and mandatory consultation triggers at key standard-setting stages, ensuring geographical perspectives are systematically integrated into deliberations without replacing voting-member representation.

We urge the Trustees to reconsider the scale of these constitutional changes. The current framework successfully balances global representation, technical diversity, and operational effectiveness. The proposed reductions, while financially motivated, risk compromising the very credibility and decision-making resilience that underpin the Foundation's mission.

Table 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?

We agree with maintaining the qualification requirements but disagree with excessive part-time memberships and reducing total board size as mechanism for financial sustainability.

While we support the current qualification framework—professional competence and recent relevant experience, aligned with the Annex criteria—we have mixed views on the Trustees' decision to retain the part-time membership limits. Whilst expanding part-time membership to maintain a larger board during periods of constrained resources might look like a desirable or safe strategy for financial sustainability, we would also like to raise concerns regarding the tensions that part-time appointments can introduce to board independence, commitment, and the overall quality of standard-setting.

We therefore address both, pro and contra part-time memberships arguments:

Pro Part-Time Memberships: Preserve a larger, more representative board and do not impair part-time members

If the Trustees' primary concern is financial sustainability, one might consider that this objective can be achieved without reducing the total number of board seats. A higher board count could be maintained while managing costs by allowing a greater number of part-time members, subject to appropriate safeguards on independence, capacity, and workload.

This approach would preserve the benefits of a larger board, including greater diversity of experience, broader jurisdictional representation, stronger continuity, and greater resilience to vacancies or absences, while still enabling the Foundation to control full-time staffing costs. It

would support a framework that maintains at least 12 members on each board, preserves geographical balance, and uses parttime membership as tool for managing financial constraints.

The Constitution already defines part-time membership as committing “most of their working time” to the Foundation while meeting strict independence requirements. Rather than reducing total board size, the Trustees could preserve a larger, more representative board (e.g., 12–14 members) by increasing the proportion of part-time appointments. For example, raising the IASB part-time cap from three to four or five members, or allowing the ISSB to appoint a larger proportion of part-time members, would enhance capacity, skill diversity, and geographical representation without triggering proportional increases in full-time compensation costs.

This approach directly addresses the Trustees’ stated objective of long-term financial sustainability while avoiding the governance risks inherent in smaller boards (as outlined in our answer to Question 1):

a) Preserved Deliberative Depth: A larger board sustains the peer challenge, technical crossexamination, and consensus-building essential for high-quality standard-setting.

b) Voting Resilience: Maintaining higher membership buffers against absences, recusals, or parttime scheduling constraints, ensuring project timelines and publication deadlines are not jeopardized.

c) Cost Efficiency Without Capacity Loss: Part-time members already bear significant professional commitments outside the Foundation. Expanding this model allows the Trustees to strategically fill skill gaps (e.g., sustainability reporting, emerging market implementation, digital infrastructure) while controlling fixed remuneration expenses.

d) Maintained Global Legitimacy: A larger board with balanced part-time/full-time composition better reflects the jurisdictions, markets, and stakeholder ecosystems that rely on IFRS Standards, reinforcing confidence in the boards’ representative mandate.

Contra Part-Time Memberships: Tensions with Independence and Commitment

While part-time membership allows for broader skill diversity, it inherently carries risks that must be carefully managed. Part-time members may retain professional commitments outside the Foundation. An over-reliance on part-time members increases the risk of divided attention and conflicting obligations, which can impair a member's ability to devote the necessary time and focus to complex standard-setting issues. This can lead to:

a) Impaired Independence: The risk of undue influence from a member's primary employer or professional network may be heightened when the member's engagement with the Foundation is not their primary professional focus.

b) Reduced Commitment and Quality: High-quality standard-setting requires sustained, immersive engagement, deep deliberation, and the ability to respond rapidly to emerging issues. Part-time arrangements may constrain a member's availability for critical discussions, participating in outreach activities, and urgent consultations, potentially diluting the rigor and depth of the board's output.

c) Operational Strain: Relying heavily on part-time members can create scheduling complexities and reduce the continuity of deliberations, as members may have limited windows for participation and contribution.

Given these risks, the Constitution should explicitly position part-time membership as an exception, rather than a primary tool for managing board composition or costs. Part-time appointments should be considered when 1. Full-time candidates with the requisite expertise and independence cannot be secured; and 2. The specific skill gap cannot be addressed through other means without compromising the board's core operational integrity.

Again, we encourage the Trustees to explore cost efficiencies through other operational measures, while also placing greater emphasis on strengthening and diversifying the Foundation’s revenue base. Sustainable funding should be pursued through both prudent cost management and active revenue development. If part-time membership is utilized, it must be subject to stringent safeguards, including rigorous conflict-of-interest assessments, clear limits on the proportion of part-time members, and robust monitoring of commitment levels.

Constructive Recommendations

The current proposal prioritizes short-term cost containment at the expense of structural robustness. A targeted expansion of part-time appointments would achieve fiscal responsibility without compromising decision-making quality, technical rigour, or the Foundation’s global credibility:

a) Retain the 12–14 member range for both boards, using part-time appointments to strategically address skill gaps, regional representation, and project-specific expertise without diluting fulltime operational capacity; subject to rigorous independence, workload, and conflict-of-interest assessments by the Ethics and Governance Committee.

b) Amend the Constitution or related governance frameworks to emphasize that part-time membership is exceptional. Avoid raising part-time caps as a general strategy.

c) Implement enhanced due diligence for part-time appointments, including detailed assessments of how the member will manage competing obligations to ensure undivided commitment to the Foundation's mandate.

d) Clarify remuneration and expense structures to ensure part-time members are compensated proportionally for their commitment while maintaining budget predictability and transparency.

e) Require the Trustees to publish an annual Part-Time Membership Rationale, detailing how parttime appointments are utilized to optimize board capacity, address skill deficits, and maintain geographical diversity without compromising independence or decision-making quality.

We urge the Trustees to reconsider the scale of the board size reduction and adopt a more nuanced approach that leverages part-time flexibility to preserve governance excellence while achieving longterm financial sustainability. At the same time, we also urge the Trustees to prioritize the independence, commitment, and quality of standard-setting over cost savings derived from expanding part-time roles. The Foundation's credibility and that of its outputs, namely IFRS Accounting Standards and IFRS Sustainability Disclosure Standards, depends on boards that are fully dedicated, independent, and capable of rigorous, sustained engagement.

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 respectfully disagree with the proposed voting thresholds.

While we acknowledge the Trustees' intent to simplify decision-making mechanics for smaller boards, the proposed framework—combining a reduced board size of 8–12 members with a fixed minimum of five affirmative votes for Standards and Exposure Drafts—creates a governance model where critical, globally impactful decisions can be made by a very small absolute number of individuals. This concentration of authority undermines deliberative rigour, representativeness, and the long-term legitimacy of the Foundation's standard-setting process.

Mathematical Reality: Decisions by a Narrow Absolute Majority

Under the proposed rules, an IASB or ISSB operating at the lower bound of eight members would require only six affirmative votes to approve a Standard or Exposure Draft (per the ED's own example). This represents a simple majority plus one, but critically, it means a standard that will govern global capital markets could be adopted by just six independent experts. When board size contracts, the absolute number of decision-makers shrinks proportionally. A six-

member majority on an eight-person board lacks the structural breadth to reflect the diverse investor, preparer, auditor, regulator, and academic perspectives that have traditionally underpinned the Foundation's credibility.

The ED's assertion that this preserves stakeholder confidence is contradicted by the reality that approval by a minimal absolute number of members inherently concentrates technical and jurisdictional influence.

Erosion of Consensus-Building and Deliberative Weight

High-quality standard-setting has historically relied on extensive peer challenge, cross-examination and broad consensus to ensure standards are robust, implementable, and globally accepted. The threshold for other decisions—including the publication of a Discussion Paper or a Request for Information lowers the barrier to approval, particularly when combined with the 60% attendance quorum rule. On an eight-member board, a quorum requires only five members. If a majority (or at least four under the minimum voting rule) vote affirmatively, a paper passes with minimal dissenting representation.

This dynamic incentivises expedited decision-making over thorough deliberation and increases the risk of standards reflecting a narrow technical perspective rather than a balanced, market-tested outcome. The fixed minimum may also remove the natural scaling effect that has historically ensured voting thresholds remain proportionate to board size.

Misalignment with the Foundation's Legitimacy Mandate

The IFRS Foundation's authority derives not merely from procedural compliance, but from the perceived legitimacy of its decision-making bodies. Allowing a standard to be approved by a minimum of five or six members—particularly when the board itself is operating at a historically low size—weakens the institutional check-and-balance that has traditionally protected against groupthink, technical blind spots, and jurisdictional bias.

The ED acknowledges that abstentions count as "against," but this does not mitigate the fundamental issue: the absolute number of approving members is disproportionately small relative to the global economic and regulatory impact of IFRS Standards. Stakeholder confidence is built on the perception that standards are vetted by a sufficiently broad and diverse group of independent experts, not a narrowly defined minimum.

Constructive Recommendations

Replace the fixed minimum of five affirmative votes with a proportional threshold (e.g., two-thirds of total board membership or 60% of all members then in office) to ensure the absolute number of approving members scales appropriately with board composition.

a) If a fixed minimum is retained, set it at seven affirmative votes for Standards/Exposure Drafts and six for Discussion Papers to maintain a meaningful deliberative quorum and prevent approval by a narrow majority on an eight-person board.

b) As voting margins for all Standards and Exposure Drafts are disclosed, also require a mandatory explanatory statement when approval is achieved at or near the constitutional minimum.

c) Revise the Due Process Handbook to explicitly link small-group meeting attendance limits to the new voting thresholds, ensuring that informal technical discussions do not inadvertently shape outcomes that will ultimately be decided by a minimal quorum.

We urge the Trustees to reconsider the mechanical simplification of voting rules at the expense of representational integrity. The Foundation's global credibility depends on standards being endorsed by a sufficiently broad and diverse group of independent experts. Reducing the absolute number of decision-makers through fixed thresholds and smaller boards risks undermining the very legitimacy the Foundation seeks to preserve.

Question 4—Other targeted amendments

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

We agree with the majority of the proposed targeted amendments, but express concern regarding the proposed flexibility in board member term lengths. We propose specific refinements to enhance stability and transparency.

We support the clarifications to work plan consultation periods, the mandatory inclusion of Basis for Conclusions, the alignment of the Managing Director title with established governance practice, and the withdrawal of the ISSB's interim provisions. These updates appropriately streamline constitutional language, eliminate inconsistencies with the Due Process Handbook, and reflect the Foundation's operational maturity. They are generally clarifying and help align the Constitution with current practice and the reduced size of the boards.

Whilst broadly agreeing with the other targeted amendments, we respectfully caution against the proposed flexibility in board member term durations. We make the following more detailed comments:

Duration of board member terms

The amendment to allow initial appointments of “up to five years” with renewable three-year terms, while intended to tailor appointments to board needs, introduces significant structural uncertainty that may actively discourage qualified candidates from applying or accepting appointments. Service on the IASB or ISSB requires substantial upfront investment in onboarding, technical familiarization, jurisdictional engagement, and relationship-building with staff, advisory bodies, and national standard-setters. Professionals operating in demanding careers (e.g., audit partners, corporate preparers, regulators, academics) are unlikely to commit to roles where term length, renewal prospects, and continuity remain highly variable.

This uncertainty complicates long-term career planning for both prospective members and current board members considering reappointment, potentially reducing the applicant pool, increasing turnover, and eroding the institutional memory that underpins consistent, high-quality standard-setting. In practice, this uncertainty may be particularly discouraging for highly experienced candidates in the prime stage of their careers, such as senior finance executives, regulators, audit partners or standard-setting leaders. Individuals who leave established leadership positions are unlikely to do so without reasonable predictability regarding the duration of their appointment and the prospects for renewal.

While flexibility in appointment structuring has merit, excessive variability in term length undermines the predictability necessary to attract and retain top-tier talent. A more stable baseline would better balance operational adaptability with career planning certainty.

We therefore propose that the Constitution retains a preference for a longer initial term for board members, specifically recommending an initial term of five years as the standard. A longer initial term provides greater stability, allows members to fully engage with the technical agenda, and makes the role more attractive to top-tier talent who require predictability to commit to the Foundation's demanding workload. Shorter initial terms should be permitted only as explicit exemptions based on defined operational needs (e.g., specific transition requirements or targeted skill acquisition). The Constitution should clarify that shorter terms are deviations from the standard and must be justified applying defined criteria. Where deviations from the standard term are made, the Trustees should provide a transparent rationale and consider appropriate scrutiny through the Monitoring Board to reinforce confidence in the consistency and fairness of appointment decisions.

We also recommend that the Trustees publish the criteria (section 50 refers to “procedures developed by the Trustees“) used when deciding whether to renew or not renew a member’s term. These criteria could include the member’s continued independence; the skills and experience needed by the board; the need to maintain diversity and balance; the member’s contribution to the board’s work; and the overall impact on board renewal and succession planning. Clear renewal or non-renewal criteria would help maintain confidence that term

extensions are used appropriately and do not lead to excessive concentration of service among a small number of members.

Timing of work plan consultation

We support the proposal to clarify that the IASB, like the ISSB, may establish a work plan for a period shorter than five years. This provides useful flexibility to respond to emerging issues and changing stakeholder needs.

We recommend, however, that the existing requirement for a public consultation at least every five years from the date of the most recent public agenda consultation be maintained. This will ensure that the flexibility in work-plan length does not reduce the frequency of public engagement on the boards' technical agenda.

Basis for Conclusions

We support the objective of clarifying that a Basis for Conclusions should accompany an IFRS Accounting Standard or an Exposure Draft, and an IFRS Sustainability Disclosure Standard or an Exposure Draft, as applicable. We note that the Invitation to Comment describes the proposed amendments as clarifying that a Basis for Conclusions must accompany a Standard and an Exposure Draft. To ensure consistency we welcome that the amended constitutional text uses mandatory language rather than "normally publish."

If the Trustees intend to allow rare exceptions, we recommend that any exception be subject to a clear requirement to give detailed reasons. This would preserve the importance of the Basis for Conclusions while allowing flexibility in genuinely exceptional circumstances.

Managing Director title and role

We support the proposed amendments to the title and description of the Managing Director. Aligning the Constitution more closely with the Managing Director's role specification and established governance practice is appropriate.

We consider that the proposed description appropriately recognises that the Managing Director acts under authority delegated by the Trustees and remains subject to the Trustees' oversight and reserved powers. We support the clarification that the Managing Director reports to the Chair of the Trustees and engages with the Chairs of the IASB and ISSB.

Temporary provisions for the ISSB

We support the proposal to withdraw the interim provisions that applied when the ISSB was not quorate or had fewer than 12 members. The ISSB is now established, and the proposed

amendments should provide a clearer and more durable governance framework. This includes the ISSB Chair to be a full-time member.

We recommend that the final Constitution and Due Process Handbook ensure that no residual interim provisions remain unless they are clearly conditional and time-limited. This will avoid confusion between temporary measures and the board's normal operating framework.

Constructive Recommendations

a) Maintain the Constitution to specify a five-year initial Board term as the standard, with shorter terms permitted only as justified exemptions with clearly defined, published renewal criteria rather than open-ended flexibility. The new term renewal procedures should be published transparently, outlining performance metrics, independence reviews, skill-gap assessments, and succession planning timelines.

b) Require the Trustees to publish a Board Term Stability Framework outlining how initial appointments, renewals, and extensions will be structured to minimize uncertainty while preserving necessary adaptability. Ensure that the term structure supports long-term continuity and attracts high-quality candidates who value predictability.

c) Clarify the "exceptional basis" for extending service to ten years in the Due Process Handbook with strict, transparent thresholds to prevent ad hoc extensions that could destabilize succession planning.

d) Ensure the title update to "Managing Executive Director" is accompanied by a published Delegation of Authority matrix that explicitly delineates operational responsibilities from the Trustees' reserved powers, particularly regarding standard-setting oversight, financial governance, and staff appointments.

e) For the ISSB, confirm that the withdrawal of interim provisions (sections 55–58) is accompanied by a formal transition protocol ensuring all active projects seamlessly adopt standardised due process without legacy exceptions or procedural gaps.

We commend the Trustees for addressing operational inconsistencies and modernising governance language. However, we urge careful calibration of term flexibility to ensure it enhances, rather than hinders, the Foundation's ability to attract, retain, and plan for highly qualified board members. Predictability in appointment structures is essential to sustaining the technical continuity and global credibility that the Foundation's mission demands.