XRB | Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

16 November 2026

Mr Erkki Liikanen
Chair, IFRS Foundation Trustees
IFRS Foundation
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Submitted to: www.ifrs.org

Dear Mr Liikanen,

Exposure Draft: Proposed Targeted Amendments to the IFRS Foundation Constitution

We welcome the opportunity to comment on the IFRS Foundation Trustees' Exposure Draft: *Proposed Targeted Amendments to the IFRS Foundation Constitution*.

The External Reporting Board (XRB) is New Zealand's independent national reporting standard setter, responsible for establishing accounting, auditing and assurance, and climate-related disclosure standards for New Zealand. Our aim is to help New Zealand prosper by enabling trusted reporting that supports confidence in our markets, institutions and economy.

The XRB strongly supports high-quality global accounting and sustainability standards. New Zealand adopted IFRS Accounting Standards through New Zealand equivalents to IFRS (NZ IFRS) in 2004. The XRB has also recently consulted on a proposed roadmap to adopt IFRS S2 *Climate-related Disclosures* in New Zealand, as part of the future direction of New Zealand's climate reporting framework. The XRB contributes actively and constructively to global and regional standard-setting forums and discussions.

We acknowledge the IFRS Foundation's strategic review of its operations and support its focus on ensuring that the Foundation can continue to fulfil its mission effectively, efficiently and sustainably over the long term.

We recognise that the proposed amendments seek to operationalise the Foundation's decision to reduce the size of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), to ensure the boards remain sustainable within the Foundation's resources. We support this focus on long-term sustainability and efficient and effective use of resources.

Our interest in commenting is to ensure that the proposed changes preserve robust, resilient and effective global standard-setting arrangements. These are critical to the IFRS Foundation continuing to fulfil its mission of bringing transparency, efficiency and accountability to global capital markets, and maintaining confidence in the IASB and ISSB as globally diverse, knowledgeable and credible standard setters.

Our responses to the specific questions in the Exposure Draft are provided in the Appendix to this letter. We trust that our comments will assist the Trustees as they finalise the proposed amendments.

If you have any queries or require clarification of any matters raised in this letter, please contact Michelle Lombaard, Director Accounting Standards, at michelle.lombaard@xrb.govt.nz or me at wendy.venter@xrb.govt.nz.

Yours sincerely,



Wendy Venter
Chief Executive
External Reporting Board
New Zealand

Appendix

Question 1 — Board size and geographical allocation
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?*

XRB response to Question 1: Neither agree nor disagree

1. We understand the reasons for the proposed amendments but consider that additional safeguards are needed to ensure that smaller boards maintain appropriate diversity and continue to support high-quality global standard setting.

Board size

2. We acknowledge the Trustees' rationale for reducing the size of the boards and the need to ensure they operate sustainably within the Foundation's resources. We support having flexibility in board size to accommodate board priorities and workloads.

3. We agree with the Trustees that boards' effectiveness, rather than their size alone, underpins their credibility and legitimacy. At the same time, smaller boards have fewer positions through which to achieve appropriate international balance across the breadth and diversity of the global capital markets served by IFRS Standards.

4. We suggest that the Trustees take a staged approach, initially maintaining board size at the higher end of the proposed range and assess the effectiveness of the model before making further reductions.

5. The time required to recruit and induct new members should also be considered as this may limit how quickly board size can be adjusted in response to changing needs.

Geographical allocation

6. We recognise that board members do not represent geographical regions or jurisdictions. They are appointed as individuals on the basis of their professional competence and practical experience and are required to act in the public interest.

7. Nevertheless, geographical allocation is an important feature of the Foundation's governance arrangements for maintaining appropriate international balance, supporting the global nature of the board's work and the credibility of the standards.

8. Reducing board size and increasing the proportion of at-large members may make achieving this balance more challenging.

9. While we note the Trustees' confidence that the reduced board size is sufficient to maintain appropriate geographical diversity and balance, from a New Zealand perspective we would welcome greater clarity on the practical measures that will ensure that the breadth of perspectives across the highly diverse Asia-Oceania region continues to inform board deliberations.

10. We recommend that the Trustees put in place concrete measures to monitor whether appropriate international diversity and balance are being maintained and provide assurance to stakeholders on the outcomes.

11. We also consider that the geographical composition of the IASB and ISSB need not be identical. The jurisdictions applying their respective standards differ, and the Trustees should have flexibility to take this into account, while maintaining appropriate international diversity and balance on each board.

Wider stakeholder participation in standard-setting

12. The Trustees note that the boards will continue to draw on technical input from a wide variety of global perspectives through their formal consultations, consultative bodies and outreach, and that the Trustees can provide strong links to jurisdictions.

13. With smaller boards, these wider arrangements become increasingly important in ensuring that diverse perspectives inform standard-setting deliberations.

14. We encourage the Trustees to consider the role, composition and operating arrangements of the Foundation's various consultative and advisory forums and groups, and to regularly assess their effectiveness. For example, in New Zealand we use regular stakeholder surveys to assess their satisfaction with our performance and identify areas for improvement.

Monitoring the impact of the changes

15. Finally, we encourage the Trustees to monitor the revised arrangements after implementation and establish a formal review point. The review should assess whether the smaller-board model is maintaining appropriate geographical diversity and balance, effective stakeholder engagement, the boards' technical capacity, and their ability to deliver high-quality standards and their work programmes effectively. It should also identify any unintended consequences arising from the new model.

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 relating 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?*

XRB response to Question 2: Agree

Part-time board membership

16. We agree with the Trustees' decision not to amend the main provisions relating to part-time membership. We share the Trustees' view that retaining the ability to appoint some part-time members will be helpful to avoid unnecessarily constraining the recruitment of suitably qualified and experienced members.

17. We support the Trustees considering the practical effect of part-time membership on each board's capacity to undertake its workload. We consider that this should be kept under review as the smaller board model is implemented.

18. We also support taking a holistic view of the resources available for standard setting, including full-time and part-time board members and staff. We encourage the Trustees to continue considering how the Foundation's operating model can make the most effective use of these resources, including where a more staff-led approach may be appropriate. We would be happy to share New Zealand's experience gained over many years of a staff-led operating model with part-time board members.

Qualifications for membership

19. We agree with the Trustees' decision not to change the main qualifications for board membership, including professional competence and recent relevant professional experience.

20. We also agree that maintaining the overall diversity of experience may become more challenging as board size reduces, making the mix of skills, experience and perspectives across each board increasingly important.

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?

XRB response to Question 3: Agree

21. We support the proposed amendments to the voting requirements. The current thresholds could become unduly restrictive as board size reduces. We consider that a simple majority plus one, subject to the minimum affirmative vote requirements, provides an appropriate balance between effective decision making and sufficiently broad support for board decisions.

22. We encourage the Trustees to monitor how the revised voting arrangements operate in practice as the smaller boards are established.

Question 4 — Other targeted amendments
Do you agree with the other proposed targeted amendments to the Constitution?

XRB response to Question 4: Agree

23. The XRB supports the other targeted amendments, including those relating to board member terms, work plan consultations, Basis for Conclusions requirements and the removal of temporary provisions that are no longer needed. We have no further comments on these proposals.