ASBJ
Accounting Standards
Board of Japan

SSBJ
Sustainability Standards
Board of Japan

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9 November 2026

Mr. Erkki Liikanen
Chair of the IFRS Foundation Trustees
Columbus Building, 7 Westferry Circus
Canary Wharf, London, E14 4HD
United Kingdom

Joint Response on the Exposure Draft:

Proposed Targeted Amendments to the IFRS Foundation Constitution

Introduction

1. The Accounting Standards Board of Japan (ASBJ) and the Sustainability Standards Board of Japan (SSBJ) (collectively referred to as the "we") are pleased to have the opportunity to jointly provide comments on the Exposure Draft: *Proposed Targeted Amendments to the IFRS Foundation Constitution* (the "ED"), published by the IFRS Foundation (the "Foundation") in August 2026.

2. Our comments are summarised below. For our comments on the specific questions, please find the Appendix to this letter.

Size of the IASB/ISSB

(Overall observations)

3. Currently, IFRS Accounting Standards developed by the International Accounting Standards Board (IASB) are applied in more than 160 jurisdictions, and IFRS Sustainability Disclosure Standards developed by the International Sustainability Standards Board (ISSB) are applied in more than 40 jurisdictions.

4. In order for the Standards developed by the IASB/ISSB to continue to be recognised as truly global standards and for jurisdictions around the world to continue to apply those Standards with confidence, it is necessary to ensure that the views and concerns of stakeholders in jurisdictions applying the Standards developed by the IASB/ISSB

are reflected in a timely and appropriate manner in the deliberations of the IASB/ISSB. Otherwise, confidence in the Standards developed by the IASB/ISSB could be undermined, thereby threatening the legitimacy of the IASB/ISSB as truly global standard-setters.

5. In ensuring that stakeholders' views and concerns are reflected in the deliberations of the IASB/ISSB, we think that the responsibility of IASB/ISSB members, who have the voting rights to approve the publication of Standards, is particularly important and, as such, we consider it extremely inappropriate to reduce the size of the IASB/ISSB from the size specified in the existing Constitution. We note that other bodies, such as advisory bodies, and their members may assist IASB/ISSB members in fulfilling the responsibility of IASB/ISSB members, but these other bodies and their members cannot serve as substitutes for IASB/ISSB members.

6. In addition, reducing the size of the IASB/ISSB from the size specified in the existing Constitution would lower the number of votes needed to approve or disapprove the publication of Standards. Reducing the size of the IASB/ISSB could undermine the robustness of the IASB/ISSB's standard-setting process and, accordingly, may raise doubts regarding the legitimacy of the Standards developed by the IASB/ISSB.

(Relation to funding)

7. Our understanding is that the difficulty in securing funding is one of the factors driving the proposed reduction in the size of the IASB/ISSB. In this regard, we believe it is crucial to ensure that the views and concerns of stakeholders in jurisdictions applying the Standards developed by the IASB/ISSB are reflected in a timely and appropriate manner in the deliberations of the IASB/ISSB. If this cannot be achieved as a result of reducing the size of the IASB/ISSB, we are afraid that it would be difficult to secure funding at the current level. Accordingly, we are of the view that the Foundation should pursue measures other than the reduction of the size of the IASB/ISSB to address the issue of securing funding.

(Size of the ISSB)

8. We acknowledge that the number of agenda items expected to be addressed by the ISSB may be smaller than that of the IASB, at least over the next several years. Nevertheless, we do not consider this difference to justify a smaller board size for the ISSB compared to the IASB. There are still many jurisdictions that are currently considering or are in the process of introducing ISSB Standards in their

jurisdictions and, in our view, it is particularly important that jurisdictions consider ISSB Standards as truly global standards and have confidence in applying ISSB Standards. We think that ISSB members can play a critical role in this process.

(Trustees' discretion over the size of the IASB/ISSB)

9. We are concerned about the proposal in the ED to give the Trustees considerable discretion over the size of the IASB/ISSB. We believe that the priorities and workloads of the IASB/ISSB should be decided by the IASB/ISSB through their respective agenda consultations based on inputs from stakeholders around the world. The size of the IASB/ISSB should not be determined by the Trustees in a manner that could effectively constrain the work of the IASB/ISSB.

Responsibility of IASB/ISSB Members Appointed from Geographical Regions and At-Large IASB/ISSB Members

(Overall observations)

10. As discussed above, we think that it is necessary for the IASB/ISSB to be constituted and in a manner that ensures that the views and concerns of stakeholders in jurisdictions, as well as global perspectives, are reflected in the deliberations of the IASB/ISSB. We also believe that the responsibility of IASB/ISSB members should be explicitly prescribed in the Constitution to achieve this.

11. Specifically, we think that IASB/ISSB members appointed from geographical regions and at-large IASB/ISSB members have different responsibilities and thus should be prescribed in the Constitution separately.

(IASB/ISSB members appointed from geographical regions)

12. We acknowledge that IASB/ISSB members would be required to understand the divergent views and concerns of stakeholders from all jurisdictions applying the Standards and exercise his or her own judgement in making standard-setting decisions.

13. Nevertheless, as discussed above, we believe that IASB/ISSB members should be appointed from each geographical region, with those members being responsible for ensuring that the views and concerns of stakeholders in jurisdictions applying the Standards developed by the IASB/ISSB are reflected in a timely and appropriate manner in the deliberations of the IASB/ISSB.

14. The current appointment of IASB/ISSB members from geographical regions appears to be limited to competition among candidates within each region for the allocated seats. When an IASB/ISSB member is appointed from a geographical region, we think it is necessary that that IASB/ISSB member works to ensure that the views and concerns of stakeholders in jurisdictions within the region, rather than only those in that IASB/ISSB member's home jurisdiction, are reflected in a timely and appropriate manner in the deliberations of the IASB/ISSB. We further think that the Constitution should establish this as a responsibility of IASB/ISSB members appointed from geographical regions. The potential to fulfil this responsibility should be considered as one of the criteria for appointing IASB/ISSB members from geographical regions, and their performance in fulfilling this responsibility should be assessed when considering whether the IASB/ISSB member should be reappointed.

15. We think that imposing the responsibility of IASB/ISSB members appointed from geographical regions to ensure that the views and concerns of stakeholders in jurisdictions within the region are reflected in a timely and appropriate manner in the deliberations of the IASB/ISSB would help reduce surprises and make the standard-setting process more efficient.

16. We also note that it is necessary for IASB/ISSB members appointed from the same geographical region to cooperate with one another, when multiple IASB/ISSB members are appointed from that region, as they are likely to have different backgrounds, such as preparers, users and auditors.

17. For the avoidance of doubt, our views expressed in the preceding paragraphs are not intended to suggest that only IASB/ISSB members appointed from geographical regions need to understand the circumstances of their respective regions, given that all IASB/ISSB members have voting rights to approve the publication of Standards. The criteria for appointing IASB/ISSB members from geographical regions are suggested to clarify the responsibility of IASB/ISSB members appointed from geographical regions, but all IASB/ISSB members, including at-large IASB/ISSB members, need to understand the circumstances of all jurisdictions applying the Standards.

(At-large IASB/ISSB members)

18. We disagree with increasing the proportion of at-large IASB/ISSB members, because we think that the criteria for appointing at-large IASB/ISSB members are inherently ambiguous and can be open to wide interpretations.

19. We agree that the Chair of the IASB/ISSB should be appointed as an at-large IASB/ISSB member, because the Chair must lead the IASB/ISSB from a global perspective, irrespective of their home jurisdictions or geographical regions. As such, we think the Chair of the IASB/ISSB as an at-large IASB/ISSB member has responsibilities that are distinct from IASB/ISSB members appointed from geographical regions. We further think that it should be made clear in the Constitution that the Chair of the IASB/ISSB appointed as an at-large IASB/ISSB member would be responsible for leading the IASB/ISSB from a global perspective, and that the potential to fulfil this responsibility should be considered as one of the criteria for appointing the Chair as an at-large IASB/ISSB member, and that his or her performance in fulfilling this responsibility should be assessed when considering whether the Chair as an at-large IASB/ISSB member should be reappointed.

(Our proposals on the size of the IASB/ISSB and the geographical allocation)

20. Our proposal regarding the size of the IASB/ISSB and the geographical allocation of IASB/ISSB members, taking into account the respective responsibilities of IASB/ISSB members appointed from geographical regions and an at-large IASB/ISSB member, can be summarised as follows:

Category	**Number**
IASB/ISSB members appointed from geographical regions	
Asia-Oceania	4
Europe	4
Americas	4
Africa	1
At-large IASB/ISSB member	
Chair	1
Total	14

(Allocation of IASB/ISSB members to the Asia-Oceania region)

21. The Asia-Oceania region accounts for a significant portion of the global economy. There are more than 60 jurisdictions within the region, and not only do they cover a wide geographical area, but the customary practices are diverse among the jurisdictions and, as a result, the views of stakeholders are diverse. Accordingly, for the Asia-Oceania region, we think it is imperative that there are at least four IASB/ISSB members appointed from this region. We note that the existing Constitution prescribes that four IASB members be appointed from the Asia-Oceania region.

Balancing the Composition Across the Two Boards

22. The ED suggests that the jurisdictional participation in the IASB and the ISSB may be considered across the two boards. We disagree with this view because the IASB and the ISSB are separate decision-making bodies, with different agendas and different technical expertise required to participate in their deliberations, as well as different sources of funding.

Full-time and Part-time IASB/ISSB Members

23. We think that the Chair and Vice-Chair of the IASB/ISSB should be full-time members. Accordingly, we agree with making the Chair of the ISSB a full-time position.

24. We agree with the proposal to allow for the appointment of a limited number of part-time IASB/ISSB members, with a view to enabling the appointment of IASB/ISSB members with suitable qualifications and experience. However, our understanding is that IASB/ISSB members are expected to be deeply involved in the standard-setting process and will need to devote most of their time to the work of the IASB/ISSB. From the perspective of independence, we think that the IASB/ISSB should, in principle, sever all employment relationships before taking up their positions and, therefore, part-time IASB/ISSB members should be permitted only where, for unavoidable reasons, it is necessary to retain part of their existing employment relationship.

25. We hope our comments are helpful for the Foundation's consideration in the future. If you have any questions, please feel free to contact us.

Yours sincerely,



Yasunobu Kawanishi

Chair

Accounting Standards Board of Japan

Sustainability Standards Board of Japan

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?

Size of the IASB/ISSB

(Overall observations)

1. Currently, IFRS Accounting Standards developed by the IASB are applied in more than 160 jurisdictions, and IFRS Sustainability Disclosure Standards developed by the ISSB are applied in more than 40 jurisdictions.

2. In order for the Standards developed by the IASB/ISSB to continue to be recognised as truly global standards and for jurisdictions around the world to continue to apply those Standards with confidence, it is necessary to ensure that the views and concerns of stakeholders in jurisdictions applying the Standards developed by the IASB/ISSB are reflected in a timely and appropriate manner in the deliberations of the IASB/ISSB. Otherwise, confidence in the Standards developed by the IASB/ISSB could be undermined, thereby threatening the legitimacy of the IASB/ISSB as truly global standard-setters.

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be assessed when considering whether the IASB/ISSB member should be reappointed.

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criteria for appointing the Chair as an at-large IASB/ISSB member, and that his or her performance in fulfilling this responsibility should be assessed when considering whether the Chair as an at-large IASB/ISSB member should be reappointed.

(Our proposals on the size of the IASB/ISSB and the geographical allocation)

18. Our proposal regarding the size of the IASB/ISSB and the geographical allocation of IASB/ISSB members, taking into account the respective responsibilities of IASB/ISSB members appointed from geographical regions and an at-large IASB/ISSB member, can be summarised as follows:

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(Allocation of IASB/ISSB members to the Asia-Oceania region)

19. The Asia-Oceania region accounts for a significant portion of the global economy. There are more than 60 jurisdictions within the region, and not only do they cover a wide geographical area, but the customary practices are diverse among the jurisdictions and, as a result, the views of stakeholders are diverse. Accordingly, for the Asia-Oceania region, we think it is imperative that there are at least four IASB/ISSB members appointed from this region. We note that the existing Constitution prescribes that four IASB members be appointed from the Asia-Oceania region.

Balancing the Composition Across the Two Boards

20. The ED suggests that the jurisdictional participation in the IASB and the ISSB may be considered across the two boards. We disagree with this view because the IASB and the ISSB are separate decision-making bodies, with different agendas and

different technical expertise required to participate in their deliberations, as well as different sources of funding.

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?

Full-time and Part-time IASB/ISSB Members

21. We think that the Chair and Vice-Chair of the IASB/ISSB should be full-time members. Accordingly, we agree with making the Chair of the ISSB a full-time position.

22. We agree with the proposal to allow for the appointment of a limited number of part-time IASB/ISSB members, with a view to enabling the appointment of IASB/ISSB members with suitable qualifications and experience. However, our understanding is that IASB/ISSB members are expected to be deeply involved in the standard-setting process and will need to devote most of their time to the work of the IASB/ISSB. From the perspective of independence, we think that the IASB/ISSB should, in principle, sever all employment relationships before taking up their positions and, therefore, part-time IASB/ISSB members should be permitted only where, for unavoidable reasons, it is necessary to retain part of their existing employment relationship.

Responsibility of IASB/ISSB Members

23. As discussed in our response to Question 1, we think that the responsibility of IASB/ISSB members should be clearly prescribed in the Constitution.

24. Specifically, we think that the Constitution should clearly prescribe the following responsibilities of IASB/ISSB members appointed from geographical regions and of the Chair as an at-large IASB/ISSB member, respectively:

(a) IASB/ISSB members appointed from geographical regions would be responsible for ensuring that the views and concerns of stakeholders in jurisdictions within the region are reflected in a timely and appropriate manner in the deliberations of the IASB/ISSB; and

(b) The Chair as an at-large IASB/ISSB member would be responsible for leading the IASB/ISSB from a global perspective, irrespective of their home jurisdictions or geographical regions.

25. We further think that the potential to fulfil these responsibilities should be considered as one of the criteria for appointing IASB/ISSB members, and that their performance in fulfilling these responsibilities should be assessed when considering whether they should be reappointed.

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?

26. As discussed in our response to Question 1, we are not convinced that the size of the IASB/ISSB should be reduced. Assuming that the size of the IASB/ISSB is not reduced, we agree with the proposed amendments in the ED related to the voting arrangements.

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

27. We agree with the other proposed targeted amendments to the Constitution.

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