



**Organismo Italiano di Contabilità – OIC
(The Italian Standard Setter)**

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To the kind attention of
Mr. Benoit Jaspar – Chair of the EFRAG Administrative Board

27 October 2026

Re: Exposure Draft *Proposed Targeted Amendments to the IFRS Foundation Constitution*

Dear Benoit,

We are pleased to have the opportunity to provide our comments on the EFRAG's draft comment letter on the IFRS Foundation Exposure Draft *Proposed Targeted Amendments to the IFRS Foundation Constitution* (the 'ED').

We appreciate the objective behind the proposed amendments, namely to ensure that the IFRS Foundation can continue to pursue its mission effectively, efficiently and sustainably in the long term. However, we see a risk that some of the proposals included in the ED could undermine the development of high-quality standards that take proper account of the perspectives of the various stakeholders and different jurisdictions.

In general, we concur with the observations expressed by EFRAG. Our detailed comments are provided below.

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 understand that the proposed reduction in the size of the two Boards is in response to the need to ensure financial stability to the IFRS Foundation over the long term. However, we have concerns regarding the reduction and the variability in the size of the two Boards depending on priorities and workload. No evidence or arguments are provided to support the claim that these changes will result in a more efficient and effective decision-making process.

We believe that the smaller size of the Boards would result in the underrepresentation of the views of stakeholders from key geographical areas and major economies such as the EU, which is heavily affected by the standards developed by the IFRS Foundation – particularly accounting standards, given their application by European listed companies – and is one of the main providers of funding to the IFRS Foundation.

Moreover, we are concerned that a reduced size of the Boards could have an impact on the timelines of standard-setting projects. Even today, especially on financial reporting, the time taken to complete complex projects is very long and there are a number of unresolved accounting issues; if activities – including engagement with stakeholders – were to be concentrated amongst fewer members, the timelines would be extended even further.

Also, the proposal to adapt the size of the Board according to workload and priorities does not appear to be easily implementable or capable of responding promptly to existing needs in the short to medium term, given the time required for recruitment and for Board members to acquire an in-depth understanding of the various projects before they can become fully operational.

It is noted that the ED does not provide much guidance on how the Trustees would determine the size of the two Boards. They would have discretion in making at-large appointments, but the ED does not adequately set out the factors that would guide such discretion, as it contains only a reference to workloads and priorities.

That said, we do not support either the range for board membership or the geographical allocation.

We understand, as mentioned, the need to reduce structural costs, but we recommend that Boards comprise at least 12 members, with 3 seats allocated to Europe (of which at least 2 to the EU), 3 to Asia-Oceania, 3 to the Americas and 2 at large, one of which for the Chair. We believe that a 12-member Board, on the one hand, would allow for adequate geographical representation and a sufficiently broad mix of professional profiles, whilst, on the other hand, meeting the need to achieve cost savings.

At most, one might consider – given that the ISSB’s work programme is not as extensive as that of the IASB – that the former Board could be smaller in size, bearing in mind also that there are fewer users of sustainability standards than there are of IFRSs, and that there is also less demand for interpretative and application support in this area.

Furthermore, we acknowledge that a significant cost reduction has been realized in 2025 with regard the Trustees’ fees. However, should this measure not be recurring and/or sustainable in the longer term, we suggest exploring the possibility to reduce the number of Trustees in order to achieve cost savings.

In fact, it would seem more appropriate to reduce the number of Trustees rather than the size of the technical Boards, as (a) it is more important to have adequate geographical representation in the Boards rather than amongst the Trustees, and (b) it would not be appropriate to give the impression that governance issues take precedence over the Foundation’s core business – ie standard-setting activities.

The Trustees, whilst acknowledging that a smaller size of the Boards reduces the number of jurisdictions represented, nevertheless consider that *“jurisdictional participation in the boards can be considered across the two boards and is also provided for in other aspects of the boards’ activities, such as the standard-setting advisory forums, the Advisory Council and other consultative bodies, and the boards’ interpretation and implementation committees.”*

In this regard, we believe that the participation in an advisory body cannot be regarded as a substitute for representation on the Boards, which are, in contrast, decision-making bodies. A Board member who has direct contact with stakeholders and engages directly with them is not replaceable.

Moreover, we express concerns regarding the assertion that participation by a jurisdiction should be assessed by looking at both Boards, if this is meant to suggest that decisions on the composition of one Board might take into account the composition of the other. The Boards have different responsibilities and their compositions should primarily reflect the jurisdictions and markets that apply those standards and not the result of an overall assessment.

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 the Trustees’ decision not to amend the provisions related to the main qualifications for membership of the boards and to part-time board membership.

With regard to the latter provision, we believe that a maximum of three part-time members would be appropriate. However, we would not regard this as acceptable if the Board had fewer than 12 members.

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 agree with the proposed voting arrangements should the Board have fewer than 12 members, as these are consistent with the current qualified majority requirements. However, we are concerned that the proposed reduction in the Board's size would undermine the legitimacy of its decisions. A standard approved by 6 members only (if the Board were to have 8 members) or even 5 (should the Board, for whatever reason, have fewer members at the time of the decision) risks undermining the credibility of standard-setting.

Question 4—Other targeted amendments

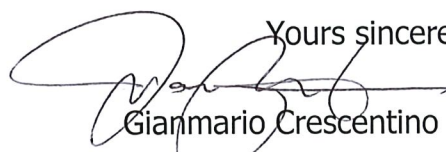
Do you agree with the other proposed targeted amendments to the Constitution?

We agree with the proposal regarding (i) the timing of the consultation on the work plan, (ii) the Basis for Conclusions accompanying a Standard or an ED and (iii) the withdrawal of the temporary provisions for the ISSB.

With regard to the other proposed amendments, we have the following comments:

- *duration of board member terms:* we are concerned about the proposal that could reduce the duration of the initial appointment to less than five years for a Board member. Given that at least a couple of years are needed for Board members to become fully operational, their contribution is maximised if the term of office lasts at least five years. Furthermore, an initial term of appointment of less than five years makes the role less attractive for highly qualified candidates.
- *Managing Director:* we support the effort to clarify responsibilities but we believe that further clarification is needed. It seems that the proposed role description leaves out certain operational aspects (financial, legal, IT) that were included, albeit implicitly, in the previous description.

Should you need any further information, please do not hesitate to contact us.

Yours sincerely,

Gianmario Crescentino
(Chair of the Board of Directors)