APRA Governance Review

UNISUPER SUBMISSION TO APRA – 6 JUNE 2025

About UniSuper

UniSuper began with a single compelling idea: we can deliver better value. We're now one of Australia's largest superannuation funds with over 650,000 members* and approximately $149 billion* in funds under management. *As at 31 December 2024.

UniSuper would welcome the opportunity to discuss our submission on the APRA Governance Review Discussion Paper (**Discussion Paper**) and to provide additional information in respect of the comments made.

If you have further queries, please contact [redacted]

Support for proposals and suggestions for additional clarity

We support the proposals set out in the Discussion Paper and recognise the importance of sound governance for superannuation member outcomes.

We share APRA's view that clarity about the expectations of boards is essential to improve governance standards in the industries it regulates. Clarity will assist those RSE licensees that do have governance shortcomings to address them and allow APRA to act when they remain unresolved. With this in mind, there are three aspects of the proposals on which we consider further clarity/guidance would be useful:

- Proposal 1 – The extent to which individual directors' skills and capabilities should be assessed given the importance of diversity and the skills and capabilities of the board as a whole
- Proposal 3 – How to define "perceived conflicts"
- Proposal 6 – Which responsibilities may be delegated to enable boards to focus more time on forward-looking strategy and risk

Proposal 1 – Focus on skills and capabilities of the board as a whole

Diversity of thought, experience, skills and perspective among directors is important to allow boards to operate most effectively. In defining the skills and capabilities necessary for "each individual director" (as per Proposal 1(a)), we encourage APRA to consider defining, or encouraging funds to define, individual roles in such a way that this diversity is not limited.

Our experience is that individual directors bring unique mixes of skills and capabilities to a board and an effective board works collectively, using those diverse skills and capabilities, to reach effective decisions. UniSuper Limited's board of directors is made up of equal numbers representing employers and members, as well as three independent directors. The diversity of our directors' backgrounds and their attendant skills is a real strength of ours. We encourage APRA to ensure it places appropriate value on diversity in finalising its guidance on defining roles for individual directors.

UniSuper understands the importance of assessing each director's fitness (i.e. their skills, capabilities, experience and knowledge) and ensuring that the board as a whole has the right balance of skills and experience. However, creating individual board roles that are too narrowly defined may result in a board missing out on talent or diversity that would enhance the skills of the board as a whole, because an individual's unique mix of skills and capabilities does not fit those narrow parameters (for example, because a capable potential director does not already have experience in superannuation).

We encourage APRA to carefully balance the final standards, and particularly the proposals focusing on individual directors' skills and capabilities, to allow the benefits of diversity to be harnessed. If this is balanced appropriately, we do think the proposals have the potential to achieve their goal of strengthening governance.

Proposal 3 – Defining perceived conflicts

The industry would benefit from guidance on what constitutes a perceived conflict and we encourage APRA to consider providing this in its final standards and guidance.

UniSuper takes reputational risk seriously. Our Conflicts Management Policy recognises the potential for perceived conflicts of interest and how they should be managed. However, because perceived conflicts of interest are subjective, funds may take quite different views of what constitutes a perceived conflict. Guidance could assist in ensuring a consistent approach across the industry.

Proposal 6 – Role clarity

UniSuper welcomes APRA's support for the board to focus on forward-looking strategy and risk matters. UniSuper already seeks to continuously improve the efficiency of board operations so that the board can spend its time on the right matters. However, we think there is scope for the prudential standards and regulations to more clearly define an RSE licensee board's role and the respective roles of committees in relation to several prescribed prudential requirements.

Where responsibilities are delegated by the board, there is potential for duplication of work depending on the level of oversight that the board maintains in relation to those matters. Guidance from APRA about matters that must not be delegated, as well as the level of reporting and oversight that a board should have in relation to the matters it does delegate, could help to improve efficiency.

We welcome further industry engagement in relation to these proposals and would be pleased to assist APRA further through the consultation process.