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Proposed changes to governance

The Super Members Council (SMC) welcomes the opportunity to respond to APRA's consultation on proposed changes to the governance prudential standard.

Strong governance is the foundation for protecting and growing members' retirement savings, sustaining trust in the super system and ensuring trustee boards retain their strong focus on members' best financial interests. Effective governance supports sound decision-making, clear accountability, prudent risk management, and a laser-like long-term focus on delivering retirement security for working Australians.

For the 12.5 million members whose super they safeguard and strengthen, profit-to-member superannuation funds have consistently delivered in their members interests under a principles-based governance framework. A key strength of that framework is the equal representation model, which brings member and employer perspectives directly into the boardroom and ensures decisions are grounded in the interests of working Australians. Maintaining this foundation and high standards of skills, capability and accountability, is critical to preserving trust and confidence in the super system.

SMC supports considered reforms to the prudential standards including proposed evolutions to deliver clearer board accountability, improved succession planning, and a clearer delineation between board oversight and management implementation. Certain elements of the draft CPS 510 Governance (CPS 510) move in that direction and will support trustee boards as they continue to focus on what matters most - governing strong and effectively in members' best financial interests.

The overall effectiveness of the final standard is dependent on maintaining an appropriate balance between principles and prescription. APRA's consultation frames the review as a principles-based reform that seeks to set clear, contemporary expectations while respecting different business models and reducing unnecessary regulatory burden. SMC supports that objective.

As currently drafted, however, several of APRA's proposals risk moving CPS 510 toward a more prescriptive compliance model. This includes elements of the proposals on director tenure limits, expanded annual and triennial review obligations, more detailed conflicts management requirements, changes to fit and proper assessments, board delegation settings, and new management information expectations.

Trustee boards are responsible for the governance, oversight and stewardship of their funds - and they are ultimately accountable for the effectiveness of those arrangements. APRA's role is to establish clear prudential expectations and supervise compliance with those expectations. The final standard should strengthen governance while preserving this clear delineation of responsibilities. To achieve that, some further refinements to CPS 510 are needed so that the standard strengthens governance without substituting regulatory prescription for board responsibility.

To support a clear, workable and genuinely principles-based final standard, SMC makes 13 recommendations for APRA's consideration.

About the Super Members Council

We are a strong voice advocating for the interests of more than 12.5 million Australians who have over $1.9 trillion in retirement savings managed by profit-to-member super funds. Our purpose is to protect and advance the interests of those millions of super fund members throughout their lives, advocating on their behalf to ensure super policy is stable, effective, and equitable. We produce rigorous research and analysis and work with Parliamentarians and policy makers across the full breadth of Parliament.

SMC recommends that APRA:

1) Amend the standard to make clear how the delegation provisions in CPS 510 interact with “board must” obligations in other prudential standards to enable delegation where appropriate and prevent regulatory burden.
2) Revisit whether the current significant financial institution definition and thresholds remain appropriate and proportionate for the super sector.
3) If APRA insists on director tenure limits, then:
    a. Set out in the guidance that historical service on predecessor entities will be assessed by the entity and board, rather than by a fixed rule or external assessment, recognising that entities and boards will generally have the relevant history, materials and understanding of the circumstances. APRA should recognise that service undertaken in materially different circumstances may not always warrant the same treatment as continuous service on the current trustee board where the policy objectives of board renewal and refreshment would not be compromised;
    b. Amend the standard to include an express exception to the director tenure limit where the appointment is needed for a time-limited transition or continuity purposes;
    c. Provide principles-based guidance for entities to assess how the director tenure limit should operate in complex governance settings, including predecessor entities, successor fund transfers, alternate director arrangements, exceptional extensions and transition planning; and
    d. Clarify how alternate director service should be calculated for tenure purposes, and how alternate director arrangements interact with board committee membership requirements.
4) Remove the requirement that the Board Risk Committee must endorse the appointment and removal of the Chief Risk Officer (CRO). Make it clear in guidance that the processes to oversee the CRO appointment (or removal) is based on appropriate organisational governance arrangements being in place to ensure the effectiveness and independence of the CRO function.
5) Amend the standard to include an express evidence-based and member-outcomes focused materiality threshold for conflicts management obligations, so trustees are not required to exhaustively document remote, immaterial or theoretical conflicts.
6) Trustees should remain responsible for determining frequency of reviews within the existing triennial independent review cycle of the conflicts management framework, having regard to the size, complexity and risk profile of the fund. APRA should clarify that a triennial review cycle for conflicts management is sufficient, but that this should remain a separate process from the triennial independent board performance assessment and

should be supported by principles-based guidance on how trustees should assess materiality, manage potential conflicts, and record decisions proportionately.

7) APRA's proposed power to direct reassessment of a responsible person's fitness and propriety should be removed. Fitness and propriety are a judgement call, not a checklist, and must remain with the board, which is closest to the role, the evidence and the context. APRA can and should set clear standards, require robust fit and proper policies, supervise their application, and intervene where they are not met; that division is itself consistent with CPS 510's own premise that boards are ultimately responsible for the entity's sound and prudent management.

8) Amend the standard to include a materiality threshold for conflicts management obligations, supported by principles-based guidance on how trustees should apply that threshold. The standard should make clear that conflicts management obligations are directed to material conflicts that may affect decision-making or members' best financial interests, not exhaustive documentation of remote, immaterial or theoretical conflicts.

9) Provide a 12-month transition period for any changes related to director tenure, including flexibility where an entity is undergoing major change such as a successor fund transfer, merger integration or other significant governance or operating model change.

10) Amend the standard to make clear that management information requirements and other processes can be documented through existing governance artefacts, in a format chosen by the fund.

11) Amend the standard to encourage annual board, committee and director performance assessments to focus on effectiveness, contribution, and progress against previous review findings rather than duplicating or near-duplicating rigorous triennial review processes.

12) Clarify in guidance that behavioural expectations should be addressed through board charters, codes of conduct, and performance assessment processes, rather than mandatory skills-matrix scoring of individual directors against behavioural attributes.

13) Include an appendix summary table in the final standard or in guidance, setting out each annual and triennial review obligation for regulated entities, including its frequency, scope and relevant paragraph reference.

Prudential framework design and consolidation

SMC supports APRA's proposed approach to consolidating governance requirements into a single cross-industry prudential standard. This is a reasonable and sensible objective that should improve the clarity and accessibility of Australia's overall prudential framework while reducing unnecessary duplication across industry-specific standards.

To improve the overall readability of the standard, given the annual and triennial review requirements for entities are interspersed across the proposed standard, SMC recommends that APRA include an appendix to the standard or provide, in guidance, a summary table setting out the principle of each review item, its frequency, scope and relevant paragraph reference. This would make the final framework easier to follow and apply, support consistent implementation across the sector.

Board governance

Independence

SMC welcomes APRA's reconfirmation that RSE licensees should continue to be carved out from the independence requirements proposed for other quite different types of entities. That carve-out reflects the strength of the equal representation model underpinning profit-to-member super - a governance architecture that puts members at its centre and has a strong track record of delivering outperformance for 12.5 million everyday Australians.

The equal representation model is a significant and proven strength of Australia's super system. It brings employer and member perspectives directly into board decision-making, grounds trustees in the practical realities of their members' lives in the workplaces and communities they serve and reinforces their unwavering focus on members' best financial interests.

This model - combining accountability, diversity of experience, and a member-first orientation - is a cornerstone of profit-to-member success and it drives the profit-to-member system's strong record of outsized performance for fund members.

APRA's decision appropriately treats equal representation as a core feature of Australia's world-envied superannuation governance framework. This preserves a model that serves members well, while enabling APRA to pursue clearer independence expectations in other sectors.

Board delegation

SMC appreciates APRA's efforts to provide clearer expectations about what boards can delegate and the circumstances in which delegation is appropriate. SMC supports the objective of helping boards focus on strategic oversight, emerging risks, and effective challenge of management, rather than drawing boards into operational implementation. A clearer delineation between board and management responsibilities can support stronger governance if implemented in a principles-based and proportionate way.

However, the drafting of CPS 510 does not yet fully deliver APRA's stated policy intent. CPS 510 seeks to clarify what boards can delegate; the proposed list of non-delegable responsibilities is extensive. Read alongside other prudential standards that continue to assign detailed obligations to boards, this will push entities toward an overly conservative interpretation of the framework. Boards may have to retain responsibility for operational decisions that are more appropriately managed by senior management within board-approved frameworks. This undermines APRA's stated objective of reducing unnecessary board involvement in operational matters and keeping board's focus on oversight, challenge, and strategic direction.

SMC recommends that APRA specify in the final standard how the delegation provisions in CPS 510 interact with "board must" obligations in other prudential standards. Clear, unequivocal drafting would support the intended delineation between board oversight and management implementation. Boards should remain accountable for setting strategy, approving frameworks, overseeing material risks and challenging management, while senior management should remain responsible for operational decisions and implementation within those board-approved frameworks. This would preserve strong board accountability while ensuring the prudential framework supports clear, efficient and well-understood lines of responsibility across the entity.

In accompanying guidance, APRA should provide examples of how these provisions operate in practice including the principles that distinguish board oversight from management implementation and confirm that boards may delegate operational decisions and detailed implementation matters where supported by appropriate delegations, reporting, escalation pathways and controls. This clarification is particularly important for entities with different operating models, including internalised and outsourced models, where the appropriate allocation of responsibility may differ but the board's accountability for oversight remains constant.

Significant financial institutions and board committees

SMC acknowledges APRA's proposal that significant financial institutions (SFIs) maintain separate Audit and Risk Committees, as well as a Remuneration Committee, and the policy rationale for this requirement. For larger and more complex entities, separate committees can support clearer accountability, more specialised oversight, and more focused consideration of audit, risk and remuneration matters that are central to prudent governance.

The practical question is how widely this committee structure should apply. A size-based SFI threshold may not be a sufficiently tailored measure of governance complexity in the super sector, particularly where scale can increase through consolidation and asset growth without a corresponding change in the nature of the fund's operations or risk profile. APRA last finalised amendments to centralise the SFI definition in 2022, including the $30 billion threshold for RSE licensees. Since that time, the sector has continued to change through consolidation and sustained asset growth. The number of RSE licensees above the threshold has grown from 19 to 24[1] since its introduction, illustrating how a static threshold can progressively extend structural requirements to more funds even where the underlying

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[1] APRA, Annual fund level superannuation statistics, June 2022

[1] [APRA, Significant financial institutions register, 30 June 2025]

prudential case for additional committee separation may not have materially changed.

SMC recommends that APRA revisit whether the current SFI threshold remains appropriate and proportionate for RSE licensees. This would allow the final standard to preserve the governance benefit of separate committees for larger and more complex entities, while avoiding a scaling mechanism that may impose additional structural complexity on funds where existing committee arrangements are already effective and where the additional requirement may not deliver a clear member benefit.

Board committees and voting rights

SMC's view on this issue remains unchanged from our previous submission in 2025. Trustee boards retain ultimate responsibility for fund operations and should therefore maintain the flexibility to determine the composition and voting arrangements of board committees. Permitting appropriately qualified non-directors to serve as voting members can strengthen governance by enabling boards to draw on specialised expertise while preserving accountability. SMC continues to oppose the proposed prescriptive requirement that only full board members may be voting members of board committees.

Risk committee overseeing and endorsing the Chief Risk Officer

Paragraph 45 of draft CPS 510 provides that the Board Risk Committee must oversee and endorse the appointment and removal of the regulated entity's Chief Risk Officer (CRO) or equivalent.

SMC acknowledges the importance of the CRO role and the need for strong Board oversight of the effectiveness and independence of the risk function. However, we do not support a requirement for the Board Risk Committee to endorse CRO appointment and removal decisions.

The appointment and removal of executives should remain a management responsibility, led by the Chief Executive Officer, and undertaken within Board-approved governance and risk management frameworks. While some entities may choose to involve the Board Risk Committee more directly in CRO appointment and removal decisions, SMC considers this should remain a matter for each entity's governance framework rather than a mandatory requirement. The better approach is to preserve flexibility for each entity to determine appropriate governance arrangements.

The Board Risk Committee should have visibility of CRO succession planning, appointment and removal decisions and retain responsibility for oversight of the effectiveness, independence and resourcing of the risk function. These objectives can be achieved without introducing a formal committee endorsement requirement. This approach would better align with APRA's broader objective of clarifying the distinction between Board oversight and management implementation.

Board renewal and non-executive director tenure

SMC maintains that trustee boards should remain free to determine the composition and renewal settings that best support effective governance, having regard to the fund's strategy, membership, operating model, succession needs and collective skills profile. Director tenure should be managed through a principles-based framework that requires boards to actively consider renewal, independence of judgement, continuity and capability, rather than through settings that treat length of service as determinative of effectiveness. This approach preserves board accountability for renewal decisions while ensuring tenure is considered in the context of delivering strong member outcomes and the board's ongoing capacity to govern well.

We support regular board renewal, effective succession planning, and ongoing assessment of whether boards have the collective skills, experience and capability to govern in members' best financial interests. Well-designed renewal settings support diverse experience, constructive challenge, and forward-looking board capability as funds grow in scale and complexity.

SMC recognises APRA's decision to adopt a 12-year tenure limit as a more balanced and pragmatic approach than the shorter period previously contemplated. A 12-year limit better aligns with board renewal cycles and balances succession planning, continuity of expertise, and fresh perspectives. However, a hard limit may be too rigid without flexibility for fund-specific circumstances, board composition needs, merger histories and orderly director transitions. Tenure is an important governance signal but should not be treated as a blunt proxy for director effectiveness or independence of judgement in all cases, particularly given the super sector's history of consolidation and successor fund transfers.

Should APRA maintain the proposed hard limit, then the final standard and guidance should both address how such a limit operates in complex governance settings, including alternate director arrangements, successor fund transfers, predecessor entities, and transition planning.

Historic tenure

SMC is not seeking a blanket rule that all predecessor fund service should be disregarded after a merger or successor fund transfer. Rather, entities should be able to determine the relevance of previous director tenure and apply a reasonable and flexible approach where this would be appropriate. The factors an entity may consider in determining historical service would include how far back the service was undertaken, where significant time has elapsed, or where the structure, scale, strategy, membership or governance arrangements of the current trustee board are materially different from those of the predecessor entity. Entities and their boards are best placed to determine whether their circumstances have materially changed over time, including changes to matters such as culture, governance and operating models, because they have the institutional history, access to relevant materials, and practical understanding of the entity's evolution. This assessment should be made by those closest to the entity's history and current context rather than through a fixed rule, particularly as regulatory supervision teams change over time and may not have access to the same relevant materials, history or understanding.

The final standard and guidance should therefore include measures for entities to consider how historical service on predecessor entities may be assessed for tenure purposes. The standard and guidance should make it clear that when historic tenure is not relevant to the current entity, boards can decide and discount this tenure, following a documented governance process. APRA should recognise that historical service undertaken in materially different circumstances may not always warrant aggregation with service on the current trustee board, particularly where significant time has elapsed and counting that service would not meaningfully advance the policy objectives of board renewal, independence and refreshment.

– **Historical service where there is limited relevance to current tenure:** APRA should provide guidance on when historical service on a predecessor entity may have limited relevance to a director's tenure on the current trustee board. Relevant factors should include whether significant time has elapsed, whether the predecessor and current entities operate under materially different governance arrangements, and whether aggregating the earlier service would meaningfully advance the objectives of renewal and refreshment.
– **Limited alternate director service:** Time as an alternate director should only count where the person substantively acted as a director. For example, where they regularly attended meetings, received board papers, participated in deliberations, sat on committees, and contributed to decision-making.
– **Temporary appointments for transition or continuity:** Short-term appointments made to support a merger, manage a vacancy, preserve committee expertise, or ensure orderly transition should be capable of exclusion or extension, particularly where the appointment is clearly time-limited and not inconsistent with renewal objectives.

Alternate directors

If time served as an alternate director is included in tenure calculations, APRA should adopt an actual-service or material-participation approach, and guidance should clearly explain how funds are to calculate that time to ensure consistency across the sector. Time should count where an alternate attends board meetings in place of the appointing director, receives board papers for that purpose, participates in deliberations, votes, exercises director powers, or serves on a board committee in that capacity. Guidance must also make clear when the tenure count commences and ends, so that funds do not adopt inconsistent methodologies or over- or under-count alternate director service. Recording of service time for alternate directors should be balanced and pragmatic, for example time should be recorded in weeks rather than hours, to ensure that record-keeping requirements are reasonable.

Principled guidance on the operation of the tenure limit (including treatment of alternate directors and exceptional extensions) should also support orderly transition planning and avoid creating unintended consequences, such as simultaneous loss of experienced directors, disruption to committee capability, or unnecessary pressure on funds undertaking merger activity.

Conflicts management

Conflicts management is central to sound trustee governance and to ensuring that decisions are made only in members' best financial interests. The final standard should ensure the conflicts framework remains proportionate and targeted to material conflicts that may affect decision-making or member experiences. Broad and undefined definitions of interests, duties and conflicts, together with expanded documentation and record-keeping expectations, will drive conservative over-documentation of irrelevant or immaterial interests because that is the rational response to ambiguous liability exposure.

This approach would increase administrative burden without improving governance processes and risks form over substance – material conflicts requiring genuine disclosure and management harder to identify amid a high volume of immaterial recorded interests.

SMC recommends that a materiality threshold be written into the standard itself, supported by guidance that offers principles as to how trustees should apply that threshold. The standard should make clear that conflicts management obligations are directed to material conflicts that may affect decision-making or members' best financial interests, not exhaustive documentation of remote, immaterial or theoretical conflicts. Guidance should provide examples of how trustees should assess materiality, manage potential conflicts, and record decisions in a way that is evidence-based, and improves member experiences, without creating unnecessary process burden. If materiality is left only to guidance, trustees are relying on APRA's view on the extent of the legal obligation rather than the rule itself, particularly given guidance can shift over time. This is especially important for RSE licensees, who already operate within a detailed statutory framework, which already requires that trustees prioritise the interests of and duties to member beneficiaries.

An annual, operationally independent review of the conflicts management framework is not necessary. The proposal significantly increases review expectations beyond the existing triennial cycle, without any evidence of a governance deficiency nor risk that necessitates the change. SMC recommends that APRA retain a triennial review cycle for the conflicts management framework. However, that review should remain a separate process from the triennial independent board performance assessment. Conflicts management and board performance assessment serve different governance purposes. One tests the effectiveness of the conflict's framework, while the other assesses the performance and effectiveness of the board, committees and directors. Combining the two risks blurring their distinct objectives and reducing the rigour of each process.

Fitness and propriety

SMC appreciates that APRA is seeking to ensure that responsible persons demonstrate the integrity, decision-making capability and conduct expected of those in significant governance roles. However, the final standard should ensure that assessment criteria are principles-based, objective, evidence-based and proportionate to the role being assessed.

Reassessment

SMC opposes APRA's proposed ability to require an entity to reassess whether a responsible person is fit and proper. The board is rightly responsible for ensuring that the entity is governed by fit and proper persons and for making the judgement required by the prudential framework. That responsibility should not be displaced by a regulator-directed reassessment power that steps into the shoes of trustee boards.

APRA can and should set clear standards, require robust fit and proper policies, supervise whether entities have applied those policies properly, and take enforcement action where the law or prudential standards have not been met. However, the substantive assessment of a person's fitness and propriety must remain with the entity's board, which is closest to the role, the evidence, the context and the entity's governance needs. That allocation of responsibility is consistent with the central premise of CPS 510 that boards are ultimately responsible for the sound and prudent management of the entity.

The final standard should therefore remove the reassessment power and instead make clear that APRA's role is to assess whether the entity has maintained an appropriate fit and proper framework and has undertaken any reassessment process required by the standard. APRA should not be able to substitute its judgement for the board's judgement about the weight, relevance or sufficiency of information, or the ultimate conclusion reached on a responsible person's fitness and propriety.

Proportionality and transition

The final framework must remain principles-based, proportionate, and supported by clear transition arrangements. We hold concerns that the cumulative effect of several proposals may impose additional governance process and board time without commensurate prudential benefit. This concern is not prompted by any single requirement in isolation, but rather at the combined impact of the introduction of a wide array of additional requirements for comprehensive annual reviews of individual elements, new policies, and detailed matrix obligations. The final standard should preserve APRA's objective of strengthening governance while allowing entitles to implement requirements in a way that is proportionate to their size, complexity, member needs, and existing governance structure.

For example, the annual assessment should focus on matters that genuinely benefit from annual board attention: the performance of the board and board committees against their respective objectives, the effectiveness of individual directors, and progress made to address recommendations and findings from the most recent triennial independent review. More detailed independent reassessment of governance artefacts should not become a comprehensive annual re-validation exercise where there has been no material change.

SMC supports an annual assessment of director skills against the skills matrix. However, the primary purpose of the annual assessment should be to identify any emerging skills gaps, assess progress against previously identified development needs, and consider whether changes in the fund's circumstances have altered board capability requirements. It should not require a comprehensive review of the skills matrix or board capability framework each year. A more detailed review of the appropriateness of the skills matrix should instead occur periodically and where there is a material change in strategy, business model, risk profile, structure or board composition. This would support continuous improvement while avoiding unnecessary duplication and ensuring board effort is focused on matters most likely to affect governance and member outcomes.

The same proportionality principle should apply to annual review obligations for the governance framework, Fit and Proper Policy, and Conflicts Management Policy. These documents should remain effective, and current, but a mandatory detailed annual review may be disproportionate where there has been no material change in the entity's strategy, structure, responsible person cohort, conflicts profile, law or prudential expectations. A risk-based or material-change trigger would better align review effort with prudential benefit.

SMC also recommends that APRA provide a 12-month transition period for any changes related to director tenure. Given the current material is draft standard, it would not be reasonable to assume that entities will start preparing now for potential changes to tenure settings before the final position is settled. A suitable transition period is therefore appropriate and warranted to allow entities to plan for any affected appointments, succession arrangements and committee composition in a considered way. This would support orderly transitions for directors, avoiding unnecessary disruption to board continuity and governance oversight and ultimately best member-experiences. The transition period should also take account of the circumstances of the entity itself, particularly where an entity is in the process of major change, such as a successor fund transfer, merger integration or other significant governance or operating model change.

Reviews and assessments

SMC supports APRA's objective of ensuring boards and committees receive appropriate management information to support effective oversight, challenge and decision-making. SMC also supports clear documentation of board and committee information requirements. However, the final standard should not prescribe where those requirements must be documented. The form and location of documentation is an administrative matter for funds, provided the requirements are clearly recorded, accessible and capable of being reviewed.

Many funds already document management information expectations in committee charters, board charters or other governance artefacts. These documents carry equivalent governance status to a standalone policy and may be more closely aligned to how boards and committees operate. Requiring a separate management information policy where the relevant expectations are already documented would duplicate existing governance arrangements and add administrative burden without improving board oversight.

SMC recommends that APRA amend the standard to remove prescription as to how management information requirements are documented. It should be for each fund to determine the form and location of that documentation, provided the requirements are recorded and capable of being reviewed. This would allow funds to use existing governance artefacts where appropriate, preserve APRA's policy intent and avoid unnecessary proliferation of governance documents.

APRA should also amend the standard and remove the requirement for detailed behavioural attributes to be scored through a skills matrix. This is an example of where the consultation paper appears to set an expectation that is not reflected in the draft standard, creating uncertainty about what APRA expects entities to do in practice. It may be appropriate for boards to identify behavioural expectations that support effective collective governance, but individual behavioural contribution is difficult to measure objectively through matrix criteria and is better assessed through codes of conduct and annual performance review processes. This approach would preserve the important of director conduct and contribution without creating rigid or subjective scoring obligations that may not improve governance experiences.

Compliance cost and net impact

While costs may be difficult to quantify at this stage, there are several proposed requirements that would involve additional implementation effort and ongoing board time for uncertain incremental benefit. These include the proposed management information policy, detailed and prescriptive annual review obligations across governance artefacts and the requirement for skills matrices to include behavioural attributes capable of assessment. APRA should consider the net regulatory impact of these obligations cumulatively not only requirement-by-requirement and should ensure the final standard allows existing governance artefacts and risk-based cycle reviews to be used where they achieve the same prudential outcome.

Artificial intelligence and governance

The draft CPS 510 requirements are broadly capable of supporting the oversight and use of AI and other emerging technologies. Trustee boards are, and should be, accountable for the oversight of material AI risks and opportunities, while management is responsible for implementation, practical uses, and controls. The proposed framework appropriately focuses on enduring governance principles rather than prescribing requirements for technologies which should be maintained. AI is evolving rapidly and prudential standards are likely to remain effective for longer if they remain technology-neutral and focused on governance principles rather than technology-specific requirements.

To that end, SMC does not consider that AI-specific obligations should be incorporated into CPS 510. Given the speed and evolution of AI, and applications to superannuation, it is essential a principals-based approach is taken that is flexible and fit for purpose. Existing governance, risk management and operational resilience requirements can apply to AI in the same way they apply to other technologies, business processes and sources of risk. To the extent APRA considers additional detail would assist entities, this is more appropriately addressed through guidance. Examples of guidance could include assisting entities to apply existing prudential principles to AI-related risks, including how to assess when an AI-related risk is sufficiently material to warrant board attention, how AI risks should be managed through existing risk management frameworks, operational risk and information security frameworks, and how to distinguish between board oversight and management implementation. This would align with SPS 220, CPS 230, CPS 234 and CPS 510 by reinforcing that boards should oversee material risks and set expectations, while management remains responsible for implementation of controls and their day-to-day use. This would support consistent implementation while preserving the principles-based and technology-neutral nature of the framework.