



Board Governance

Guidelines for Nomination and Skills Set Assessment of Directors

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1	June 2014	Board	Original
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1. REQUIREMENTS OF DIRECTORS

The role of a Director of Coal LSL is a demanding one, calling on a commitment to independence, integrity, continuing education, adequate preparation and time availability.

The general conduct of Directors is subject to the provisions of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), fiduciary duties under common law and equity.

The Board has ultimate responsibility for Coal LSL's performance, and are fully accountable for this to the Minister for Industrial Relations.

Coal LSL is required to manage the affairs for which it was created having regard to good corporate governance, financial acumen, risk management and independence.

1.1 Capacity to take an organisation-wide perspective

Directors are required to see situations from the organisation-wide perspective.

Each Director should step into Coal LSL shoes and contribute constructively to the overall management of the organisation. This will mean shaping the development of the organisation's policies, helping to establish organisation-wide priorities or improving processes such as strategic planning, management reporting, budget setting and performance review.

1.2 Think strategically

Directors are required to think at a strategic level.

It requires the ability to stand back from practical details and take a longer-term and more conceptual view of the organisation and its environment.

1.3 Understand the external environment

Directors are required to be very aware of the changing social, political and technical environment around their organisation.

Changes in social policy, government policy and of industry policy are important issues for Directors.

1.4 Hold management accountable

Directors need to have the capacity to hold management accountable for their work, to review outcomes closely and to use them to hold management accountable for performance in a regular and systematic way.

1.5 Act with integrity

A Director needs to act in the best interests of Coal LSL.

Coal LSL request that nominating bodies consider the above criteria for nominating Directors to the Board of Coal LSL, and to put forward nominees who can demonstrate some, or all, of the following:

- complimentary qualifications or experience;
- exhibited behaviour that indicates he or she is committed to the highest ethical standards;
- experience at the policy-making level;
- ability to work constructively with the Chief Executive Officer and other members of the Board;
- capacity to evaluate strategy and reach sound conclusions;
- availability of time to do justice to duties as a Director and willingness to devote the time required; and
- ability to take into account and balance the legitimate interests of all our stakeholders in reaching decisions.

2. SKILL SET OF NOMINEES

Experience, knowledge and skills in the following areas are required to meet the objectives of Coal LSL:

- Black Coal Mining Industry;
- Government / public sector;
- Strategy;
- Investments;
- People and culture
- Technical expertise (Finance, Regulatory/Legal, Information Technology, Governance);

3. DIRECTOR EDUCATION AND TRAINING

Coal LSL recognises that all the qualities and skill sets set out in this document may not be possessed by persons nominated to the Board. Accordingly, Coal LSL invests in Director education and training to support Directors in fulfilling their statutory obligations.

On initial appointment, Directors are encouraged to complete the Australian Institute of Company Directors program.

On request, a training and development plan may be created for a Director to assist them in meeting their statutory responsibilities.

Each skill set is comprised of three tiers:

TIER	COMPETENCY LEVEL	TIMEFRAME
1	Broad knowledge and applications of skills.	All Directors to meet this within 12 months of appointment.
2	More in-depth knowledge and applications of skills.	Directors sitting on Committees are expected to meet this tier within 12-18 months of joining a committee.
3	Detailed knowledge and application of skills.	If a Director or independent advisor is in the role of Chairperson, they should demonstrate the skill sets for Tier Three, or have a development plan to work towards them.

Training or knowledge base information is provided at [Appendix A](#) as a guide.

4. REFERENCES AND RELATED DOCUMENTS

- Coal Mining Industry (Long Service Leave) Administration Act 1992
- Public Governance, Performance and Accountability Act 2013 (PGPA Act) and the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)
- Coal LSL Board Charter

Appendix A

INVESTMENTS		
	Skill Sets	Training (T) / Knowledge Base
1. ALL DIRECTORS	<ul style="list-style-type: none"> ▪ Investment principles ▪ Asset classes ▪ Strategic Asset Allocation (SAA) process ▪ Investment Governance Framework 	<ul style="list-style-type: none"> ▪ Induction session with Investment Team (T) ▪ Obtain a good understanding of the Investment Governance Framework including: <ul style="list-style-type: none"> ○ delegations ○ the TARP; ○ the SAA for Coal LSL ; and ○ the Investment Beliefs.
2. IC MEMBERS	<ul style="list-style-type: none"> ▪ Investment processes ▪ Investment Strategy development, implementation and risk management ▪ Strategic Asset Allocation (SAA) ▪ Investment Governance Framework 	<ul style="list-style-type: none"> ▪ Investment Committee induction (T) ▪ Investment Committee attendance, participation and education sessions. ▪ Obtain a more in-depth understanding of the Investment Governance Framework and its policies and procedures. ▪ External courses/conference (T): <ul style="list-style-type: none"> ○ CIE Basic Investment Courses. ○ Other specific investment courses.
3. IC CHAIR	<ul style="list-style-type: none"> ▪ Detailed knowledge of the above items ▪ Understanding of macro and micro economic factors and their impact on investment markets 	<ul style="list-style-type: none"> ▪ Relevant work experience in investment related or economic field.

FINANCE, RISK MANAGEMENT & COMPLIANCE		
	Skill Sets	Training (T) / Knowledge Base
1. ALL DIRECTORS	<ul style="list-style-type: none"> ▪ Financial statements ▪ Financial and non-financial performance metrics ▪ The role of external audit as part of an assurance framework. ▪ Effective implementation of the obligations set out in the PGPA Act ▪ Understanding of the management of fraud, complaints, compliance and conflicts of interest ▪ Coal LSL's Risk Management Framework ▪ The role of internal audit as part of an assurance framework ▪ Budgeting process 	<ul style="list-style-type: none"> ▪ Induction sessions with Coal LSL Finance and Chief Governance Officer (T). ▪ Obtain a good understanding of the Risk Management Framework and policies and procedures relating to finance and accounting; Coal LSL Financial Statements and External Audit reports; and Responses to external audit findings. ▪ Obtain a good understanding of Coal LSL's: Governance Policy and Conflicts Management Framework; Risk Management Framework; Business Continuity Management Policy; Fraud and Corruption Policy; Complaints Handling Policy. ▪ Board attendance, participation and education sessions. ▪ Training and courses on understanding financial statements (T).
2. ARCC MEMBERS	<ul style="list-style-type: none"> ▪ Financial Statements applicable to corporate Commonwealth entities (CCE's) and management of applicable associated risks ▪ Budget compilation, assumptions, performance metrics ▪ External audit scope and audit reporting ▪ Key governance and risk management frameworks and policies ▪ Fraud risk awareness, oversight and management ▪ Complaints management principles and External Dispute Resolution (EDR) process 	<ul style="list-style-type: none"> ▪ Audit & Risk Committee induction, attendance, participation and education sessions (T). ▪ More in-depth understanding of the Risk Management Framework and policies and procedures relating to finance and accounting; Coal LSL Financial Statements and External Audit reports; Business Continuity Management Policy; Complaints Handling Policy and Framework; Assurance map and the role of internal audit, Coal LSL's overall policy framework and the coverage it provides; and the machinery of government ▪ External courses/conference: Governance courses, for e.g. Governance Institute of Australia (T).
3. ARCC CHAIR	<ul style="list-style-type: none"> ▪ The financial and accounting implications for CCE's Funds and the risks associated with these, including risk mitigation processes; and emerging accounting and financial reporting issues as applicable to Coal LSL ▪ The legal, governance and risk management requirements for CCEs and Funds – demonstrate application of this to Coal LSL and stay abreast of proposed changes to these requirements and impacts for Coal LSL ▪ Risk management principles and the key elements and operation of Coal LSL's Risk Management Framework ▪ Awareness of emerging issues in the external environment that may give rise to issues or risks for Coal LSL 	<ul style="list-style-type: none"> ▪ CPA/CA Qualified; or ▪ Experience in the provision of financial services such as accounting, tax, audit/assurance and financial advice; or ▪ Experience as a member of other Audit, Risk Management and Compliance Committees

OPERATIONS		
	Skill Sets	Training (T) / Knowledge Base
1. ALL DIRECTORS	<ul style="list-style-type: none"> ▪ The framework for developing the strategic direction of Coal LSL and the business planning process ▪ Coal LSL's Operational Framework, the Fund's services and the key elements of the compliance program and eligibility criteria in relation to employees ▪ Coal LSL's stakeholder group, and engagement plan ▪ Coal LSL brand, its attributes and value proposition to all stakeholders. ▪ The Fund's legislation, definition of an eligible employee and the application of the legislation in regard to industry employers ▪ Coal LSL's technology policies, infrastructure, digital transformation initiatives and information management strategy ▪ The role of a regulator ▪ Statutory Compliance (PGPA, WHS and other legislations). 	<ul style="list-style-type: none"> ▪ Induction session with the Chair of the Board (T); ▪ Induction session with CEO (T); ▪ Induction session with Coal LSL Executive team and introduction to key subject matter experts (T); ▪ Read and understand Coal LSL Corporate Plan; Attendance at Board strategy days; and Attendance at Board meetings ▪ Induction on the history of Coal LSL and development of the underlying legislation. ▪ Experience in the black coal mining industry.
2. TCC MEMBER	<ul style="list-style-type: none"> ▪ Key elements of the legislation, in particular, eligibility criteria and assessment of an eligible employee 	<ul style="list-style-type: none"> ▪ Induction session for new members to the Technical Compliance Committee (T) ▪ Induction session with Regulatory functions (Legal, TCT) (T)
3. TCC CHAIR	<ul style="list-style-type: none"> ▪ Detailed knowledge or experience of the above area. ▪ Transitional provisions, and operational "day-to day" duties of an eligible employee in order to assess eligibility. 	<ul style="list-style-type: none"> ▪ Experience and/or qualification in either government entities/mining industry/technology management ▪ Legal qualifications; or ▪ Experience in the provision of legal services and advice

PEOPLE & CULTURE

	Skill Sets	Training (T) / Knowledge Base
3. ALL DIRECTORS	<ul style="list-style-type: none"> ▪ Remuneration frameworks and trends within Corporate Commonwealth Entities, Financial Services for Executive and CEO remuneration ▪ Remuneration drivers within organisations and how 'pay' is set and reviewed ▪ Organisational development themes and trends, as well as the existing and desired culture of Coal LSL ▪ Setting and monitoring culture, values and principles ▪ Integrating values into decision-making processes and organisational culture ▪ Directors remunerations, various guidance notes on Directors remuneration and disclosure 	<ul style="list-style-type: none"> ▪ Induction with the CEO and Chief People Officer (T). ▪ Reasonable workplace experience at the Manager level and above, or within a union. ▪ Obtain a good understanding of: <ul style="list-style-type: none"> ▪ Employment / Remuneration Framework and Code of Conduct ▪ Behavioural Competency Framework ▪ Coal LSL Guiding Principles
2. RC MEMBERS	<ul style="list-style-type: none"> ▪ Trends within Corporate Commonwealth Entities, the Financial Services sector for staff and Executive salaries; and benchmarking ▪ Understanding of employee attraction and retention policies, employee benefits and modern employment trends. 	<ul style="list-style-type: none"> ▪ Remuneration Committee induction (T). ▪ Remuneration Committee attendance, participation and education sessions. ▪ More in-depth understanding of: <ul style="list-style-type: none"> ○ Remuneration Framework and Code of Conduct ○ Behavioural Competency Framework
3. RC CHAIR	<ul style="list-style-type: none"> ▪ Current and emerging remuneration trends within Corporate Commonwealth Entities and those in the Financial Services sector ▪ The employment market and economic drivers for remuneration changes ▪ The position of the Fund against other CCEs ▪ Modern employment trends 	<ul style="list-style-type: none"> ▪ Relevant experience at organisational leadership level. ▪ Relevant experience at the leadership level involved in determining conditions of employment and remuneration issues.