



CoINVEST Limited

Selection Criteria for Directors of CoINVEST Limited

PREAMBLE

CoINVEST Limited is a corporation and as such, is subject to the Corporations Act.

Operation of CoINVEST Limited (the company) is one primarily of a Corporate Trustee which has the obligation to collect contributions to maintain sufficiency of the funds held, to wisely invest the funds held and to make payments to beneficiaries whom the trustee is confident have qualified to be a beneficiary.

Directors of the company are expected to add value to the operation of the trustee activities. Class A (worker) and B (employer) directors are expected to provide an industry overview to ensure that the overall costs of administering the scheme are minimised and to ensure that qualified beneficiaries receive the benefit to which they are entitled. The Class C (independent) directors provide specialist skills and are independent of the industry.

CoINVEST's directors are responsible for the operation and governance of a corporation. Notwithstanding that the scheme is for the construction industry, it is not sufficient that directors of the company are accepted as directors just because they are of the construction industry. Directors are required to have a sound understanding of the requirements of the Corporations Act and directors' obligations and duties.

Because of this, selection criteria have been established in order to ensure that directors of CoINVEST Limited are able to adequately fulfill all the obligations and responsibilities stated in the Act, the Memorandum and Articles of Association, the Trust Deed and requirements of the CoINVEST Limited Board.

It is not expected or required that directors will satisfy all criteria stipulated for their particular class however, it is desirable that they possess the majority of them.

Role of the Board

The role of the Board, as adapted from the Australian Institute of Company Directors guidance material is to:

- **appoint a CEO** and evaluate his or her performance
- set and review the **medium and long term goals** of the organisation in consultation with management;
- **approve budgets**;
- **monitor business performance**;
- **approve** large investments and any **major financial decisions**;
- **monitor the controls** framework to ensure major risks are identified and managed;
- **challenge** the assumptions of management;
- ensure there is **accurate financial reporting** and the organisation complies with all aspects of the law;
- ensure the continuing **development of the executive** management team;

- determine appropriate **remuneration** for the executive team;
- make provision for **succession planning**;
- **communicate** with **stakeholders**;
- **be accountable to stakeholders** .

Skills, Knowledge and Experience

The Australian Institute of Company Directors (AICD) states that “the skills, knowledge and experience needed by a board are determined by the size and type of organisation, the markets in which it operates and its line of business. While the specific skills required will differ, there are some core skills that should be represented on every board. Not all directors will possess all of these skills but the board as a whole should possess them.”

The AICD describes the necessary skills and experience as follows:

- **Strategic expertise** – the ability to review the strategy through constructive questioning and suggestion, and to use and implement knowledge built up over years of experience;
- **Financial literacy** – the ability to read and comprehend the company’s accounts, financial material presented to the board, financial reporting requirements and some understanding of corporate finance;
- **Relevant legal knowledge** – the board’s responsibility involves overseeing compliance with numerous State and Federal laws as well as understanding an individual director’s legal duties and responsibilities;
- **Managing risk** – experience in managing areas of major risk to the organisation;
- **Managing people and achieving change**;
In CoINVEST’s case, this includes having a flexible, creative and innovative approach to achieving the corporate goals using a conciliatory approach based on teamwork, integrity and analytical thinking.
- **Experience with financial markets**;
In CoINVEST’s case, this includes having knowledge of investment products and services, an understanding of current issues within domestic and global financial markets, a wide understanding of Australian and Victorian business and a contemporary understanding of Australian and Victorian economies.
- **Industry knowledge relevant to this organisation.**
In CoINVEST’s case, this includes having a broad understanding of the way the construction industry works and the methods used within the industry to achieve the aims and aspirations of its constituents.
It includes having a strong commitment to the activities of CoINVEST Limited.

It is recognised that the Board constitutes some representatives nominated from specific interest groups but all directors must accept that such sectional interests are secondary to the interests of the company when directors are about the business of the company.

Training Expectations

Upon appointment and subject to previous training and Board experience, directors will be required to attend, as a minimum, the *Governance For Directors* 1-day course conducted by the Australian Institute of Company Directors. CoINVEST management will also provide an induction course consisting of an initial session prior to the director’s first Board meeting, as well as two follow up sessions in the first six months.

Subject to previous training and experience, directors who join the Finance and Investment Committee will be required to attend, as a minimum, the *Finance For Directors* 1-day course conducted by the Australian Institute of Company Directors.

Subject to previous training and experience, directors who join the Audit Committee will be required to attend, as a minimum, the *Strategy and Risk For Directors* 1-day course conducted by the Australian Institute of Company Directors.

On an ongoing basis, directors are encouraged to continue their training through attendance at relevant courses and conferences. CoINVEST budgets for director training each year as well as attending a National Conference of interstate long service leave schemes.

SELECTION CRITERIA FOR CLASS A and B CLASS DIRECTORS (INDUSTRY DIRECTORS)

A and B class directors are elected from nominations made from within the construction industry. It is not expected that nominees will necessarily have skills or experience other than those developed in their normal career path through the industry and industry associations. However, as found in the Centro Case, **a director is not relieved of the duty to pay attention to the company's affairs which might reasonably be expected to attract inquiry, even outside the area of the director's expertise.**

While it is desirable that candidates possess the majority of the attributes listed, it is not mandatory that they possess all of them.

PERSONAL QUALITIES

- Extensive knowledge of how the construction industry operates.
- Agreement with the concept of portable long service leave within the construction industry.
- Acceptance that when acting as a director of CoINVEST Limited there will be a need to put the interests of CoINVEST Limited ahead of the interests of the organisation making the nomination.
- Commitment to constantly assess the way the Company carries out its obligations with the aim of continuously improving the delivery of its Service to the construction industry.
- Commitment to adding value to the Company by personal endeavour.
- Agreement to devote appropriate time to attend Board meetings and Board sub-Committee meetings and other Board functions. In addition to attending meetings, Directors are required to devote appropriate time to prepare for meetings, including reviewing Board papers. (Note that there are at least 7 Board meetings held each year).
- Commitment to complete the Training Expectations within twelve months of taking office as a director of CoINVEST Limited.
- Interest in understanding the domestic and global financial markets as well as the Australian economy and the businesses within it.

ABILITIES REQUIRED

- Ability to read and understand the basic financial documents of a company (balance sheet, profit & loss statement and cash flow statement).
- Knowledge of and understanding of the obligations of the Construction Industry Long Service Leave Act 1997, the Memorandum and Articles of Association of CoINVEST Limited the trust Deed and Rules of the Construction Industry Long Service Leave Fund and the Corporations Act.
- Understanding and acceptance of the duties and obligations of being a trustee.
- Ability to assess existing systems and critically evaluate alternatives for improvement.
- Good oral communication skills.
- Ability to act as part of a team including being able to compromise and to collectively work in the best interests of the industry.
- Ability to identify and develop new opportunities to make the company more cost effective.
- A record of sound judgement and the ability to recognise pitfalls.
- A flexible and innovative approach to problem solving.

SPECIFIC AREAS OF EXPERIENCE

- Five years as a worker, owner or manager working within the construction industry.
- Five years responsibility for the financial control of a business unit, company or other profit or non-profit organisation, controlling substantial assets and/or resources.
- Two years working in a company, business unit or organisation as a director or Board member, or as a member of the organisation's executive management committee (or its equivalent).
- Direct exposure to industrial relations in the construction industry and negotiating settlements.

CLASS C DIRECTORS – Common Criteria

OVERRIDING CRITERIA

Each of the three independent directors must have one or more of the following qualifications:

- knowledge of or experience in the investment of money or financial matters;
- knowledge of or experience as an actuary;
- experience as a barrister or solicitor; or
- substantial management experience.

In addition, previous experience as a director or in working with a Board is desirable.

The Assessment committee must be satisfied that the above qualifications were derived substantially from outside the construction industry.

One of the independent directors will be selected by the industry directors to be Chairman.

PERSONAL QUALITIES

- Commitment to constantly assess the way the company goes about its obligations with the aim of continuously improving the delivery of its service to the construction industry.
- Agreement to devote appropriate time to attend Board meetings and Board sub-Committee meetings and other Board functions. In addition to attending meetings, Directors are required to devote appropriate time to prepare for meetings, including reviewing Board papers. (Note that there are at least 7 Board meetings held each year as well as 5 Finance and Investment Committee Meetings, 4 Audit Committee Meetings and 2 Remuneration Committee Meetings).
- Recognition by peers in their area of specific expertise.

ABILITIES REQUIRED

- Ability to add value to the Board and the company by personal knowledge and skill in the area of specific expertise.
- Capacity to act as part of a team including being able to assess issues outside their area of competence and giving a balance response to the issue.
- Financially literate with a wide understanding in the area of specific expertise.
- Knowledgeable of the financial requirements and duties for operating a company including financial reporting and of the requirements of operating a trustee organisation.
- Ability to bring to the Board knowledge as to how other similar funds are performing and their basic strategies.
- Ability to continue to retain an up to date understanding of both domestic and global financial markets.
- Able to demonstrate full compliance with the requirements of independence as follows:
 - has not been employed in any executive capacity by the Company within the last three years;
 - has not been retained as a professional adviser by the Company (either personally or through his/her firm) within the last three years;
 - has not been a significant supplier or customer of the Company within the last three years; and

- has not had a significant contractual relationship with the Company other than as a Director, within the last three years.

SPECIFIC QUALITIES – CHAIRMAN

- Agreement to devote appropriate time to being Chairman of CoINVEST Limited. Time requirements include liaison with the CEO in relation to upcoming Board meetings, attendance at Board and Board sub-committee meetings, attending Board and Industry functions and attending to correspondence.
- Ability to represent the Company to the industry, government and the wider community.
- Presentable and with a good reputation as being honourable and trustworthy.
- Interested in the domestic and global financial markets as well as the Australian economy and the businesses within it.
- Understanding of how the construction industry works and the methods used within it.

ABILITIES REQUIRED - CHAIRMAN

- Highly developed oral communication skills.
- Superior skills as a team leader.
- Ability to ensure the Board develops a clear vision of the future and pursues that vision.
- Knowledgeable of the financial requirements and duties for operating a company including financial reporting and of the requirements of operating a trustee organisation.
- Flexible, with an innovative approach to problem solving.
- Ability to develop a culture of easy communication amongst the directors.

SPECIFIC AREAS OF EXPERIENCE

Each of the independent directors must possess skills and experience in the disciplines stipulated by the Articles of Association. The following specific criteria for each position, including the Chairman, should be read broadly in relation to that position. It is not mandatory that appointees satisfy each and every criteria specified. The overriding criterion is substantial experience and recognition of that experience in the particular discipline.

INVESTMENT/FINANCE

- Currently exposed to the processes of investment and/or finance and fully conversant with the latest investment/financial tools, vehicles and practices.
- Substantial experience in investment/financial products and services gained during direct exposure in the investment/finance industry.
- Experience gained in the investment arena to be of a general and not sector specific nature.
- Able to demonstrate extensive involvement in balanced portfolio management and giving advice at a senior management level.

ACTUARY

- Currently exposed to the processes of actuarial assessment for defined benefit superannuation schemes or similar.
- Able to discuss at a technical level actuarial assessments carried out for the company and to be able to explain to other directors the logic behind them and their relevance to the Fund.
- Substantial experience as a professional actuary at a senior management level or as partner in an actuarial practice.

- Able to demonstrate a wide exposure to all aspects of actuarial assessment.
- Able to add value to debate on the company investment approach by a good understanding of investment criteria and portfolio mix.

BARRISTER OR SOLICITOR

- Formal legal qualifications and legally entitled to practice as a Barrister and/or Solicitor in Victoria.
- Substantial experience in legal practice preferably including experience as a partner or equivalent.
- Experience in practice of at least one and knowledge of more of the following areas:
 - ⇒ industrial relations,
 - ⇒ corporations law,
 - ⇒ property,
 - ⇒ investment and finance,
 - ⇒ corporate governance, and
 - ⇒ trade practices.

MANAGEMENT

- Substantial experience as an executive manager with a significant amount of that experience being in the private sector.
- Management experience across a number of disciplines including finance, investment, information technology, business operations and corporate operations including corporate and strategic planning.

QUESTIONNAIRE

It is envisaged that the Assessment Committee may formally interview nominees for the position of Class A and B directors to ensure compliance with the selection criteria. This questionnaire is designed to provide assistance in this activity and is not intended to be comprehensive. However it is suggested that copies of the selection criteria and this questionnaire will be provided to nominating organisations and groups prior to formally nominating candidates.

Likely questions could include:

- What previous experience as a company director or board member?
- Company director qualifications held?
- Other relevant qualifications held?
- Commitment to further relevant education (governance, finance, investment, IR etc)
- Should a private company administer a Government Act? Why?
- Agreement to devote the necessary time to CoINVEST.
- Understanding of the purpose and activities of CoINVEST.
- Why accept nomination for director of CoINVEST?
- Ability to avoid conflict of interest with nominating organisation's needs and aspirations.
- Expected contribution to CoINVEST.
- Preference for specific committee involvement and why:
 - ⇒ Finance & Investment Committee
 - ⇒ Audit Committee
- Commentary on CoINVEST past performance and suggestions for its improvement.
- Statement of organisations represented and positions held in them.
- Acceptance of the appointment being performance based with review by other directors as detailed in the Articles of Association.
- Review of compliance with the selection criteria. Are there areas of non compliance and will these significantly affect performance as a director?
- As a Class A director, you also become effectively a part owner of CoINVEST and guarantor of the Company. Are you aware of this and the implications?