

Notice of Annual General Meeting

Inverloch & District Financial Enterprises Limited
A.B.N. 13 117 672 590

To be held VIRTUALLY on ZOOM
on 12 November 2020 at 6.00 p.m.

IMPORTANT

Due to the COVID-19 pandemic the Inverloch & District Financial Enterprises Limited has reviewed options to hold the upcoming Annual General Meeting. In this current climate your health and safety and that of our staff is our top priority.

With this in mind, the decision has been made to hold a **VIRTUAL** Annual General Meeting on **Thursday 12 November 2020 at 6.00 pm** using the ZOOM software platform.

To assist us in conducting the meeting in accordance with all governance requirements an **RSVP IS REQUIRED**. Please email agm2020@inverlochcb.com.au by **Friday 30th October 2020** in order to register.

Following your registration, you will then be issued with a **meeting ID, a password**, and instructions on how to use the ZOOM platform to attend the meeting.

ORDINARY BUSINESS

1. Receipt of Annual Report

To receive the Company's Financial Report, the Director's Report and the Auditor's Report for the year ended 30 June 2020.

2. Election of Directors

To consider, and if thought fit, to pass each of the following resolutions as an ordinary resolution.

Re-election of Director retiring by rotation

- (a) That **Kerralie Joy Shaw** who retires by rotation in accordance with the Constitution of the Company and being eligible, offers herself for re-election as a Director of the Company.
- (b) That **Mark Gerard McCormack** who retires by rotation in accordance with the Constitution of the Company and being eligible, offers himself for re-election as a Director of the Company.

Election of Directors previously appointed by the Board

- (c) That **Thomas James McQualter** previously appointed by the Board retires in accordance with the Constitution of the Company and offers himself for election as a Director of the Company.

3. Remuneration Related Resolution

Adoption of Remuneration Report

To consider, and if thought fit, pass the following resolution as an ordinary resolution.

- a) That the Remuneration Report be adopted.

Except to the extent permitted by law, the company will disregard any votes cast (in any capacity) on Item 3 by or on behalf of a member of key management personnel named in the Remuneration Report (and any closely related party of any such member) unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

4. De – Listing from the National Stock Exchange to operate as a Low Volume Market

To consider, and if thought fit, pass the following resolutions as ordinary resolutions.

- a) *That the Company de-list from the National Stock Exchange at the earliest practical opportunity and become an unlisted public company, and*
- b) *that the Company join the Low Volume Market scheme permitted by the Corporations (Low Volume Financial Markets) Instrument 2016/888 operated by the Australian Securities and Investments Commission (ASIC).*

*The background to this resolution is provided in the explanatory notes in **Attachment A***

Attending the meeting

All shareholders may attend the Annual General Meeting.

Joint holders: In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

Proxy: If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy.

Corporate shareholder: A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company before the meeting.

Voting restrictions

Key management personnel of the Company (and any closely related party of any such member) are excluded from voting on all resolutions that are directly or indirectly related to the remuneration of key management personnel and will not be able to vote your proxy on item 3 unless you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him or her to vote by marking the Chairman's box on the proxy form (in which case the Chairman of the meeting will vote in favour of this item of business).

For the purposes of these voting restrictions:

The 'key management personnel' for Inverloch & District Financial Enterprises Limited are those persons having authority and responsibility for planning, directing and controlling the activities of the company, either directly or indirectly, including any director (whether executive or otherwise) of that company.

A 'closely related party' of a member of the key management personnel for Inverloch & District Financial Enterprises Limited includes a spouse or child, a child of the member's spouse, a dependent of the member or of the member's spouse, or anyone else who may be expected to influence the member (or be influenced by the member) in the member's dealings with the company.

Voting rights

Each shareholder is entitled to **one** vote.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as shareholders as at **6.00 P.M. on Friday 6th November 2020**.

By order of the Board



Mark McCormack
Company Secretary
12th October 2020

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ATTACHMENT A - EXPLANATORY NOTES

This information has been included to assist you in making an informed decision about the resolutions proposed at the meeting.

Agenda item 2 Election of Directors

The following information is provided about candidates for election to the Board.

Re-election of Directors retiring by rotation

- (a) **Kerralie Joy Shaw** retires by rotation in accordance with the Constitution of the Company, and being eligible, offers herself for re-election. Her election is recommended by the Board.

Kerralie Joy Shaw

Director (*Appointed 31 January 2018*) Age: 48 Occupation: Marketing Strategy Consultant

Qualifications, experience, and expertise:

Director of KK Insights Pty Ltd. Bachelor of Arts, Graduate Diploma Market Modelling, Graduate Australian Institute of Company Directors. Marketing career focusing on consumer buying behaviour in almost all B2C categories. Active member of Inverloch Surf Lifesaving Club.

- (b) **Mark Gerard McCormack** retires by rotation in accordance with the Constitution of the Company, and being eligible, offers himself for re-election. His election is recommended by the Board.

Mark Gerard McCormack

Director (*Appointed 1 August 2018*) Age: 60 Occupation: Civil Engineer

Qualifications, experience and expertise:

Bachelor of Civil Engineering, Fellow Institute of Engineers Australia (Eng Exec), Chartered Professional Engineer (CPEng), Engineer of Water Supply, Graduate Australian Institute of Company Directors. Over 30 years of experience in engineering and management roles in State Rivers and Water Supply, Mornington Peninsula WaterBoard and Melbourne Water. Various senior executive roles in South East Water. Life member of Forest Hill Cricket Club. Previous positions, committee and association roles in Little Athletics and local football clubs

Election of Directors previously appointed by the Board

- (c) **Thomas James McQualter** having been appointed by the Board as a Director, retires in accordance with the Constitution of the Company, and being eligible, offers himself for election. His election is recommended by the Board.

Thomas James McQualter

Director (*Appointed 29 July 2020*) Age: 37 Occupation: Lawyer

Experience and expertise:

Bachelor of Laws and Arts, Masters of Organisational Leadership. Has held senior executive positions within local government, water and private industry in the fields of corporate governance, finance, risk, organisational development and organisational culture for the past ten years. Current member of the Inverloch Kongwak Football Netball Club and Inverloch Cricket Club. Previous directorship Gippsland Southern Health

Agenda item 3 Remuneration Related Resolution

The Corporations Act requires a resolution that the Remuneration Report contained in the Company's Annual Report [and Concise Report] be adopted, be put to the vote. The resolution is advisory only and does not bind the Directors of the Company.

Agenda item 4 Delisting from National Stock Exchange to operate as a Low Volume Market

Proposal

The Company proposes to delist from the National Stock Exchange of Australia (NSX) so as to apply to the Australian Securities Investment Commission (ASIC) to operate a Low Volume Market (LVM) as the preferred trading framework for shares for the Company.

The Board is of the opinion that the LVM provided by ASIC is an appropriate share trading framework for the Company's shareholders given the size and nature of the Company and its shareholders and shareholdings.

Background

When Inverloch and District Financial Enterprises Pty Ltd (IDEFL) was established in 2006, Bendigo Bank's preference was for all Community Bank® franchisee companies to be listed public companies on what was then the Bendigo Stock Exchange (BSX). The rationale was that being listed under BSX rules provided transparency around governance that might otherwise be lacking. A secondary benefit was to facilitate share trading on an independent and regulated platform free of any potential bias.

IDEFL was listed on the BSX from its inception, and in 2011 when the National Stock Exchange (NSX) bought out the BSX, IDEFL moved across and remains listed on the NSX (www.nsx.com.au) with company code IAD.

IDEFL has always had around 200 shareholders, most of whom are individuals but there are some companies, family trusts and SMSFs. There are less than 5 share trades each year on average, with a high number handled as an off-market transfer rather than via a broker trading on the NSX.

There are substantial costs associated with being a listed public company on the NSX and it has been estimated that converting to a Low Volume Market will save IDEFL approximately \$13,000 in fees and additional administration costs.

Of the 224 Community Bank franchise companies, 181 operating in the LVM, 6 are progressing to the LVM, 28 are not listed nor operate the LVM and 9 (of which IDEFL is one) are still listed on the NSX.

Bendigo Bank is fully supportive of converting from being a listed company to operating in a LVM and would be assisting in the implementation.

Proposed Change

IDEFL will de-list from the NSX and establish itself as an unlisted public company. This is a straightforward process which will immediately deliver the significant savings in ASIC fees and NSX listing costs as noted above.

In order to facilitate the buying and selling of IDEFL shares by members, and to maintain transparent governance, the Board proposes that the Company join the Low Volume Market (LVM) scheme which is used by most other Community Bank® franchisee companies. The LVM has been specifically set up under the Corporations Act by ASIC and adapted by Bendigo Bank to cater for companies like Community Bank® companies that, among other limitations, have less than 100 share trades annually.

The process will need to be coordinated with Bendigo Bank, NSX and ASIC and a number of requirements will need to be met prior to final delisting which is targeted for 30 June 2021.

Risks and Issues

The original governance reasons for being publicly listed were seen by Bendigo Bank as valid in 1996. However, as a result of major improvements in Bendigo Bank's systems and oversight, and the Board's history and experience in operating the business for over 14 years, the Board is confident that there will be no material governance issues arising from this transition.

As noted above, the theoretical benefit of simple share trading on the NSX has never materialized. IDEFL averages less than 5 trades annually, and despite regular information about trading on the NSX, almost all members trying to buy or sell Company shares contact the branch to ask what to do and end up using an off-market transfer process.

The transfer to the LVM will

- Provide for simpler share trading while still being subject to the ASIC determined processes and procedures.
- Result in savings estimated at \$13,000
- Still provide transparency to shareholders of trade history/price details
- Reduce some of the regulatory administration

Details of the LVM can be reviewed in full at www.asic.gov.au.