



# VOLUNTARY INVESTMENT SCHEME

(FIXED TRADING SCHEME)



# Rules of the Voluntary Investment Scheme as at 1 July 2020

## 1. Introduction

The Board of Directors of Livestock Improvement Corporation Limited ("LIC") has approved the reestablishment of the Voluntary Investment Scheme in the form of a fixed trading scheme ("Scheme") to facilitate the acquisition of Shares by LIC directors and senior managers who are eligible to be shareholders by means other than through their employment by LIC ("Participants"), in accordance with these Rules. This Scheme is made in connection with the Participant's employment or engagement with LIC.

Any terms capitalised but not defined within these Rules are given the meanings from LIC's Constitution.

## 2. Participation

- (a) The Scheme allows Participants to establish a fixed trading plan, at a time where the Participant does not hold inside information, to allow the Participant to acquire shares over a period of time. Trading under a fixed trading plan, established when a person does not hold inside information and with no intent to evade the inside trading laws, constitutes a defence to inside trading under the Financial Markets Conduct Act 2013.
- (b) Participation in the Scheme is optional and is open only to the Participants.
- (c) Shares transferred to a Participant under the Scheme ("Scheme Shares") will be transferred on the terms set out in these Rules but will otherwise be subject to the same rights as Shares acquired by all other holders of Shares who do not participate in the Scheme.
- (d) A Participant is not permitted to participate in the Scheme if participation would result in that person holding more Shares than the Maximum Shareholding permitted under LIC's Constitution.
- (e) A Participant who has ceased to be an LIC director or senior manager shall not be entitled to participate in the Scheme after the end of the relevant term of the Scheme as described in paragraph 4(a).

### 3. Fundamental Rules

Notwithstanding anything to the contrary in these Rules, any trading plan established under this Scheme must:

- (a) be fixed for a period of time;
- (b) give the Participant no right to withdraw before the end of that period of time; and
- (c) not be subject to any influence by the Participant as to trading decisions after the plan has begun.

These requirements are paramount.

### 4. How to participate

- (a) To participate in the Scheme, a Participant must complete the application in the form prescribed by LIC. The application form will:
  - (i) state the fixed period over which the trading plan for the Participant will operate (the "Relevant Period"), it being intended that the Relevant Period will be set either by reference to a Season or, in the case of a Director, to the Director's term of appointment as a Director; and
  - (ii) state the amount to be invested by the Participant under the fixed trading plan, provided that such amount is a minimum of \$1,000, is a multiple of \$1,000 and up to a maximum of \$10,000 (the "Relevant Funds"). Where the Relevant Period is longer than one year, the amount may be stated as an amount per year; and
  - (iii) contain an acknowledgement that, at the date of establishment of the fixed trading plan under the Scheme, the Participant does not hold any "Inside Information" and the establishment of the fixed trading plan is without any intent to evade section 241 of the FMCA (being the prohibition on inside trading); and
  - (iv) be accompanied by such information as LIC and the Approved Holding Entity require to comply with their respective "know your customer" and/or antimoney laundering compliance processes; and

- (v) confirm that the Participant wishes to establish a fixed trading plan under this Scheme.
- (b) Participation will commence on receipt by LIC of a correctly completed application form.

## **5. Operation of the Scheme**

In any fixed trading plan established under this Scheme:

- (a) LIC is authorised to debit the Participant's account for the Relevant Funds and the Participant shall be liable to pay such amounts to the Company accordingly. Unless expressly directed otherwise in the application form, LIC will debit the Participant's account in one lump sum for Shares to be acquired in that Season under the Scheme, as early as practicable in the Season.
- (b) LIC is authorised to pay the Relevant Funds received in respect of a Season to the Approved Holding Entity, and the Approved Holding Entity is authorised in accordance with clause 8.3 of LIC's Constitution to expend the Relevant Funds in purchasing Shares on-market on behalf of the Participant.
- (c) The Approved Holding Entity is instructed to acquire Shares with the Relevant Funds. The Shares can be acquired either on the NZX Market or from LIC (whether by way of a share issuance or by the transfer of treasury stock). It is intended that the Approved Holding Entity will acquire Shares to fully utilise the Relevant Funds for all Participants under the Scheme as soon as it considers reasonably practicable.
- (d) The Approved Holding Entity will acquire Shares for the Participants (in aggregate) with any Shares acquired held by the Approved Holding Entity for each Participant in proportion to their Relevant Funds for the relevant Season.
- (e) During the period any Shares are held by an Approved Holding Entity pursuant to the Scheme, such Shares and all rights, powers, entitlements, privileges and benefits attaching or accruing to them, shall be held, received and exercised by the

Approved Holding Entity on behalf and for the benefit of the Participants for whom the Shares have been acquired.

- (f) With respect to Shares held or controlled by the Approved Holding Entity for the purposes of the Scheme, LIC shall, as far as is practicable, procure that in each Season all Participants pay a uniform price for the Shares acquired pursuant to the Scheme. It is intended that the Approved Holding Entity will therefore undertake a cost-averaging process across all Shares acquired in a Season under the Scheme.
- (g) As soon as the Relevant Funds for a Season have been fully utilised to acquire Shares under the Scheme, the Approved Holding Entity will transfer the relevant Shares to the relevant Participants. LIC shall use its best endeavours to ensure that at the end of any Season the Approved Holding Entity does not hold any Shares for the purposes of the Scheme whether in its own name or on behalf of other persons or otherwise howsoever.
- (h) Participation under any fixed trading plan established under this Scheme is fixed for the Relevant Period. The Participant cannot withdraw, revoke or amend any of its instruction before the end of the Relevant Period. Participants have no ability to influence any share trading decisions under the Scheme after it has begun.
- (i) Shares acquired under the Scheme by Participants may not be traded for a period of six months from the date of the acquisition by the Approved Holding Entity ("Restricted Period"), subject to any provisions under the Constitution (including, but not limited to, compulsory disposal of Shares on exit from the Company or exceeding the maximum shareholding permitted). In the event that a compulsory disposal is triggered under the Constitution, proceeds from the Shares sold pursuant to the Constitution will be held by LIC until the expiry of the Restricted Period. No interest will be payable on the amount so held on behalf of the shareholder.

## **6. Statements to Participants**

LIC will send to each Participant a statement detailing in respect of their participation:

- (a) the number of Shares the Participant has acquired under the Scheme in the Relevant Period; and
- (b) the average price of the Scheme Shares acquired by the Participant in the Relevant Period.

## **7. No cost to Participants**

LIC will meet its costs and the costs of the Approved Holding Entity in connection with the Scheme. No brokerage or other costs or fees will be payable by Participants in respect of the Scheme Shares they receive.

## **8. Acquisition under Scheme by a director/senior manager**

Upon the acquisition of Shares pursuant to the Scheme, each director and Senior Manager will make the required disclosure of relevant interests under section 297(1) of the FMCA.

## **9. Termination of participation by Participant**

- (a) A Participant's participation in the Scheme will remain in effect until the completion of the Relevant Period and, the Participant will be required to confirm in writing to LIC to continue their participation in the Scheme in each following Season thereafter. If LIC does not receive a notice from the Participant following the completion of each Season, this will be treated as notice of termination of their participation in the Scheme.
- (b) If a Participant dies, receipt by LIC of a notice of death in a form acceptable to LIC will be treated as notice under paragraph (a) above. Death of one of two or more joint holders will not automatically terminate participation.
- (c) A Participant's participation in the Scheme will survive their cessation of employment or directorship, until the end of the Relevant Period for any fixed trading plan established under this Scheme.

## **10. Modification, suspension and termination by LIC**

- (a) LIC's Board may, in its sole discretion, at any time terminate or modify the Scheme or suspend the operation of the Scheme.
- (b) Notice of any modification or suspension will be given to all Participants.
- (c) LIC must not take any action under this clause 10, which would have the effect of providing the Board with influence over the trading of Shares under any fixed trading plan established under this Scheme.

## **11. Anti-money laundering requirements**

Each Participant must comply with the processes established by each of LIC and the Approved Holding Entity for "know your customer" and/or anti-money laundering compliance. Each Participant will provide such information, and make payments under the Scheme in the manner, as LIC and/or the Approved Holding Entity each require in connection with those processes.

## **12. Compliance with Laws**

Nothing in these Rules shall require LIC to take any action, nor permit any Participant to take any action, that is prohibited by relevant laws or the Listing Rules.

## **13. Defined Terms**

Unless the context otherwise requires, words used in these Rules which are defined in LIC's Constitution, shall have the same meaning as provided in LIC's Constitution.

