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## **Market Announcement**

### **30 July 2020**

### **LIC launches Voluntary Investment Scheme (Fixed Trading Plan)**

The LIC Board has approved the reestablishment of a Voluntary Investment Scheme (**VIS**) in the form of a fixed trading plan. The VIS is for eligible farmer elected directors and senior managers of LIC (**Participants**) who wish to make voluntary share purchases over a fixed period of time but who may be prevented from acquiring shares by New Zealand's insider trading restrictions as a result of their position with LIC.

Share trading under a fixed trading plan, set up when a person does not hold inside information and with no intent to evade the inside trading laws, is permissible under the Financial Markets Conduct Act 2013. Because LIC farmer elected directors and senior managers are likely to hold inside information from time to time as a result of their position with LIC, the VIS ensures that the Participants can make voluntary investments. Other shareholders are free to invest from time to time in compliance with the LIC constitution and relevant laws.

It is also anticipated that the VIS may enhance the liquidity in the market for LIC Shares, providing a more liquid market for Shareholders wishing to trade in LIC Shares.

#### **Who can apply?**

Participation in the VIS is limited to farmer elected directors and senior managers who are eligible to be shareholders by means other than through their employment by LIC. The VIS is only available to Participants during their employment or engagement with LIC.

#### **How does it work?**

Under the terms of the VIS, Participants may establish a fixed trading plan over a fixed period of time, which will be set by reference to the farming season or, if applicable, a director's term of appointment (Relevant Period). Once the Participant establishes their fixed trading plan, they cannot withdraw until the end of that Relevant Period and they will not be able to in any way influence trading decisions during that time. Participants may only enter into the VIS if they do not possess inside information at the date of the establishment of their fixed trading plan. These requirements are paramount.

The VIS Rules require Participants to invest at least \$1,000 per fixed trading plan, with additional amounts invested in multiples of \$1,000 up to an upper limit of \$10,000. If the Relevant Period is longer than one year, then the amount may be stated as an amount per year but the investment limit remains at \$10,000 for that particular trading plan.

A copy of the Rules of the Voluntary Investment Scheme can be found at

<https://www.lic.co.nz/shareholders/shareholder-schemes-and-forms/>

## Costs

The cost of administering the VIS, including the costs of brokerage and fees charged by the Approved Holding Entity (New Zealand Guardian Trust) in respect of trading by the Participants, will be met by LIC, in line with the arrangements for the current Dividend Reinvestment Plan and the Employee Share Purchase Scheme. Participants will not pay any brokerage or other costs or fees in respect of the LIC Shares they receive under the VIS but will pay for the LIC Shares themselves, at the average price paid for all shares acquired to fulfil the VIS in any one season.

## Waiver from NZX Listing Rule 4.15.1

For the VIS to operate under the NZX Listing Rules (**Rules**), NZX has granted LIC a waiver from Rule 4.15.1 to allow LIC to provide financial assistance to the Approved Holding Entity for the purpose of, or in connection with, the acquisition of Equity Securities issued or to be issued by LIC under the VIS. The two conditions of this waiver are:

- key terms of the VIS and the arrangements to be entered into by the Approved Holding Entity are disclosed to LIC shareholders when the VIS is established and launched; and
- the terms of the VIS, including quantum of financial assistance, are approved by independent directors who are not LIC co-operative members and who are not entitled to utilise the VIS or hold the LIC shares.

A copy of the waiver may be found on [nzx.com](http://nzx.com) or on our website at <https://www.lic.co.nz/shareholders/shareholder-schemes-and-forms/>

## Ends

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## About LIC

LIC is a farmer-owned co-operative that provides a range of services and solutions to improve the productivity and prosperity of farmers. This includes dairy genetics, information technology, herd testing, DNA parentage verification and farm advisory services through FarmWise. Subsidiary business LIC Automation also provides integrated automation systems and unique milk testing sensors that present real-time data while a cow is being milked. With origins dating back to 1909, LIC has a long history of world-leading innovations for the dairy industry.

Today the New Zealand-based co-operative employs more than 700 permanent staff, swelling to 2000 during the peak dairy mating season. LIC also has offices in the United Kingdom, Ireland and Australia. All LIC profit is returned to its farmer owners/shareholders in dividends or re-invested for new solutions and research and development. [www.lic.co.nz](http://www.lic.co.nz)