

25 AUGUST 2017

Insider Trading Policy



Introduction

1. This is a Board approved governance policy. The approach to corporate governance in Chorus Limited (“**Chorus**”) is set out in the Board and Board Committee Charters and related documents illustrated in Appendix A to the Chorus Board Charter.
2. This policy applies to all Directors, senior managers and employees of Chorus who intend to deal in Chorus Restricted Securities.
3. In addition to this policy, the more specific and stringent rules in Schedule 1 (Additional Rules for Restricted Persons) (“**Additional Rules**”) also apply to dealing in Chorus Restricted Securities by Directors and certain employees of Chorus.

Policy Statement

4. Chorus Limited (“Chorus”) is committed to complying with all legal and statutory requirements. New Zealand and Australian legal requirements make it unlawful to deal in Chorus Restricted Securities while in possession of Inside Information.
5. This policy details Chorus’ policy and rules for dealings in Chorus Restricted Securities, but the two core rules which all Chorus Directors, senior managers and employees must comply with at all times are the following:
 - Chorus Directors, senior managers and employees must not deal in Chorus Restricted Securities, or the securities of any other issuers, or encourage others to do so, while in possession of Inside Information.
 - Confidential information of Chorus should not be disclosed to third parties unless those persons are covered by express or implied duties of confidentiality.
6. Chorus Directors, senior managers and employees should follow the guidance in this policy to reduce any risk of liability for insider trading.

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Fundamental Rule: No dealing may be done while in possession of Inside Information

7. This is the primary rule under insider trading laws. If you have any Inside Information, it is illegal for you to:
 - Deal in Chorus Restricted Securities;
 - Procure, advise or encourage another person to deal in or hold Chorus Restricted Securities;
 - Procure, advise or encourage a person to procure, advise or encourage another person to deal in or hold Chorus Restricted Securities; or
 - Directly or indirectly communicate, or pass on the Inside Information to anyone else – including colleagues, family, friends, nominees, partners, and trusts or companies you control – knowing, or where you ought reasonably to have known, that the other person will or is likely to use that information to deal in or procure, advise or encourage someone else to deal in, or hold, Chorus Restricted Securities.
8. This offence, called “insider trading”, can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or Chorus, for any loss suffered as a result of illegal dealing.
9. This policy restricts dealing in Chorus Restricted Securities. It does not replace your legal obligations. You should be aware that insider trading laws relate to a broad range of securities including interests in managed investment schemes, superannuation products, and other financial products which are able to be traded on a financial market. If you have Inside Information concerning securities (including the financial products described) insider trading laws will apply to your conduct in relation to those securities. You should satisfy yourself of compliance with insider trading laws before making any decisions in relation to those securities.

Guidance

What is dealing in Chorus Restricted Securities?

10. This policy applies to any “dealing” in “Chorus Restricted Securities”:
 - **"deal"** includes applying for, acquiring or disposing of Chorus Restricted Securities or agreeing to do so, whether as principal or agent.
 - **"Chorus Restricted Securities"** means any Chorus shares, options, derivatives and debt securities. Chorus Restricted Securities include: - ordinary shares of Chorus listed on the NZX Main Board or ASX;
 - Chorus debt securities (including NZ bonds listed on the NZX and EMTN bonds listed on the Luxembourg Stock Exchange); and

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- any other securities of Chorus and any options, derivatives or other financial products issued or created over or in respect of any securities of Chorus.
11. This policy applies to any dealing which you are involved or instrumental in, whether or not the Chorus Restricted Securities are held or received in your own name or that of your spouse, children, other relatives, associates, trusts of which you are a trustee or companies which you control.

What is "Inside Information"?

12. "Inside Information" is information that:
- Is not generally available; and
 - If it were generally available, a reasonable person would expect it to have a material effect on the price or value of securities.
13. Information is "**generally available**" if it is readily obtainable or made known to people who commonly invest in the securities (such as by NZX or ASX announcements) and since it was made known, a reasonable period for it to be disseminated among such persons has elapsed.
14. It does not matter how you come to know the Inside Information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function).
15. Information includes rumours, matters of supposition, intentions or likely intentions of a person (including Chorus or its subsidiaries), and information, which is insufficiently definite to warrant disclosure to the public.

What are some examples of Inside Information?

16. Inside Information could include information relating to any of the following (but this list is illustrative only):
- An unannounced upcoming performance announcement, especially if it contains unexpected results;
 - The unannounced imminent introduction of an important new product or service;
 - Connection and earnings data (actual and forecast);
 - Changes in the regulatory environment (including regulatory pricing);
 - A possible change in the strategic direction of Chorus;
 - A possible acquisition or sale of any material assets or company by Chorus;
 - Entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
 - A possible change in Chorus' capital structure;

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- A change in the historical pattern of dividends;
 - Executive management changes;
 - A material legal claim by or against Chorus;
 - Major new regulation of Chorus; or
 - Any other material and unexpected liability.
17. If you have knowledge of any of these matters or any other information likely to affect the price or value of Chorus Restricted Securities in the market, you should not deal or procure anyone else to deal in those Chorus Restricted Securities until such matters become public knowledge and a reasonable period for the information to be disseminated has elapsed.

Short term dealing should be avoided

18. You should not engage in short term dealing (i.e. buying and selling Chorus Restricted Securities within a 3 month period) unless there are exceptional circumstances discussed and approved by the General Counsel and Company Secretary.
19. Short term trading might give rise to allegations of insider trading, particularly if short term dealing is undertaken on a regular basis, in large amounts, or around important events which affect the price of the Chorus Restricted Securities. These events may not be expected or known by you, but if they do occur your short term dealing may be viewed adversely with the benefit of hindsight. To reduce the risk of an allegation of insider trading, do not deal in Chorus Restricted Securities on a short-term basis.

If in doubt, don't

20. The rules contained in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading or it may give rise to the public drawing adverse inferences as to Chorus' conduct. **If in doubt, don't.**

Dealing/Issue/Exercise Periods

21. There are **no** "safe" periods for dealing in Chorus Restricted Securities. You may **never** deal in Chorus Restricted Securities if you have Inside Information.

Don't "tip" or encourage dealing by others

22. You should not either directly or indirectly advise or encourage any person to deal in Chorus Restricted Securities when you are in possession of Inside Information. You should take particular care not to "tip". This means to directly or indirectly communicate or cause to be communicated Inside Information to those who you know or suspect are likely to deal in or otherwise hold Chorus Restricted Securities or to procure others to deal in or otherwise hold Chorus Restricted Securities. You could be liable for any dealings by these people.

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23. In addition, you should not deal in or procure, advise or encourage others to deal in, or tip, with respect to, securities of another company if you have Inside Information about that other company.

Companies or trusts which you control are also caught

24. You cannot avoid the insider trading laws by dealing in Chorus Restricted Securities through companies or trusts you control. If the companies or trusts that you control deal in Chorus Restricted Securities while you have Inside Information, you will be deemed to have procured the company or trust to deal in Chorus Restricted Securities, exposing yourself and the company or trust to liability.

Only disclose Chorus Inside Information to other Chorus personnel on a "need to know" basis

25. Inside Information should not be freely discussed by employees other than for work purposes. The "need to know" rule is part of Chorus' general security policy. This will reduce the flow of Inside Information within Chorus and help lessen the risk of insider trading.

Do not disclose Chorus Inside Information to third parties unless they are covered by express or implied duties of confidentiality

26. Express obligations will arise where specific confidentiality agreements are entered into to cover disclosure in specific instances. Implied duties of confidentiality can arise in circumstances such as disclosure to legal advisers for the purposes of obtaining legal advice. You are also to read and comply with Chorus' Market Disclosure Policy.

How this applies to Chorus' Employee Equity Building Scheme (Scheme) and Dividend Reinvestment Plan (DRP)

27. Chorus' DRP and the Scheme are covered by this policy.
28. As a result, you will not be able to participate in the Scheme or DRP if you have any Inside Information at the time participation is offered or shares are acquired for, or issued to, you under the Scheme or DRP. This may mean that you cannot enrol to participate in the Scheme or DRP, or need to formally withdraw from the DRP (by giving written notice to Chorus' share registrar, Computershare). If you withdraw from the DRP you will be able to enrol to participate again once you no longer hold the Inside Information (for example, once the Inside Information has been released publicly).
29. Please note that while we consider it important to be aware of potential Inside Information, it is likely that most Chorus employees will not have Inside Information and will be able to participate in the Scheme and DRP.

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How this applies to future employee share or equity based incentive schemes

30. This policy will also apply to any future employee share or equity based incentive scheme offered by Chorus.
31. As a result, if Chorus implements such a scheme, you will not be able to participate during any period in which you hold Inside Information. This may mean that you need to cease contributions to the scheme on becoming aware of Inside Information (you will be able to recommence contributions once you no longer hold the Inside Information).

Are there any exceptions?

32. This policy may be reviewed to allow exceptions for Restricted Persons or employees in possession of Inside Information to acquire or be issued Chorus shares under any employee incentive arrangements approved by the Board.

This policy applies to dealings anywhere in the world

33. This policy applies whether the dealing is to be done in New Zealand or overseas and whether or not the dealing relates to Chorus' New Zealand or foreign securities.

Seek advice

34. Remember: if in doubt consult the General Counsel and Company Secretary or your own legal adviser.

Ownership and Review

Approver:	Chorus Board
Reviewer:	Nominations and Corporate Governance Committee
Ownership:	General Counsel and Company Secretary
Review:	At least every 2 years.

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Schedule 1: Additional Rules for Restricted Persons

Persons covered by these Additional Rules

1. These Additional Rules apply to all of the following ("**Restricted Persons**"):
 - All Directors of Chorus.
 - The Chief Executive.
 - All members of the senior management team.
 - All direct reports to members of the senior management team.
 - To the extent not included above, all persons who manage a principal function of Chorus (if you are unsure whether this applies to you, contact the General Counsel and Company Secretary).
 - All members of the Financial Controller's Team.
 - All other people designated by the General Counsel and Company Secretary. Such designation may be by name, position or business function and shall be for such period of time as determined by the General Counsel and Company Secretary.
 - From time to time other persons may be temporarily designated as Restricted Persons, in which case the General Counsel and Company Secretary will keep a list and inform those persons when their temporary designation lapses.

2. Restricted Persons should also be aware that:
 - These Additional Rules apply in addition to the general rules in the Insider Trading Policy, and are in addition to New Zealand and Australian legislative requirements.
 - Employees and Directors will be considered responsible for the actions of trusts and companies controlled by them. In this respect, "control" is not to be construed in a technical way, but by looking at how decisions are made in practice.

No dealing within black-out periods

3. Restricted Persons are prohibited from dealing in any Chorus Restricted Securities during the following specific "black-out" periods:
 - From two weeks before Chorus' half-year and year end balance dates (31 December and 30 June respectively), until the first trading day after the release of those results to the NZX and ASX.
 - Such other period as determined by the General Counsel and Company Secretary (e.g. prior to release of an offer document for an offer of Chorus securities).

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4. Restricted Persons are not permitted to deal in any Chorus Restricted Securities during a black-out period unless the General Counsel and Company Secretary provides a specific exemption in **Exceptional Circumstances**, which may include:
- The Restricted Person is in severe financial hardship.
 - The Restricted Person is required by a court order or other court enforceable undertaking to transfer or sell Chorus Restricted Securities.

Dealing outside black-out periods

5. Outside the black-out periods specified above, Restricted Persons who do **not** possess Inside Information may deal in Chorus Restricted Securities subject to the notification and consent requirements set out below.

No dealing if in possession of Inside Information

6. Restricted Persons must not deal in Chorus Restricted Securities at any time if in possession of Inside Information (whether during or outside a black-out period).

Consent required before dealing

7. Before dealing in Chorus Restricted Securities (or having Chorus Restricted Securities dealt in your name or on your behalf), at any time, a Restricted Person must:
- Notify the General Counsel and Company Secretary of your intention to deal in Chorus Restricted Securities and seek consent to do so (forms will be provided for this).
 - Confirm that you do not possess Inside Information.
 - Confirm that there is no known reason to prohibit dealing in any Chorus Restricted Securities.
 - Where Exceptional Circumstances exist and the Restricted Person wishes to deal inside a black-out period, specify the nature of the Exceptional Circumstances.
8. In addition, all dealings involving (i) Chorus Directors (ii) the General Counsel and Company Secretary or (iii) greater than 100,000 securities must be approved by the Chairman of the Board.

Dealing in Chorus Restricted Securities by the Chorus Chairman must be approved by the Chair of the Audit and Risk Management Committee.

9. By way of example, consent is required should you wish to:
- Acquire or dispose of Chorus shares (including a disposal of shares that have been acquired through the exercise of any options or rights (e.g zero exercise

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price options or “zepos”) other than in the circumstances set out in paragraphs 14 and 15¹.

- Otherwise deal in Chorus shares (e.g. gifting shares to a family member or transferring shares to a trust).
- Deal in Chorus debt securities (including the NZ bonds listed on the NZX and EMTN bonds listed on the Luxembourg Stock Exchange).
- Enter any future Chorus employee share scheme.
- Re-enter any future Chorus employee share scheme following cessation of contributions due to being in possession of Inside Information.

Requirements for consent

10. Consent to deal will only be given if the General Counsel and Company Secretary, Chair of the Audit and Risk Management Committee or the Chorus Chairman, as appropriate, is reasonably satisfied as to all the following:
 - The decision to deal in the Chorus Restricted Securities has not been made on the basis of Inside Information.
 - The information provided in the internal dealing form is true.
 - If a Restricted Person is seeking consent to deal inside a black-out period, Exceptional Circumstances exist.

When consent is granted

11. Consent to deal, if it is granted, will be provided by way of letter, fax or email.
12. A consent is only valid for a period of 10 trading days after notification (and a new consent is required for dealings in Chorus Restricted Securities which will be completed more than 10 trading days after a previous consent was given).
13. A consent is automatically deemed to be withdrawn if the Restricted Person becomes aware of Inside Information prior to dealing.

Consent not required in certain circumstances

14. Consent is **not** required if you:
 - Acquire Chorus Restricted Securities, or dispose of rights, under a pro-rata issue.
 - Acquire shares under, or start or stop participating in, Chorus’ dividend reinvestment plan.
 - Decide to participate in, or acquire shares through vesting under, Chorus’ Employee Equity Building Scheme.
 - Acquire Chorus shares through the vesting of your restricted shares under any future Chorus employee share scheme.

¹ E.g. consent is not required on the *vesting, lapse or forfeiture* of Chorus shares granted under a Chorus employee incentive scheme

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- Cease contributions to any future employee share scheme because you are in possession of Inside Information.
 - Indirectly and incidentally trade in Chorus Restricted Securities as a consequence of dealing in securities issued by a managed investment scheme, listed investment company, exchange traded fund or similar investment vehicle managed by a third party which holds Chorus Restricted Securities as part of its portfolio of securities.
 - Acquire Chorus Restricted Securities by inheritance.
15. Consent is also not required should your restricted shares, options or rights (including “zepos”) granted under any future Chorus employee incentive scheme lapse or be forfeited.

Disclosures after dealing

16. Additional disclosure requirements apply to any dealings in Chorus Restricted Securities by any:
- Chorus Directors.
 - The Chief Executive.
 - Chorus “senior managers”.
17. If you fall into any of the above categories you must notify the General Counsel and Company Secretary once any dealing is completed. This applies even if consent to deal in Chorus Restricted Securities is not required.

Hedging and similar arrangements prohibited

18. Restricted Persons are prohibited from entering into hedging arrangements to limit their exposure in relation to “at-risk” remuneration (meaning any unvested shares, options or rights issued or acquired under any future Chorus employee incentive schemes where performance hurdles have not yet been achieved or other conditions have not yet been met). A Restricted Person shall not enter into any transaction (including any hedging or derivative transaction) which will limit that person’s economic risk in relation to such unvested shares, options or rights.

Status of Additional Rules

19. Failure to comply with these requirements will be treated seriously. Full and accurate disclosure of all relevant facts must be made when completing the internal dealing form.
20. These Additional Rules form part of the “Insider Trading Policy” which applies to all Directors, senior managers and employees.