

Independent Reasonable Assurance Report to the Directors of Chorus Limited

Opinion

Our reasonable assurance opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects, for the period 1 January 2025 to 31 December 2028 (the 'period'), Chorus Limited's Capex Proposal and Opex Information (the "PQP2 proposal information") has been prepared in accordance with the requirements of Part 3 of the Fibre Input Methodologies Determination 2020 (the "IM"), the requirements of the Notice to supply information to the Commerce Commission dated 28 February 2023 issued pursuant to section 221 of the Telecommunications Act 2001 (the "Notice") and the PQP2 Document List.

Specifically, for the Capex Proposal:

- the historical financial information used in the preparation of the capex proposal has been:
 - o compiled, in all material respects, in accordance with the requirements set out in the IM; and
 - o properly extracted from Chorus's financial records sourced from its financial systems.
- the historical non-financial information used in the preparation of the capex proposal has been:
 - o compiled, in all material respects, in accordance with the requirements set out in the IM; and
 - o properly compiled on the basis of the relevant underlying source information.
- the forecast financial information provided in the capex proposal has been:
 - o compiled, in all material respects, in accordance with the requirements set out in the IM; and
 - o properly compiled on the basis of disclosed assumptions and relevant underlying source information.
- the forecast non-financial information provided in the capex proposal has been:
 - o compiled, in all material respects, in accordance with the requirements set out in the IM; and
 - o properly compiled on the basis of disclosed assumptions and relevant underlying source information.

Specifically, for the Opex information:

- any historical financial information that forms part of the Opex information has been:
 - o compiled, in all material respects, in accordance with the requirements set out in the Notice; and
 - o properly extracted from Chorus's financial records sourced from its financial systems.
- any historical non-financial information that forms part of the Opex information has been:

- compiled, in all material respects, in accordance with the requirements set out in the Notice; and
- properly compiled on the basis of the relevant underlying source information.
- any forecast financial information and forecast non-financial information that forms part of the Opex information has been:
 - compiled, in all material respects, in accordance with the requirements set out in the Notice; and properly compiled on the basis of disclosed assumptions and relevant underlying source information.

Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to Chorus Limited's PQP2 proposal information used in the preparation of Chorus Limited's PQP2 proposal, comprising the following documents, (together, the "PQP2 Main Proposal") for the period calendar year 1 January 2025 to 31 December 2028:

- Our Fibre Plans
- Our Fibre Assets
- Modelling and Cost Allocation Report
- Regulatory Templates RT01-RT04

Criteria

The Criteria is the:

- Part 3 of the Fibre Input Methodologies Determination
- The Notice
- PQP2 Document List

Our procedures included obtaining an understanding of the PQP2 proposal and examination, on a test basis, of evidence supporting the PQP2 proposal.

Emphasis of matter

We draw attention to Regulatory Template RT04 which describes that with the transition to a new regulatory regime and the regulatory connection capex types being new there is not currently a completely aligned historical data set. In order to provide a comparable dataset Chorus have regrouped historical data to align with connection cost types. Our opinion is not modified in respect of this matter.

Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on Compliance* issued by the New Zealand Auditing and Accounting Standards Board. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In accordance with those standards we have:

- used our professional judgement to assess the risk of material misstatement and non-compliance and plan and perform the engagement to obtain reasonable assurance that the PQP2 proposal information is free from material misstatement and non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express an opinion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret reasonable assurance and material misstatement and non-compliance

Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material misstatement or non-compliance when it exists.

Misstatements, including omissions, within the PQP2 proposal information and non-compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the PQP2 proposal information.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A reasonable assurance engagement for the period 1 January 2025 to 31 December 2028 does not provide assurance on whether compliance with the criteria will continue in the future.

Use of this assurance Report

Our report is made solely for Chorus Limited. Our assurance work has been undertaken so that we might state to Chorus Limited those matters we are required to state to them in the assurance report and for no other purpose. We have also consented to the Commerce Commission receiving a copy of our report on a reliance basis. No other third party is intended to receive our report.

Our report should not be regarded as suitable to be used or relied on by any third parties other than Chorus Limited and Commerce Commission ("Recipients") for any purpose or in any context. Any other party who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

Our report is released to the Recipients on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to any party other than Chorus Limited for our work, for this independent reasonable assurance report, and/or for the opinions we have reached.

Management's responsibility for the PQP2 Proposal

Management of Chorus Limited are responsible for the preparation of the PQP2 proposal information in accordance with the criteria, which management have determined to meet the needs of the Directors of Chorus Limited. This responsibility includes such internal control as management determine is necessary to enable compliance, to monitor ongoing compliance and to enable the preparation of the PQP2 proposal information that is free from material misstatement and non-compliance whether due to fraud or error.

Our responsibility

Our responsibility is to express an opinion to the Chorus Limited on whether the preparation of the PQP2 proposal information, in all material respects, has been prepared in accordance with the criteria for the period 1 January 2025 to 31 December 2028.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other audit and assurance services to Chorus Limited. Subject to certain restrictions, partners and employees of our firm may also deal with Chorus Limited on normal terms within the ordinary course of trading activities of the business of Chorus Limited. These matters have not impaired our independence as assurance providers of Chorus Limited for this engagement. The firm has no other relationship with, or interest in, the Chorus Limited

A handwritten signature in blue ink that reads "KPMG". The letters are stylized and connected, with a long horizontal stroke extending from the end of the 'G'.

KPMG
Wellington

30 October 2023