

# 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 the Capex Proposal and Opex Information (the "RP1 proposal information") for the period calendar year 2016-2026 complies with (as applicable):

- 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 18 November 2020 issued pursuant to section 221 of the Telecommunications Act 2001 (the "Notice");
- the RP1 proposal information was derived from and accurately represents, in all material respects, the operations of Chorus;
- the historical financial information used in the preparation of the RP1 proposal information has been:
  - compiled, in all material respects, in accordance with the requirements set out in Part 3 of the IM or the Notice (as applicable); and
  - properly extracted from Chorus's audited financial records sourced from its financial systems.
- the historical non-financial information used in the preparation of the RP1 proposal information has been:
  - compiled, in all material respects, in accordance with the requirements set out in Part 3 of the IM or the Notice (as applicable);
  - properly compiled on the basis of the relevant underlying source information; and
- the forecast financial information and forecast non-financial information provided in the RP1 proposal information has been:
  - compiled, in all material respects, in accordance with the requirements set out in Part 3 of the IM or the Notice (as applicable); 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 the RP1 proposal information used in the preparation of Chorus Limited's RP1 proposal, comprising the following documents, (together, the "RP1 proposal") for the period calendar year 2016-2026.

- Integrated Fibre Report
- Investment Report
- Cost Allocation and Modelling Report
- Regulatory Templates RT01-RT04

## Criteria

The Criteria is the:

- Part 3 of the Fibre Input Methodologies Determination
- Notice

## — RP1 Document Map

Our procedures included obtaining an understanding of the RP1 proposal and examination, on a test basis, of evidence supporting the RP1 proposal.

## 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*. 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 plan and perform the engagement to obtain reasonable assurance that the RP1 proposal information is free from material misstatement, 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

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

Misstatements, including omissions, within the RP1 proposal information 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 RP1 proposal information.

## Use of this assurance Report

Our report should not be regarded as suitable to be used or relied on by any party other than Chorus Limited for any purpose or in any context. Any party other than Chorus Limited 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.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Chorus Limited for our work, for this independent reasonable assurance report, or for the opinions we have reached.

Our report is released to Chorus Limited on the basis that it shall not be copied, referred to or disclosed, in whole (save for Chorus Limited's own internal purposes) or in part, without our prior written consent.

## Management's responsibility for the RP1 proposal information

Management of the company are responsible for the preparation and presentation of the RP1 proposal information in accordance with the IM and the Notice, and for ensuring it is representative of Chorus Limited's operations. This responsibility includes such internal control as management determine is necessary to enable the preparation of the RP1 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 directors on whether the preparation and presentation of the RP1 proposal information is, in all material respects, in compliance with the Criteria, and whether it materially reflects Chorus Limited's operations.

CutlerMerz, as the Independent Verifier is responsible for determining whether Chorus Limited's Regulatory Period 1 expenditure forecasts are consistent with the expenditure outcome that represents the efficient costs of a prudent supplier having regard to Good Industry Practice. We have performed no procedures relating to the efficiency or prudence of forecast costs.

In performing our assurance engagement, we have placed reliance on certain operational systems of the Company as data sources for the RP1 proposal. The completeness and accuracy of the data held on these systems is outside the scope of this reasonable assurance engagement.

We have relied on the following specific systems in forming our opinion:

- SAP
- NetMap
- Microsoft Power BI
- Microsoft Azure Data Lake

## 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 services to Chorus Limited in relation to financial statement audit, regulatory audit services, tax compliance services and other assurance and advisory services. These matters have not impaired our independence as assurance providers of the company for this engagement. The firm has no other relationship with, or interest in, Chorus Limited.

KPMG  
Wellington

10 December 2020