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STOCK EXCHANGE ANNOUNCEMENT

26 August 2024

Chorus 2024 full year results

The following are attached in relation to Chorus' FY24 full year results:
1. Media Release
2. Investor Presentation
3. Annual Report (including audited financial statements)
4. NZX Financial Results Announcement
5. NZX Distribution Notice
6. Sustainability Report
7. Climate Statements.

Chief Executive Officer Mark Aue, and Acting Chief Financial Officer Katrina Smidt, will discuss the FY24 full year results by webcast at 10.00am New Zealand time today. The webcast will be available at www.chorus.co.nz/webcast.

Authorised by:

Katrina Smidt
Acting Chief Financial Officer

ENDS

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26 August 2024

Steady financial result as Chorus accelerates to an all-fibre future

Key FY24 results

- Increase in fibre connections: by 53,000 to a total of 1,084,000
- Fibre uptake increased to 71.4% addresses, up 2%
- Remaining copper connections: down 35% to 157,000
- Network traffic up almost 8% to 7,974 petabytes
- Operating revenue $1,010m (FY23: $980m)
- EBITDA $700m (FY23: $672m)
- Net loss after tax $9m (FY23: net profit $25m)
- Unimputed final dividend of 28.5 cents per share

Chorus has released a steady financial result for the year ended 30 June 2024, despite the challenging macroeconomic environment. The result was underpinned by Chorus' first normal operating period after the pandemic, workforce and weather challenges of the last few years.

Fibre connections grew by 53,000 and made up 87 per cent of Chorus' fixed lines, with fibre uptake at 71.4 per cent of addresses. Data demand grew almost 8 per cent in the year to 7,974 petabytes and the fibre network carried 94 per cent of this traffic. Average monthly usage for fibre connections grew 6.5 per cent to 623GB through the year, surpassing COVID lockdown levels.

EBITDA was $700 million for FY24, a 4 per cent increase on FY23 EBITDA of $672 million. Inflation-linked price changes, together with ongoing growth in the uptake of high-speed fibre plans, lifted revenues by 3 per cent from $980 million to $1,010 million.

Operating expenditure of $310 million was $2 million higher than FY23 on a reported basis. Tight cost management and favourable weather mostly offset the impact of inflationary cost increases across multiple expense lines.

A net loss after tax of $9 million was reported compared to a profit of $25 million in FY23. This was due to a combination of a one-off $15 million non-cash tax expense following the removal of deductibility of tax depreciation for buildings, an $11 million increase in depreciation from our accelerated depreciation of copper assets, and higher interest costs.

Copper retirement and growing fibre uptake drives simplification

Chorus CEO Mark Aue said Chorus is making solid progress in its shift to becoming a simpler all-fibre digital infrastructure company.

"We accelerated our programme to retire the copper network and there are fewer than 45,000 copper connections remaining where our fibre is available. This means we're well on track to retiring copper in our urban fibre areas by the end of 2026.

"We've closed more than 1,250 copper broadband cabinets so far and will soon have our first fibre-only suburban exchanges. We're already seeing the benefits of this shift with electricity usage down by another 3 per cent in FY24 as legacy network equipment is powered down."

The reduction in electricity usage, together with 87 per cent of renewable generation in the electricity grid, meant Chorus' Scope 1 and 2 emissions were down 39 per cent against its FY20 base year.

Chorus' copper footprint will reduce further with the rollout of fibre to another 10,000 premises due to be completed in FY25. The rollout will cover 59 communities and about 25 per cent of addresses have already registered their interest in connecting.

Chorus sets sights on 80% fibre uptake by 2030

The OECD has said the shift to a post-pandemic digital future requires high-quality broadband networks characterised by high speeds, high reliability and low latency. Their reports show an accelerating international shift to fibre networks, with fibre being the dominant fixed network technology.

The European Fibre to the Home Council ranked New Zealand 17th in the world for fibre uptake. Chorus believes higher fibre uptake will unleash even greater potential and enable better futures for Aotearoa.

"We've reset our strategy around the objective of being a 'simplified all-fibre business with 80 per cent uptake by 2030'. Chorus is at an inflection point in its history. With a success story as the great network builder now evolving to be the great network operator, we're focussed on driving fibre uptake, growing new revenues by leveraging our core network assets more effectively, and retiring our legacy copper network as fast as possible," said Aue.

Chorus lifted fibre uptake from 69.3 per cent to 71.4 per cent of addresses in the year, with its entry level 50 megabits per second plan carving out a new market niche for low data users. Demand for the low-cost plan grew by 31,000 connections, driven by increased retailer marketing and cost-of-living pressures.

Uptake of gigabit and multi-gigabit plans also grew, up from 24 per cent of connections to 25 per cent of residential customers. Aue said almost 17 per cent of Chorus connections used more than 1,000 gigabytes of data in July and global network operators expect data demand to keep growing.

“The global shift to fibre gives us confidence in our technological and competitive advantage. While download speed has been a focus in the past, customers are increasingly valuing quality, consistency and reliability of service. Fibre outperforms across all of these qualities which sets it apart from other alternatives, so we’ll be doing more to help educate customers about these differences,” Aue added.

As part of enabling fibre uptake for all New Zealanders, digital equity continues to underpin Chorus’ social sustainability efforts. Chorus supported community initiatives such as funding 588 nationwide hubs for non-profit, Digital Seniors, and funding the Hāpori Connect programme that saw 100 graduates in FY24. Chorus’ longstanding relationship with the Ministry of Education resulted in subsidising internet connections for approximately 2,800 students.

Copper regulatory regime no longer fit for purpose

The Commerce Commission is scheduled to review the possible deregulation of copper services in non-fibre areas by the end of 2025. Its recent Telecommunications Monitoring Report notes that just 37 per cent of rural customers were paying for a copper broadband connection in June 2023. Chorus’ share of rural connections has declined further in FY24 and is now estimated to be below 30 per cent when voice connections are accounted for. The report noted 97 per cent of copper connections in non-fibre areas have coverage from a mobile wireless or alternative wireless provider. Satellite coverage would take that to 100 per cent coverage – further backing the case for deregulation of copper services.

“Emerging technologies that can better meet the needs of rural New Zealanders compared to copper are developing rapidly. This is being recognised by customers who are making the switch in significant numbers. We need to avoid letting legacy regulations, designed around a lack of alternatives and urban cross subsidies, hold New Zealand back from the improved economic, social, health and educational opportunities that better connectivity can deliver,” Aue said.

Final dividend and capital management review

Chorus has confirmed it will pay an unimputed final dividend of 28.5 cents per share in October 2024 bringing total dividends to 47.5 cents per share in FY24. The dividend reinvestment plan remains suspended.

Chorus’ capital management review, announced in February, has resulted in a change to its planned dividend payout range. This has increased from the prior 60 per cent to 80 per cent range to a new range of 70 per cent to 90 per cent of net operating free cash flows, after sustaining capex. The change reflects the greater clarity Chorus has for cash flows through the next four-year regulatory period as fibre investment tapers.

Chorus' intention is to provide shareholders with a sustainable dividend that grows at the rate of inflation. This will ensure an appropriate return to shareholders on the significant investment made in Chorus' network since the beginning of the UFB rollout in 2011.

FY25 guidance

FY25 guidance is subject to no material adverse changes in circumstances or outlook.

- **EBITDA**: $700 million to $720 million
- **Gross capital expenditure**: $400 million to $440 million
- **Sustaining capital expenditure** $200 million to $220 million
- **Dividend**: 57.5 cents per share, unimputed

ENDS

Chorus Chief Executive Mark Aue and Acting Chief Financial Officer Katrina Smidt will discuss the FY24 result at a briefing from **10.00 am** on **Monday, 26 August 2024** (NZST). The webcast will be available at www.chorus.co.nz/webcast.

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FY24 Result Presentation

For the 12 months ended 30 June 2024

Disclaimer

This presentation:

• Is provided for general information purposes and does not constitute investment advice or an offer of or invitation to purchase Chorus securities.

• Includes forward-looking statements. These statements are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond Chorus’ control, and which may cause actual results to differ materially from those contained in this presentation.

• Includes statements relating to past performance which should not be regarded as reliable indicators of future performance.

• Is current at the date of this presentation, unless otherwise stated. Except as required by law or the NZX Main Board and ASX listing rules, Chorus is not under any obligation to update this presentation, whether as a result of new information, future events or otherwise.

• Should be read in conjunction with Chorus’ audited consolidated financial statements for the year to 30 June 2024 and NZX and ASX market releases.

• Includes non-GAAP financial measures such as "EBITDA”. These measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. They should not be used in substitution for, or isolation of, Chorus' audited consolidated financial statements. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

• Has been prepared with due care and attention. However, Chorus and its directors and employees accept no liability for any errors or omissions.

• Contains information from third parties Chorus believes reliable. However, no representations or warranties (express or implied) are made as to the accuracy or completeness of such information.

Agenda

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A steady result in a challenging economy

- EBITDA at top of guidance range, demonstrating resilience of essential fibre infrastructure
- fibre demand up to 71.4%; average monthly data usage above pandemic peaks and growing
- strong uptake of 50Mbps plan; while a significant market segment continues to choose high-speed 1Gbps plans
- solid momentum to becoming an all-fibre business, with 35% reduction in copper lines
- fibre RAB grew to $5.9 billion (at Dec 2023) and regulatory expenditure allowances just confirmed for 2025-2028
- new operating model and leadership team with clear aspiration with supporting strategy and capital management framework

FY24 overview

+3% REVENUE

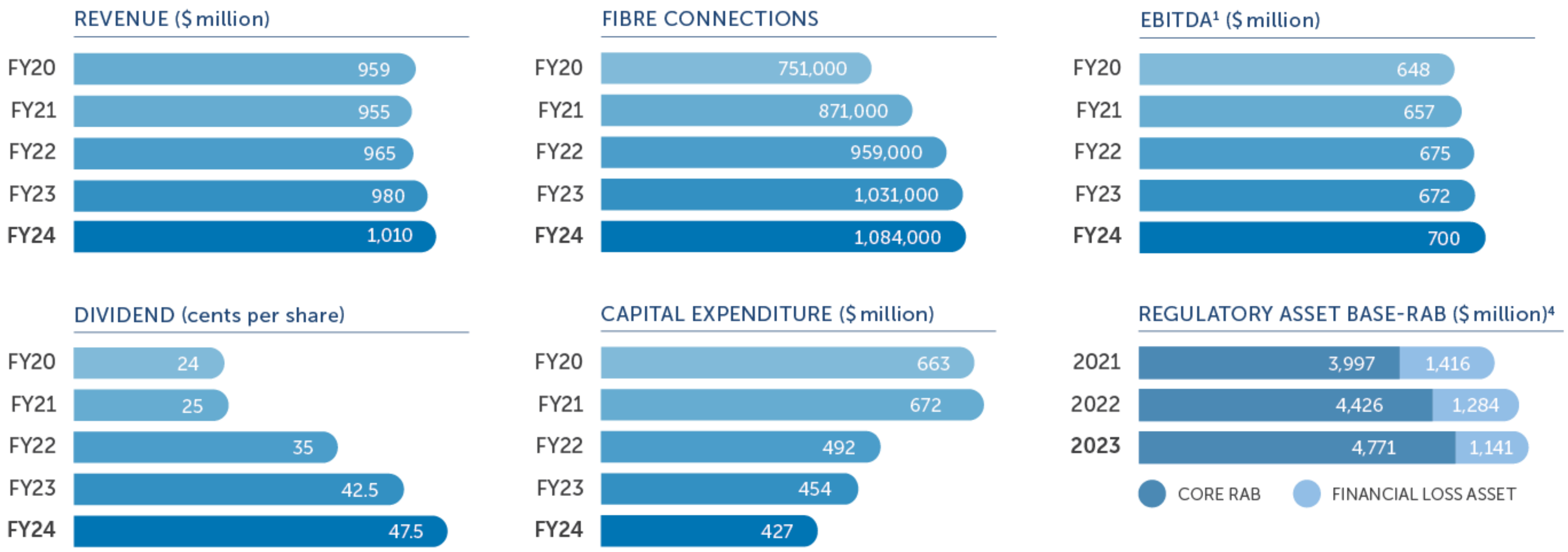
+4% EBITDA[1]

-6% CAPITAL EXPENDITURE

+12% DIVIDEND

-3% ELECTRICITY USE[2]

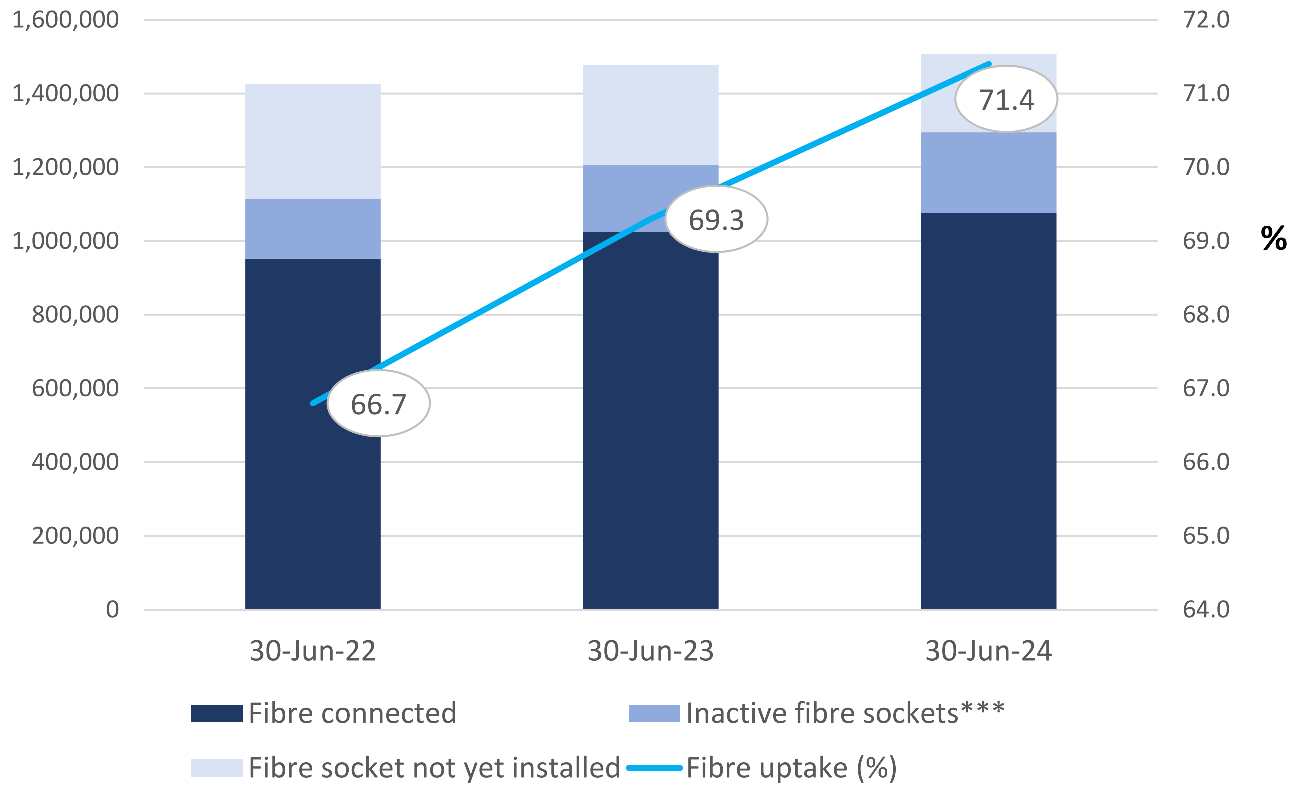
-39% SCOPE 1 & 2 EMISSIONS[3]



1 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure without a standardised meaning for comparison between companies. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.
2 3% reduction in electricity use in FY24 against FY23.
3 39% reduction in scope 1 &2 emissions against our base year of FY20.
4 As at 31 December

Fibre uptake grew 2% to 71.4%

WIN IN CORE FIBRE



- **1,506,000 passed addresses***
  - 1,075,000 active fibre addresses**
  - 1,294,000 fibre installed addresses
  - +29k addresses passed in FY24
  - +50k addresses connected in FY24

- UFB1: uptake +1% to 75%
- UFB2: uptake +7% to 58%

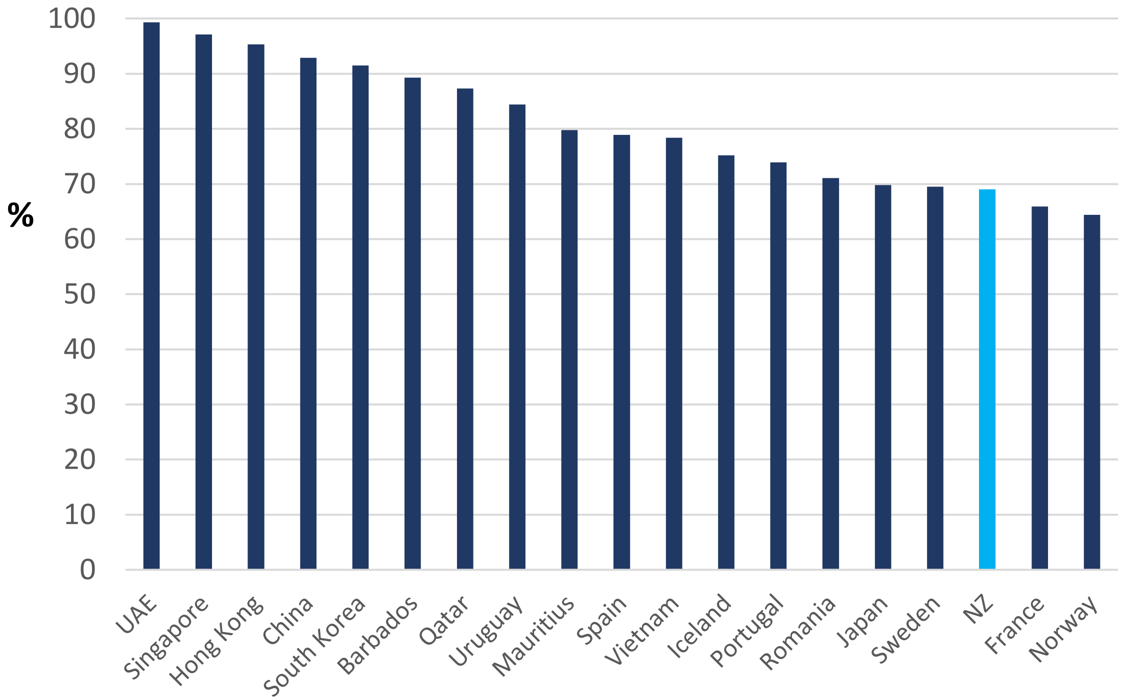
- Auckland 76.6%
- Dunedin 76.5%
- Wellington 70.7%

*based on independent address data and Chorus network data for addresses passed by fibre; excludes Chorus fibre in LFC areas
** includes ~7k fibre premium connections to addresses; excludes smart location (GPON) connections and connections in LFC areas
*** not active on 30 June 2024

WIN IN CORE FIBRE

NZ ranked 17th for uptake

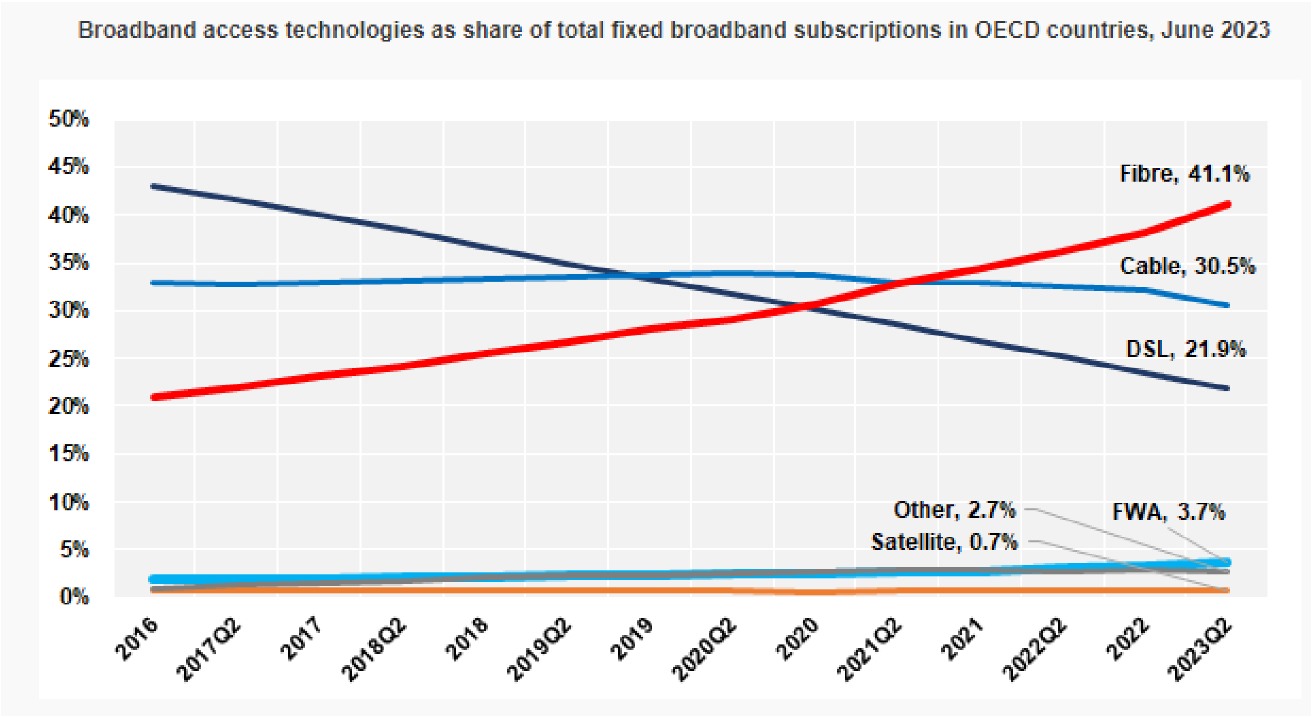
- Global leaders show opportunity to grow addressable market



FTTH/B uptake % by households – *FTTH Council Europe*, Sept 2023

Fibre connections surging globally

- OECD: fibre connections +73% post-pandemic to 211m
- cable and copper DSL connections declining



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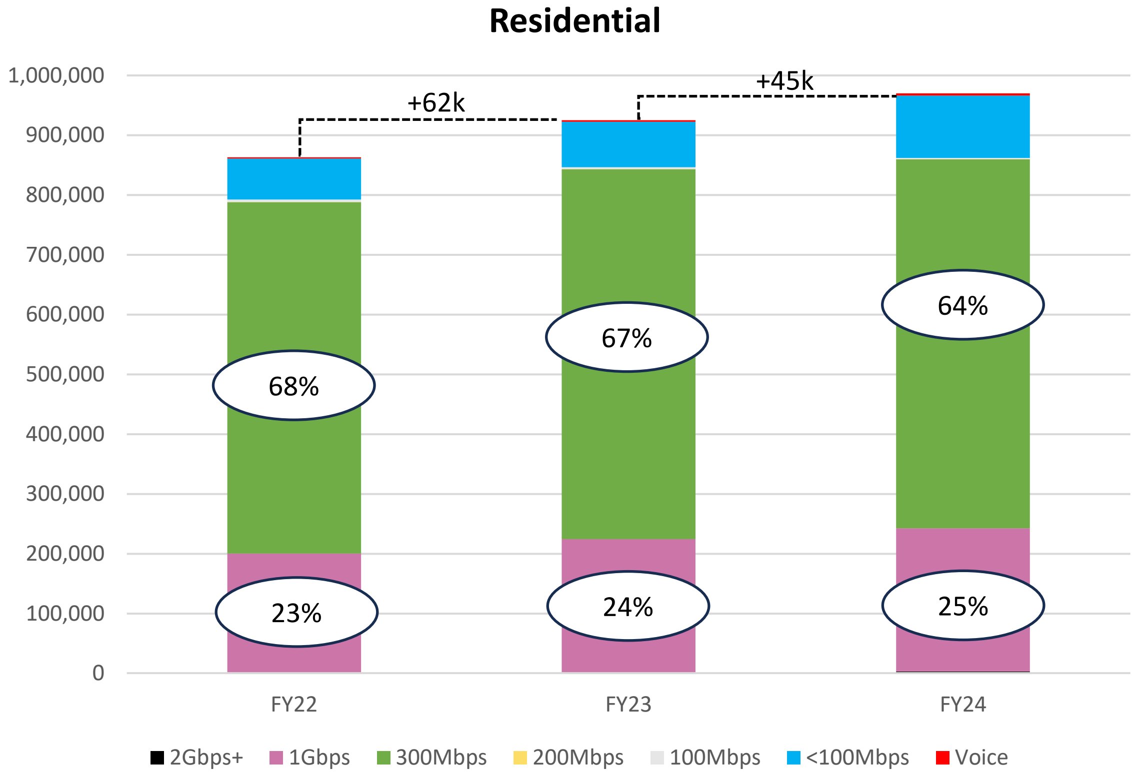
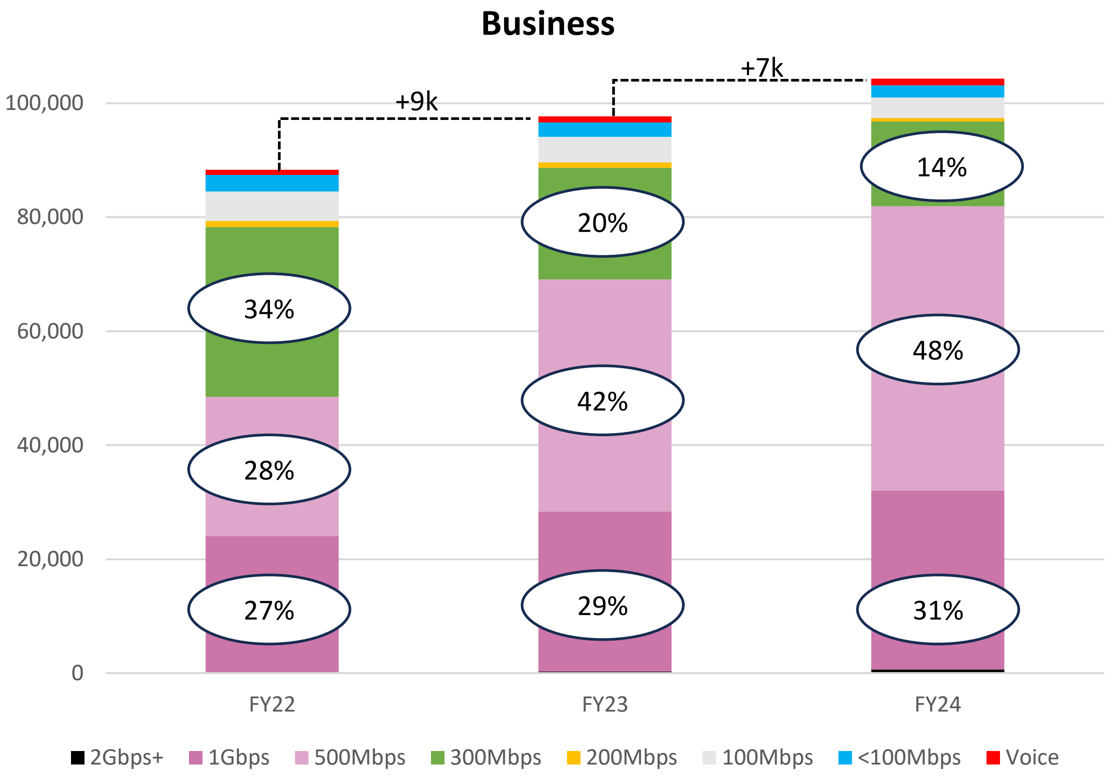
WIN IN CORE FIBRE

Products meeting market needs

- *Home Fibre Starter* (50Mbps) growing market niche: +31k to 47k
- residential connections on 1Gbps+ up to 25%; multi-gigabit growing as more retailers on-board
- business plans grew +7k in a challenging market; 93% on 300Mbps and above





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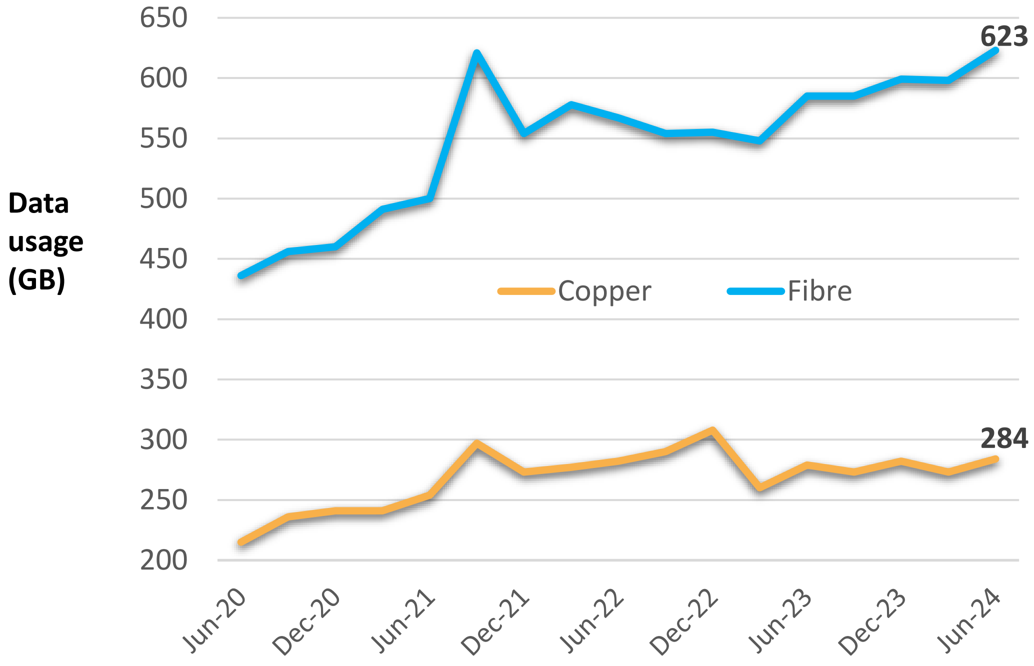
WIN IN CORE FIBRE

Data demand back above pandemic peak

- monthly average data usage above pandemic peak
- 16% of fibre connections using >1 terabyte (1,000GB)

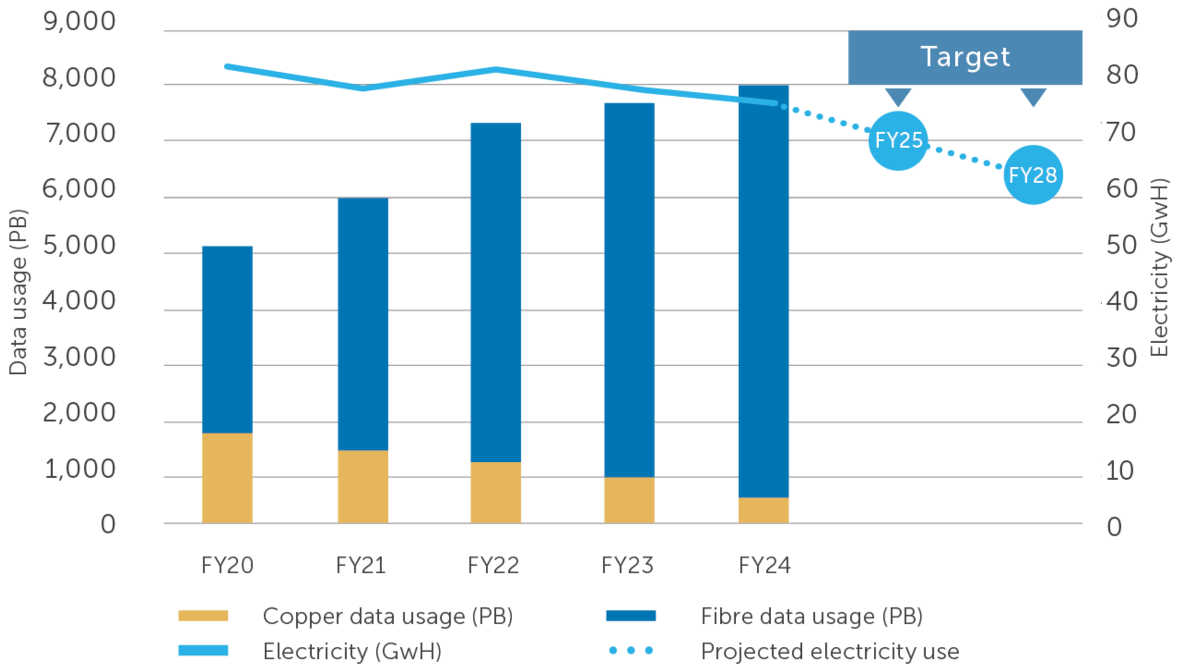
- copper shutdown helped drive 3% electricity reduction
- record data traffic (7,974 petabytes) with 94% carried more energy efficiently by fibre

Monthly average data usage per connection*



* includes upstream traffic

Network traffic vs Electricity (GwH)



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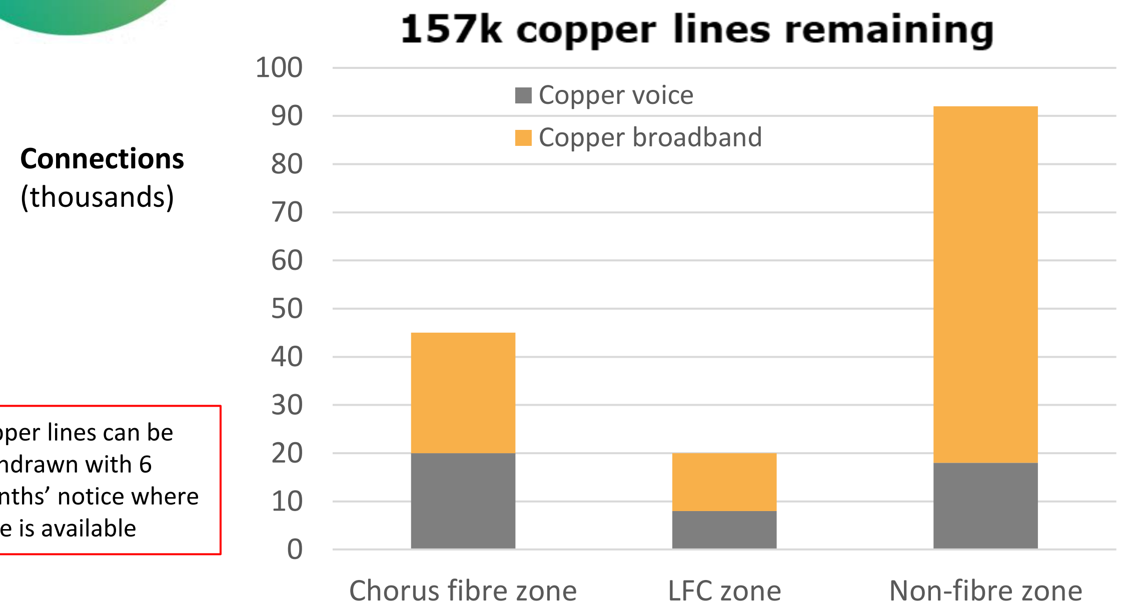
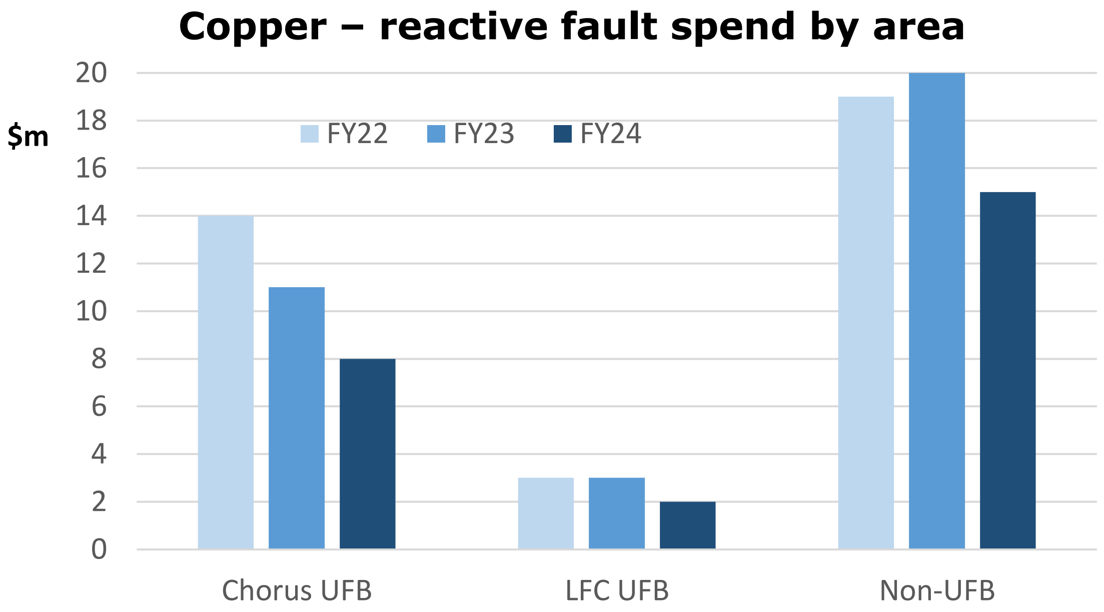
OPTIMISE NON-FIBRE ASSET BASE

Copper lines reducing rapidly: -83k in FY24



Copper lines can be withdrawn with 6 months' notice where fibre is available



- **just 45k copper lines remaining in Chorus fibre area**
  - ~30k currently under 6 months' notice (another ~52k notified connections ceased service)
  - 1,253 copper broadband cabinets closed in fibre areas; 1,416 under closure notice
  - 78% broadband retention rate across closed cabinets
- **copper fault volumes reduced by 15k, driving ongoing reduction in spend**
  - ~$25m reactive fault spend (FY23: $34m)
  - Note: FY23 included impact of extreme weather events

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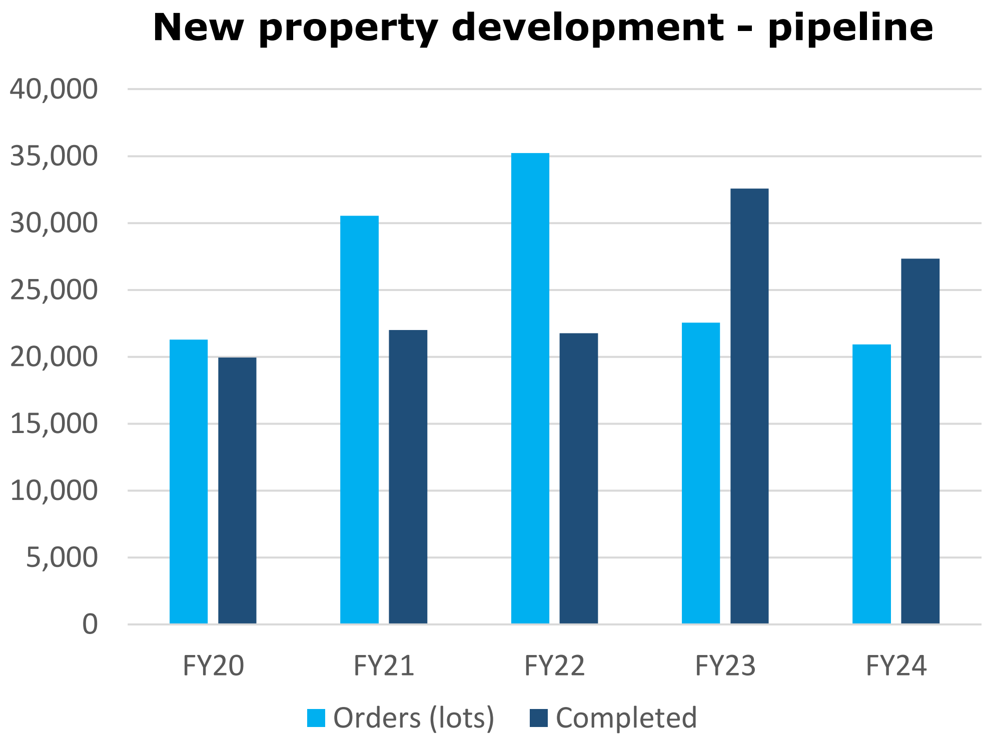
GROW NEW REVENUES

Economic headwinds slowed progress

- **New property development:** build completed (ready to connect) for 27k lots (FY23 33k); order pipeline reduced from post-COVID records to levels last seen in FY20
- **Fibre expansion:** ~25% of 10k planned 'frontier' premises have already registered interest to connect; rollout ends June 2025
- **Backhaul:** continued growth in demand for fibre backhaul to cellsites, data centres and other network sites
- **Smart locations/IoT:** connections grew 16% driven by demand for street-based devices (e.g. traffic cameras, digital billboards)
- **Edge Centre:** increased available space from 57 to 83 racks; potential to scale further subject to model



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Financial performance

Katrina Smidt, Acting Chief Financial Officer

Income Statement

	FY24 $m	FY23 $m	
Operating revenue	1,010	980	3% increase from growing fibre connections and ARPU
Operating expenses	(310)	(308)	inflation-linked cost increases in FY24; FY23 included $6m extreme weather costs
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**700**	**672**	4% increase
Depreciation and amortisation	(462)	(446)	$90m total depreciation across copper assets, up $11m from FY23 due to acceleration
Earnings before interest and income tax	238	226	
Net interest expense	(217)	(195)	weighted effective interest rate on debt increased from 5.40% to 5.77% (includes accounting adjustments)
Net earnings before income tax	21	31	
Income tax expense	(30)	(6)	$15m non-cash expense after law change to deductibility of tax depreciation for buildings; FY23 included $10m positive adjustment for useful life of buildings
Net (loss)/earnings	**(9)**	**25**	

Revenue

	FY24 $m	FY23 $m
Fibre broadband (GPON)	697	622
Fibre premium (P2P)	69	68
Copper based broadband	83	117
Copper based voice	28	39
Data services copper	3	4
Field services	67	70
Infrastructure	33	31
Value added network services	26	26
Other	4	3
Total	**1,010**	**980**

- growing fibre uptake and ARPU: $55.71 (June FY24) vs $53.25 (June FY23)
- growing demand for direct fibre, mobile access and backhaul; but legacy enterprise services migrating from end-of-life platform
  - copper revenues declining as customers migrate to Chorus fibre or competing fibre/wireless/satellite networks
  - CPI increase of 5.65% applied to some services from mid-December
- greenfields revenue $26m (FY23: $33m); roadworks $10m (FY23: $8m)
- demand beginning to reduce for legacy network services
- four subdivisions and a property sale in FY24

Expenses

	FY24 $m	FY23 $m	
Labour	80	76	▪ FY24 includes CPI and $2m for operating model changes
Network maintenance	53	60	▪ reduced fault volumes partly offset by service company CPI increases; FY23 included $3m of extreme weather costs
IT	44	42	▪ FY23 included release of $2m software provision
Other network costs	37	37	▪ $4m of copper exit costs; FY23 included $2m of extreme weather costs
Rent, rates and property maintenance	27	26	▪ CPI and activity increase; FY23 included $1m of extreme weather costs
Electricity	22	19	▪ higher average spot prices offset 3% reduction in consumption
Advertising	11	13	
Insurance	5	5	
Consultants	6	9	▪ reduced regulatory related spend; increased insourcing
Regulatory levies	9	9	
Provisioning	1	1	
Other	15	11	▪ increased provision for doubtful debts given macroeconomic conditions; additional long-term market research
Total	**310**	**308**	

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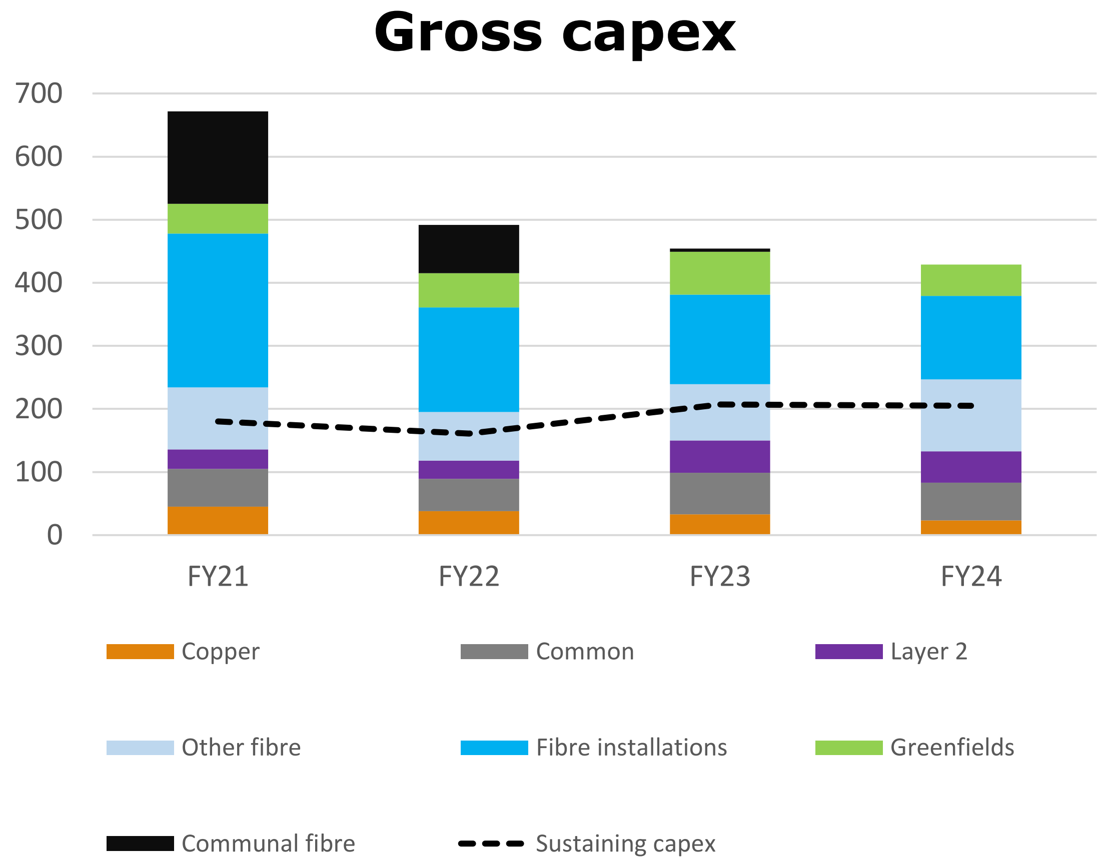
Capex reducing post-rollout and copper migration peak

Gross capex	FY24 $m	FY23 $m
Sustaining capex*	205	207
Discretionary growth capex	222	247
Gross capex	**427**	**454**
Less Third-party contributions**	(55)	(49)
Net capex	**372**	**405**

*__Sustaining capex__ is investment to maintain, replace or improve an existing copper or fibre asset.

** **Third-party contributions** included $12m of government grants that were applied to the balance sheet for specific projects. Other contributions were recognised as revenue.



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Fibre Capex

	FY24 $m	FY23 $m
UFB communal	0	5
Fibre installations & layer 2	182	193
Fibre products & systems	12	10
Other fibre & growth	93	105
Fibre sustain	18	12
Customer acquisition costs	39	30
Subtotal	**344**	**355**

- UFB rollout ended Dec 2022
- 87,000 installations (FY23: 92,000); $50m layer 2 spend
- slowdown in greenfields from $68m (FY23) to $50m; $4m network expansion with ~0.4k of planned 10k passed
- increase in roadworks activity; cable route lifecycle projects; $2m cyclone recovery; release of $3m network provision
- incentive spend subject to connection volumes and retailer activity

- **Average cost per UFB premises installation: $1,132** vs $1,100 - $1,250 guidance
  (excludes layer 2 and includes standard installations, some non-standard single dwellings and service desk costs)

Copper and Common Capex

Copper capex	FY24 $m	FY23 $m
Network sustain	19	27
Copper connections	0	1
Copper layer 2	1	1
Customer acquisition costs	3	4
Subtotal	**23**	**33**

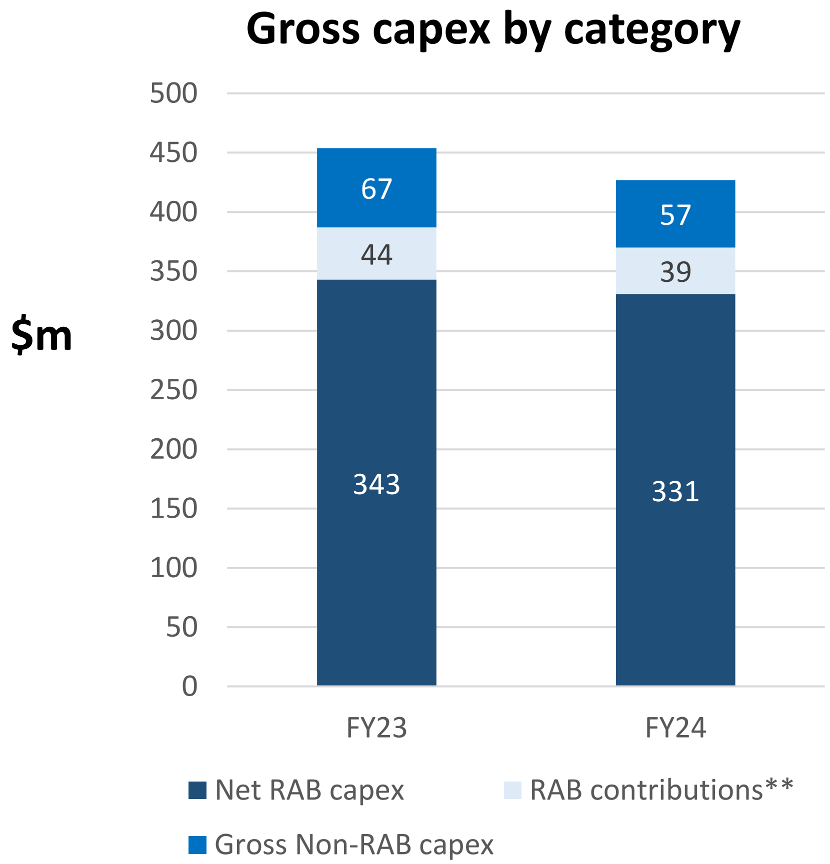
Common capex	FY24 $m	FY23 $m
Information technology	40	44
Building & engineering services	20	22
Subtotal	**60**	**66**

- FY24 includes $12m of grant/contribution funded capex; $1m cyclone recovery; FY24 total reduced by release of $6m network lifecycle provision

New capex reporting format – FY24

RAB capex*	Growth $m	Sustaining $m	TOTAL $m
Extending the network	55	0	55
Installations	151	19	170
IT & Support	0	45	45
Network capacity	0	65	65
Network sustain & enhance	0	35	35
Gross RAB capex	**206**	**164**	**370**
less Third-party contributions**	(37)	(2)	(39)
Net RAB capex	**169**	**162**	**331**

Non-RAB capex	Growth $m	Sustaining $m	TOTAL $m
Copper	5	18	23
Other	11	23	34
Gross non-RAB capex	**16**	**41**	**57**
less Third-party contributions	(9)	(7)	(16)
Net non-RAB capex	**7**	**34**	**41**



* FY24 unaudited. Final allocation for H2 FY24 to be determined for 2024 Information Disclosure.
**Third-party contributions are deducted from capex when calculating the value of RAB assets

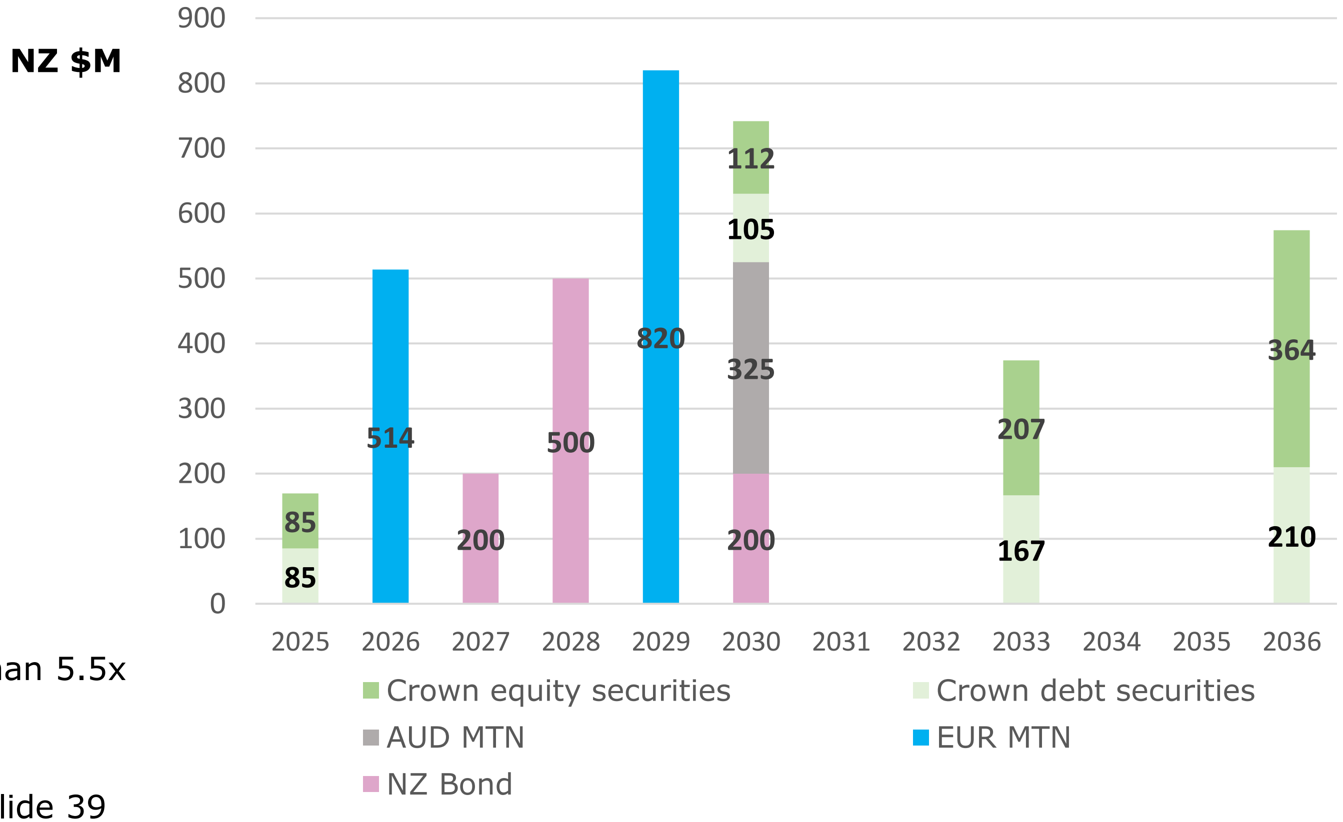
See slide 41 for FY23 capex in this format

Leverage steady: 4.42x net debt/EBITDA

As at 30 June 2024	($m)
Borrowings	2,669
+ PV of CIP debt securities (senior)	302
+ Net leases payable	171
Sub total	3,142
- Cash	45
Total net debt	**3,097**
Net debt/EBITDA*	4.42x

- FY23 Net debt/EBITDA 4.39x
- *based on S&P and bank covenant methodologies
- ratings agency thresholds: S&P 5.0x, Moody's 5.25x,
- financial covenants require senior debt ratio to be no greater than 5.5x
- borrowings increased $108m from $2,561 million (FY23)
  - long term bank facilities of $450m ($110m drawn)
  - ~70% of interest rate exposure fixed for 3 years – see slide 39

Debt maturity profile



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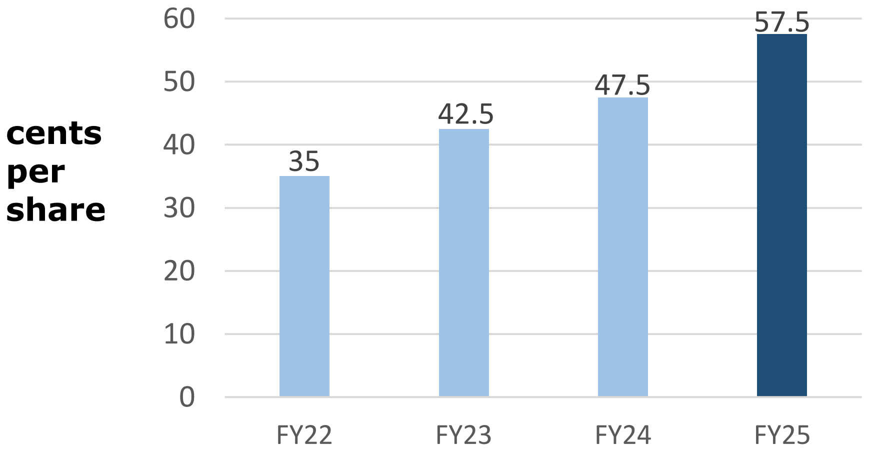
FY24 dividend & FY25 guidance

- **FY24 final dividend**
  - 28.5cps, unimputed
    - **record date**: 16 September 2024
    - **payment date**: 8 October 2024
    - Dividend Reinvestment Plan not available
- **FY25 dividend guidance*:** 57.5cps
  - dividends remain unimputed in medium term



- **FY25 EBITDA $700m to $720m***
  - continued low single digit underlying growth partly offset by two headwinds outside our direct control:
    - deferral of pricing adjustment from October to January 2025 due to 2024 MAR constraint
    - expected reduction of some legacy network services
  - modest cost growth
- **FY25 gross capex $400m to $440m**
  - RAB vs non-RAB proportions similar to FY24
  - RAB capex: includes ~$35m for remainder of 10k premises rollout
  - non-RAB capex: copper spend declines, with potential for additional growth spend subject to opportunities
- **FY25 sustaining capex $200m to $220m**
  - lower than FY24 range due to rephasing of some lifecycle replacement programmes

* subject to no material adverse changes in circumstances or outlook

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Resetting our Horizons

Line of sight to a simpler all-fibre future

Regulatory clarity for Jan 2025-Dec 2028 (PQP2) underpins long-term strategy

Information Disclosure

(at 31 Dec 2023)

* $5.9bn RAB

* $105m wash-up balance

PQP2 Final Expenditure Decision

* $1,140m capex

* $790m opex

Final MAR decision due (Q4 2024)

* WACC 7.68% (vs 4.72% PQP1)

* slower regulatory depreciation proposed on core assets

Copper deregulation review

* Due by end 2025

* Commission report: just 37% of rural customers on copper broadband (June ’23)

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A new Aspiration…

A simplified all-fibre business with 80% uptake by 2030

10-year outlook with 3 distinct horizons

HORIZON 1
(FY25)
Embed Adaptive Organisation
‘getting future fit for purpose‵

HORIZON 2
(FY26-29)
Growth, Simplicity and Efficiency
‘accelerating the benefits from our transition‵

HORIZON 3
(FY30-34)
All Fibre Business
‘future state, single technology‵

Becoming the 'great network operator'

Simpler, more focused, more competitive

- **80% fibre uptake**
  - focus on fibre penetration over ARPU; win customer moments that matter
  - develop new propositions for under penetrated market segments
  - drive customer education on fibre superiority
- **All-fibre business**
  - accelerate copper withdrawal to offset diminishing economies of scale
  - advocate for fibre footprint expansion under the right market conditions
- **Efficiency & discipline**
  - prioritise what matters most; embrace simplification and automation
  - right-size our business as we transition to fibre-only
- **Leverage our infrastructure**
  - seek scalable growth in natural adjacencies
  - optimise non-core asset portfolio (e.g. high-sites, exchanges, poles, copper cables)

Capital management: Review

Delivering on our commitment to a sustainable growing dividend

REVIEW INPUTS	OTHER CONTEXT
Regulatory settings	Optimal capital structure for an infrastructure business
Financial outlook	Post-rollout free cash flow
Shareholder feedback	Investment hurdles for growth capex
Comparable company benchmarks	Clarity on dividend path and growth
Macroeconomic factors	PQP2 focus and looking further ahead

Capital management: Principles

A digital infrastructure business maximising long-term value and shareholder returns

- Capital allocation underpinned by free cash flow from an essential regulated infrastructure asset
- Deliver a sustainable growing dividend, at least in real terms
- Use balance sheet to fund discretionary growth capex - up to 4.75x ND/EBITDA
- Discretionary growth capex must deliver greater value than returning funds to shareholders

CHORUS

Capital management: Framework

Net cash flow from operating activities

<u>Less</u> Sustaining capital expenditure

= Free cash flow for capital allocation

<u>Less</u> Ordinary dividend (70% to 90% of free cash flow for capital allocation)

= Surplus free cash flow for allocation

Share buy backs	Additional dividends	Discretionary growth capex

- **Chorus' dividend policy** is to pay an ordinary dividend of **70% to 90%** (on average, over time) of net cash flow from operating activities <u>less</u> sustaining capital expenditure
- **sustaining capex** is investment to maintain/replace/improve an existing asset
- updated from prior range of 60% to 80%
- discretionary growth capex is subject to an internal investment framework, market conditions and regulatory settings/approvals and can be phased to fit the parameters of the dividend policy and debt limits

Recap: Fast-track to all-fibre future

- ❑ a solid FY24 result demonstrating fibre's resilience in a challenging market
- ❑ NZ and global trends back fibre as essential digital infrastructure to deliver quality, consistency and reliability
- ❑ updated capital management settings and continued commitment to a growing sustainable dividend
- ❑ strategy reset provides clarity and specificity for Chorus' success:

A simplified all-fibre business with 80% uptake by 2030

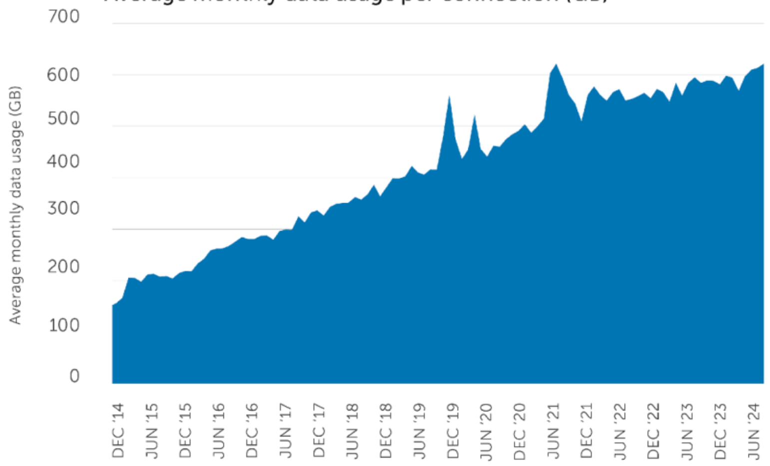
Appendix A: Data trends

What are the data use trends on our fibre network?

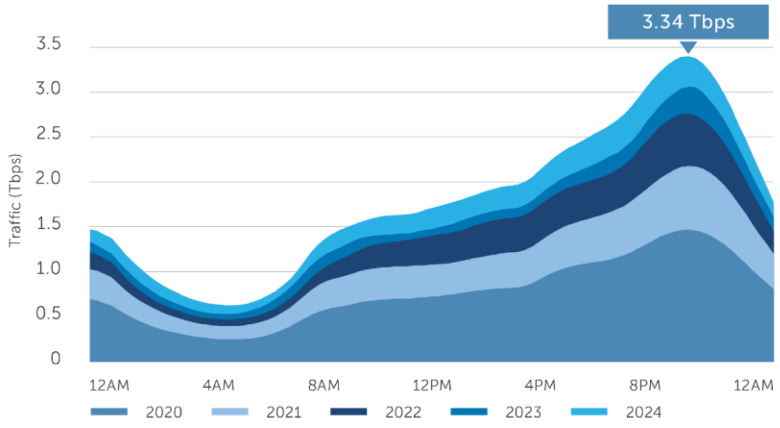
Kiwis keep using more data each year, consistent with bandwidth trends overseas.

Much of that data usage occurs in evening peak times due to activity such as video streaming and gaming. Video streaming on multiple devices at the same time generates frequent high-volume bursts of data within a household. Gaming updates often create above average peak time traffic on the Chorus network.

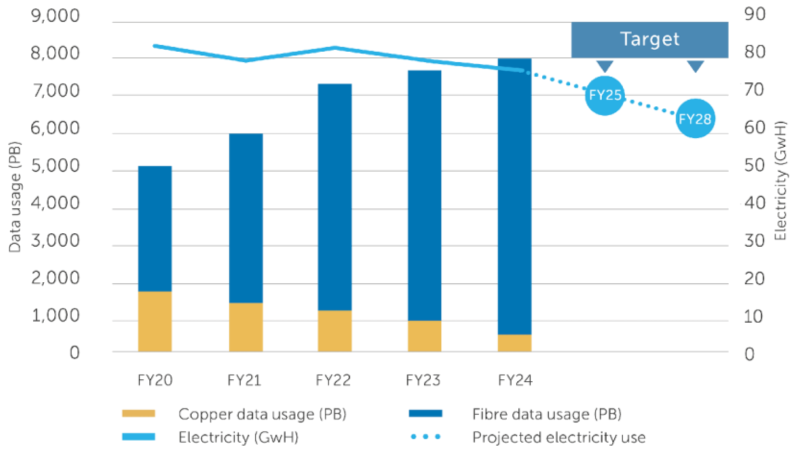
Average monthly data usage per connection (GB)



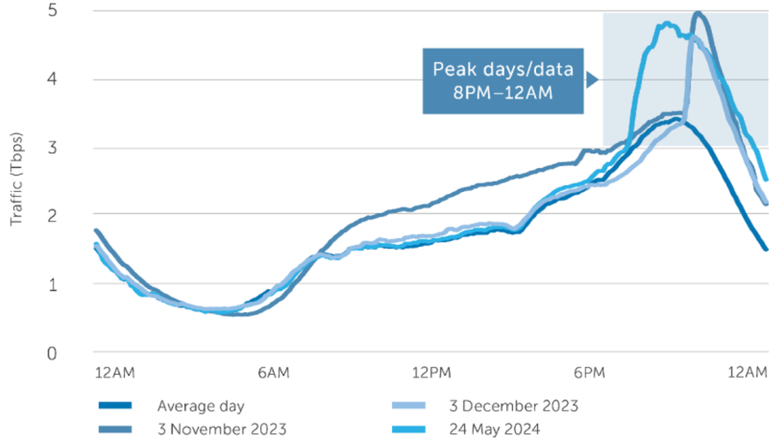
Average daily network traffic per year



Network traffic vs Electricity (GwH)



Peak traffic days in FY24



What's driving data growth?

Advances in customer-facing technology and services, together with new ways to use data and changing customer habits, are all combining to drive increased bandwidth demand.

Everything from homes to cars, to factories and hospitals, are becoming digitally smart. This Internet of Things is forecast to drive 1 Yottabyte* of data per year within a decade. Fibre is meeting the need for high-quality broadband because of its efficiency in carrying more data at multi-gigabit speeds, together with its high reliability and fast response time.

SPEED/CAPABILITY

MULTI-GIGABIT SERVICES

25% OF CHORUS USERS ON **1GBPS** AND **2GBPS+** IN MARKET

GOOGLE FIBER LAUNCHED **20GBPS**

STREAMING

50% OF CHORUS TRAFFIC AND GROWING

DAILY ONLINE VIDEO REACH HAS **SURPASSED** LINEAR TV

60+ AGE GROUP STREAMING MORE

4K ULTRA HD

HIGH DEFINITION QUALITY NEEDS MORE DATA

IF ALL STREAMING IS 4K, DATA USE **~1,200GB** A MONTH

IF ALL TV SHIFTS TO 4K ONLINE, DATA USAGE X3 **~2,000GB** A MONTH

WIFI ADVANCES

IN-HOME UPGRADES TO WIFI 7 REDUCES CONSTRAINT ON FIBRE

46GBPS THROUGHPUT (VS 9.6GBPS ON WIFI 6)

UP TO **100X LESS** LATENCY (THAN WI-FI 6) AND **5X MORE** CAPACITY

MULTI-SCREENS

PROFLIFERATION OF CONNECTED HOUSEHOLD DEVICES

AVERAGE **~20** CONNECTED DEVICES PER HOME TODAY

NUMBER OF DEVICES EXPECTED TO DOUBLE EVERY **5 YEARS**

1YB* of data = 1 million trillion megabytes or the amount of data that would fit on DVDs stacked all the way to Mars. (225 million km)

Looking ahead to 2030

We believe New Zealand was fortunate to begin investing in fibre in 2011.
In the wake of the COVID pandemic, other countries are now making the shift to fibre.

Demand for high-quality broadband networks - characterised by high speeds, high reliability and low latency – continues to grow as data hungry digital applications become integral to economies and daily life.

TODAY

1 GBps					
71% FIBRE UPTAKE ON OUR NETWORK	**16% OF FIBRE USERS** CONSUME 1,000GB+ PER MONTH	**25% OF CUSTOMERS** ON 1 GIGABIT PLAN OR FASTER	**STREAMING** 50% OF CHORUS TRAFFICIS VIDEO	**<160,000** COPPER LINES REMAINING	**ELECTRICITY USE** REDUCING AS COPPER SWITCHES OFF

WHAT'S ON OUR HORIZON FOR 2030

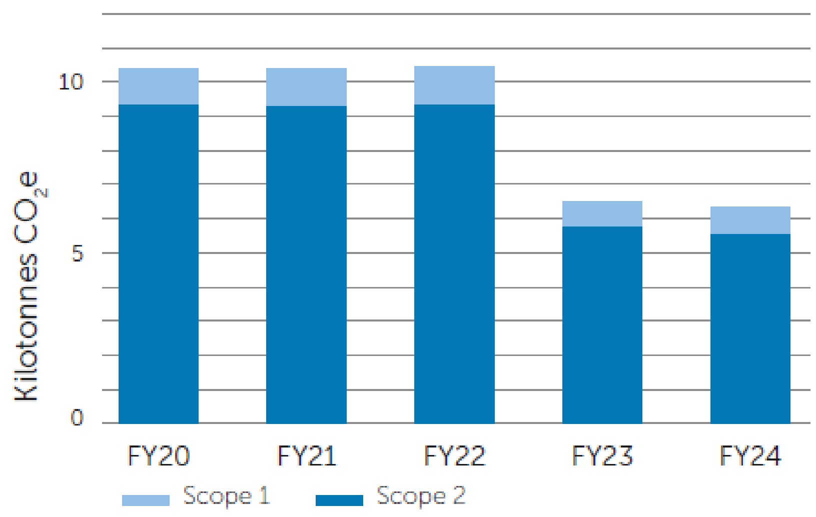
80% FIBRE UPTAKE ON OUR NETWORK	**1,000GB+** PER MONTH HAS BECOME THE NORM	**2+ GBps** **MULTI GIGABIT** PLANS HAVE GONE MAINSTREAM	**BROADCAST TV** HAS SHIFTED TO STREAMING	**ALL–FIBRE** BUSINESS AS DEMAND FOR COPPER FADES	**25% REDUCTION** IN ELECTRICTY USE FROM 2020 AS FIBRE ENABLES EFFICIENCY

Appendix B: Sustainability

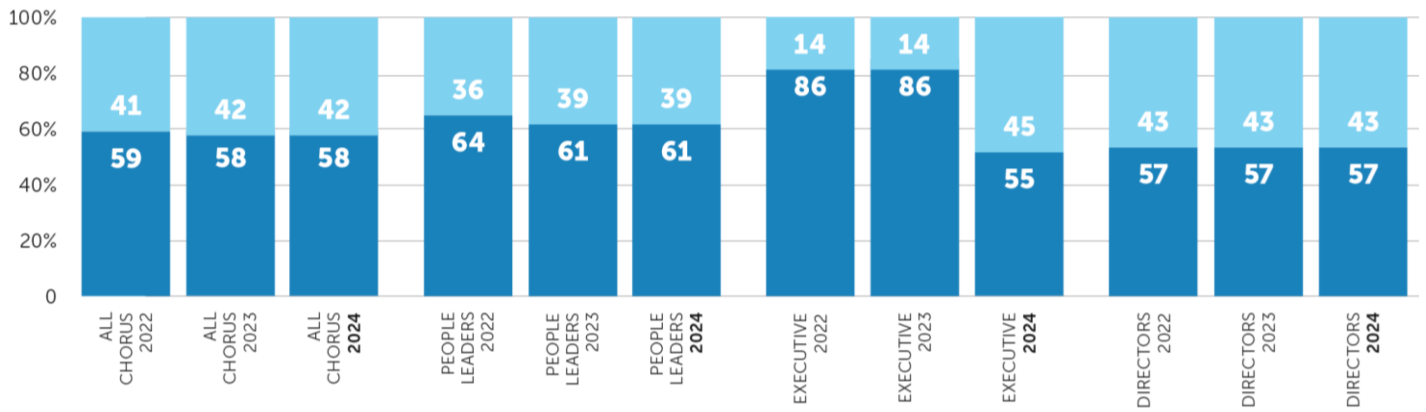
	FY22	FY23	FY24
Health & Safety: Recordable injuries	18	8	8
Electricity use (gigawatt hours)	81	77.4	75.1
Emissions Scope 1 & 2 (tonnes CO_2e)	10,456*	6,544*	6,387
Waste – tonnes (% recycled)	287 (67%)	368 (87%)	339 (93%)
Gender diversity (all Chorus)	41%F/59%M	42%F/58%M	42%F/58%M
Employee engagement (out of 10)	8.5	8.7	8.6

* Prior years emissions (FY22 and FY23) restated using retrospective emissions factor updates released by Ministry for the Environment in FY24, and reflecting improved data quality.

Scope 1 & 2 emissions reduction from FY20 base year

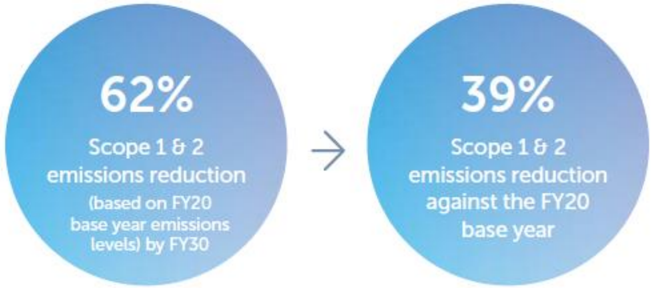


Gender by role - FY22 - FY24 (as of 30 April 2024)



Science-aligned target*

Progress against target



Our targets are science-aligned*, following guidance from the Science Based Targets Initiative (SBTi) for the Information Communications Technology (ICT) sector.

https://company.chorus.co.nz/sustainability

Appendix C: Pricing and market data

Fibre plan - consumer	Current wholesale price	Proposed price from 1 Jan 2025. Subject to consultation.	Notes
Voice line	$29.11	$30.59	
Home starter 50/10Mbps	$35	$40	To apply where retail price is $66. Wholesale price was previously reduced to $35 from 1 Feb 2022
50/10Mbps	$50.43	$53.96	
100/20Mbps 300/100Mbps	$53.54	$56.28	100Mbps is anchor service. 300Mbps plan introduced late 2021.
1Gbps	$61.86	$66.19	
Hyperfibre 2Gbps	$70	$74.90	
Hyperfibre 4Gbps	$85	$90.95	
Hyperfibre 8Gbps	$110	$117.70	

Copper pricing	Current wholesale price	Price before 16 Dec 2023	Notes
Copper line	$38.21	$36.17	Annual CPI adjustment mid-December 2024
Copper broadband	$51.08	$48.35	

Fibre comprises 87% of Chorus connections

	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Unbundled copper	10,000	1,000	-	-
Baseband copper (no broadband)	137,000	102,000	72,000	45,000
Copper ADSL (includes naked)	163,000	122,000	84,000	56,000
VDSL (includes naked)	157,000	118,000	83,000	55,000
Data services (copper)	2,000	2,000	1,000	1,000
Fibre broadband (GPON)	860,000	949,000	1,021,000	1,074,000
Fibre premium (P2P)	11,000	10,000	10,000	10,000
Total connections	1,340,000	1,304,000	1,271,000	1,241,000*

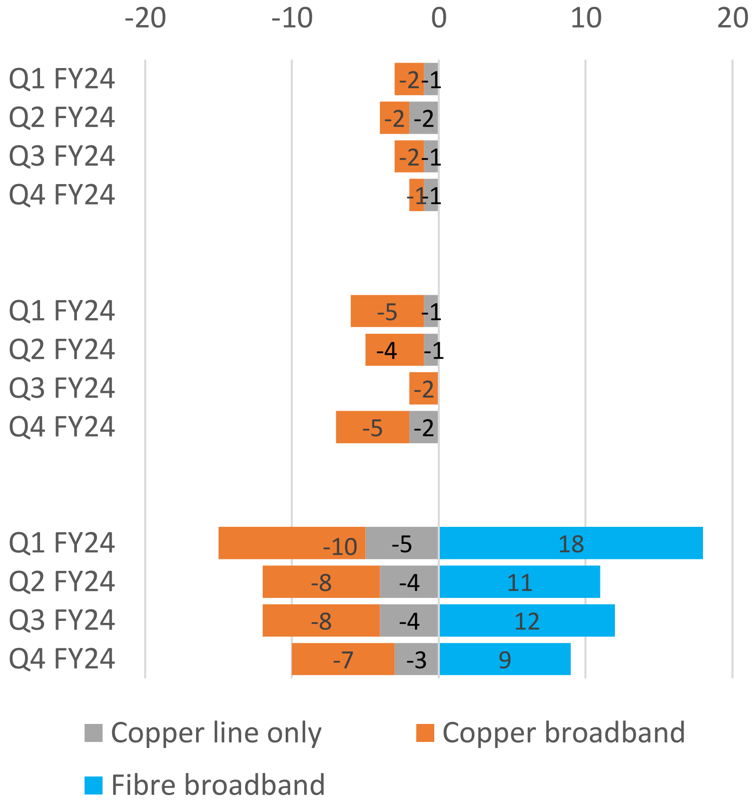
FY24 copper connections total 157k

* Includes DSL and GPON partly subsidised education connections that were previously excluded from broadband totals

Connection changes by Zone (indicative as at 30 June*)

Other fibre company (LFC) zone	Copper lines (no broadband)	8,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	12,000	
	Fibre broadband lines (GPON)	3,000	
	TOTAL	**23,000**	
Non-fibre addresses (i.e. Chorus fibre not available)	Copper lines (no broadband)	18,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion.
	Copper broadband lines	74,000	
	TOTAL	**92,000**	
Chorus fibre zone	Copper lines (no broadband)	20,000	Covers all addresses outside of LFC UFB rollout zone where Chorus fibre is available. Fibre footprint is growing as a result of new property development. Copper connections are reducing as Chorus retires its copper network.
	Copper broadband lines	25,000	
	Fibre broadband lines (GPON)	1,068,000	
	TOTAL	**1,113,000**	

Quarterly change ('000s) by zone



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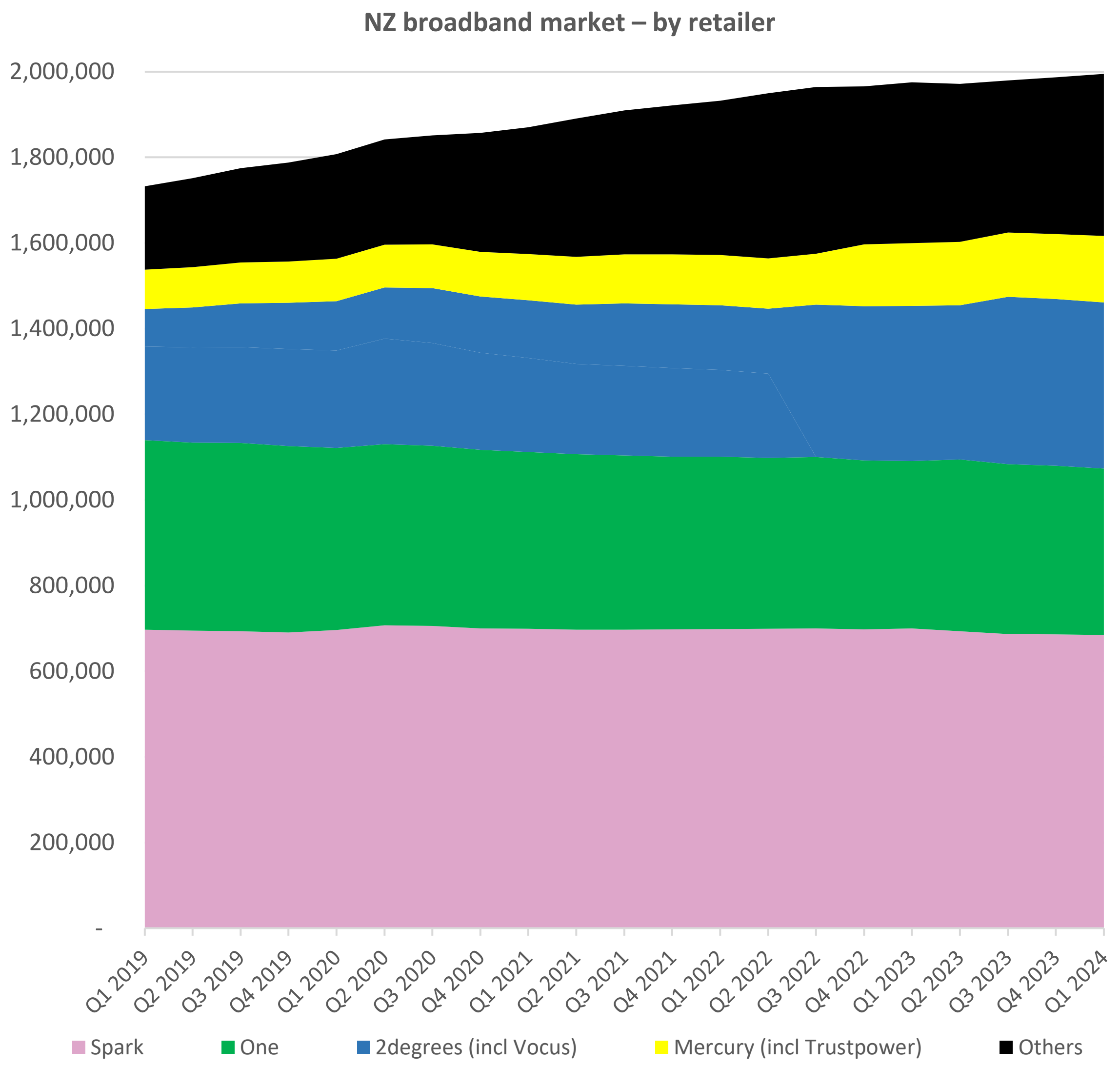
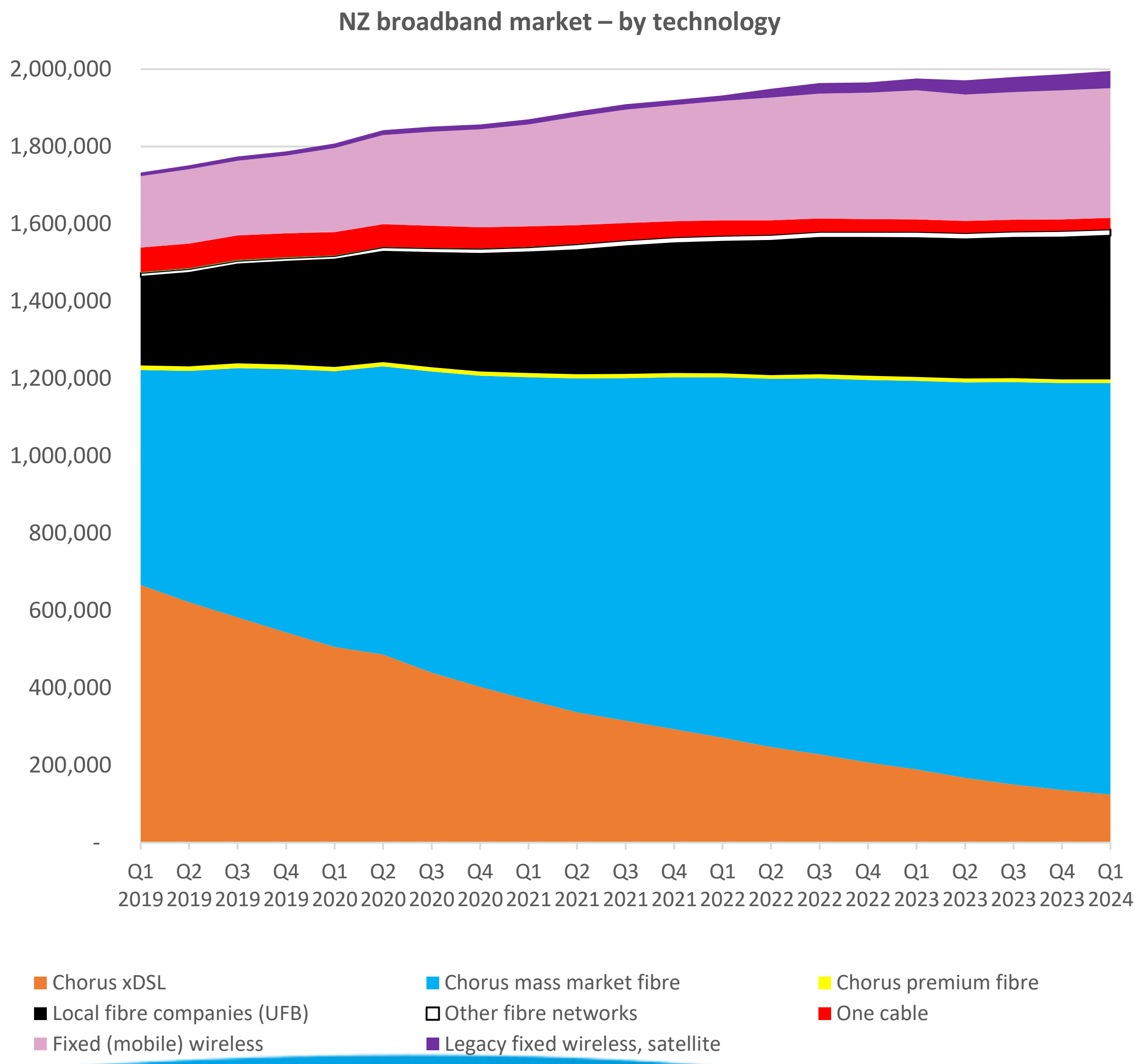


NZ broadband market – by retailer
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023
Q1 2024
Spark
One
2degrees (incl Vocus)
Mercury (incl Trustpower)
Others



NZ broadband market – by technology
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023
Q1 2024
Chorus xDSL
Chorus mass market fibre
Chorus premium fibre
Local fibre companies (UFB)
Other fibre networks
One cable
Fixed (mobile) wireless
Legacy fixed wireless, satellite

Source: IDC

Appendix D: Additional financial information

Interest rate hedges

Bond	Amount (NZ$m)	Current hedge profile
EMTN 2026	514	100% fixed for life of bond at 3.39%
NZD 2027	200	100% fixed for life of bond at 1.98%
NZD 2028	500	100% fixed for life of bond at 6.21% from Dec 2023
EMTN 2029	820	Swapped to a margin over floating (BKBM) through cross currency interest rate swaps. ~50% fixed at 6.3% from Dec 2023
NZD 2030	200	100% fixed at 2.5%
AMTN 2030	325	Swapped to a margin of 1.73% over floating (BKBM) through cross currency interest rate swaps. ~30% is fixed using an interest rate collar of 5.48% to 6.05% from March 2025

Crown financing summary

Crown securities $m	30 June 2025	30 June 2030	30 June 2033	30 June 2036	TOTAL
Equity securities (cumulative total)	85.3	197.0	404.0	768.5	768.5
Debt securities (maturity profile)	85.3	104.7	166.7	210.2	566.9

Crown equity securities

- unique class of security with no voting rights but a repayment preference on liquidation
- an increasing portion attract dividend payments from 30 June 2025 onwards based on 180-day NZ bank bill rate, plus 6% p.a. margin
- redeemable by cash payment of total issue price or the issue of Chorus shares (at a 5% discount to the 20-day VWAP for Chorus shares)

Crown debt securities

- unsecured, non-interest bearing and carry no voting rights
- to be redeemed in tranches from 30 June 2025 to 2036 by repaying the issue price to the holder

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New capex reporting format: FY23

RAB capex	Growth $m	Sustaining $m	TOTAL $m
Extending the network	66	-	66
Installations	149	15	164
IT & Support	5	41	46
Network capacity	-	62	62
Network sustain & enhance	6	43	49
Gross RAB capex	**226**	**161**	**387**
less Third-party contributions	(37)	(7)	(44)
Net RAB capex	**189**	**154**	**343**

Non-RAB capex	Growth $m	Sustaining $m	TOTAL $m
Copper	5	19	24
Other	16	27	43
Gross non-RAB capex	**21**	**46**	**67**
less Third-party contributions	(3)	(2)	(5)
Net non-RAB capex	**18**	**44**	**62**

Appendix E: Additional regulatory information

RAB movements for 2023 ID year

Closing RAB of $5,912m

Component	Core RAB $m (nominal)	Financial Loss Asset (FLA) $m (nominal)	Notes
Opening RAB (1 January 2023)	4,444	1,283	The closing RAB at 31 Dec 2022 included a *forecast* asset allocator adjustment. The opening RAB at 1 Jan 2023 is $17m higher due to updates for *actual* asset allocators.
less Depreciation	(290)	(202)	FLA depreciation is diminishing value and the core RAB is straight-line. Assets start depreciating the regulatory year after commissioning.
plus Revaluations	206	60	4.66% actual inflation in the December quarter versus forecast 2.20% used in the final decision for 2023 MAR. The ID RAB rolls forward into PQP2 and will be reflected in the PQP2 MAR.
plus Assets commissioned	358	0	Amount is net of $41m capital contributions
plus Adjustment resulting from asset allocation	53	0	An upwards adjustment reflects a greater proportion of shared assets being attributable to fibre (due to differences in allocations drivers such as revenues and connections) than was forecast for the opening RAB in 2023.
Total closing RAB value (31 Dec 2023)	**4,771**	**1,141**	

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PQP1 MAR wash-up balance of $105.6m at 31 Dec 2023

Description	Wash-up $m (nominal)	Revenue $m (nominal)	Notes
Building blocks revenue Pass-through costs **Forecast total allowable revenue 2023**		732.9 <u>14.5</u> **747.4**	For the purposes of the wash-up 2023 MAR was set on the basis of 2021 forecasts for pass through costs and CPI.
CPI on the price path for 2023	26.6		Forecast CPI of 2.17% updated with 5.73% actuals via in-period smoothing.
Cost allocators	18.9		Previously forecast cost inputs (e.g. totex, connections and data traffic) updated for actuals in the period.
Initial RAB true-up	9.2		MAR adjustment to reflect increased allocation of shared assets in the final RAB decision: $17m for CY22/CY23, with a further ~$10m in CY24.
Individual capex proposal for 2023	1.3		Commission approved individual capex proposal for customer incentives for 2023.
Crown financing benefit	0.1		Reflects lower Crown financing balance than forecast.
Pass through costs over-forecast	<u>(0.2)</u>		Actual pass-through costs of $14.7m versus forecast $14.9m.
Subtotal of 2023 wash-ups	55.9	**<u>55.9</u>**	
Updated total allowable revenue 2023		**803.3**	
Less 2023 FFLAS revenue received		**<u>(749.3)</u>**	
2023 wash-up balance 2022 wash-up balance: smoothed		54.0 <u>51.6</u>	The 2022 wash-up balance was adjusted as part of the in-period smoothing process.
TOTAL PQP1 wash-up carried forward		**105.6**	The wash-up balance is rolled forward each year using the post-tax WACC as the time-value of money to preserve NPV neutrality.

PQP2: Draft MAR decision

18 July 2024

Table X3 Draft building blocks revenue components ($m, nominal)

Component	2025	2026	2027	2028
Total return on capital	**249.3**	**267.2**	**266.1**	**263.9**
Return on assets (RAB x WACC)	455.0	454.9	452.8	450.0
Revaluations	-125.7	-113.6	-112.7	-112.0
Ex-ante stranding allowance	5.9	5.9	5.9	5.9
Benefit of Crown finance	-88.5	-82.6	-82.5	-82.4
TCSD allowance	2.6	2.6	2.5	2.5
Opex allowance	**172.5**	**173.9**	**176.2**	**173.5**
Total depreciation	**455.7**	**445.3**	**422.4**	**418.9**
Core fibre assets	303.6	309.2	300.1	308.8
Financial loss assets	152.1	136.1	122.3	110.2
Tax allowance	**0.0**	**0.0**	**0.0**	**84.7**
In-period smoothing	**-38.5**	**-8.6**	**48.3**	**6.1**
Total	839.0	877.8	913.0	947.3

Source: Commerce Commission

PQP2: Final expenditure decision

22 August 2024

PQP2 expenditure allowance ($m, nominal)	2025	2026	2027	2028
Capex (excludes possible individual capex proposals)	327.6	290.6	261.3	260.0
Opex (excludes pass through costs)	189.6	196.3	200.7	202.9

Note: The draft decision applies tilted annuity depreciation to a subset of core fibre assets, at a tilt rate of +3.5%, deferring regulatory depreciation that would otherwise be recovered within PQP2. The actual tilt rate to be applied will be in the final decision due to be released Q4 2024.

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Annual Report 2024

For the 12 months ended 30 June 2024

Overview FY24

+3% REVENUE

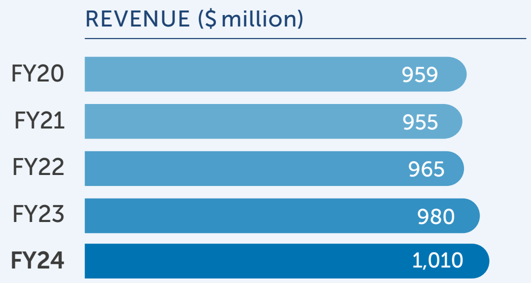
+4% EBITDA[1]

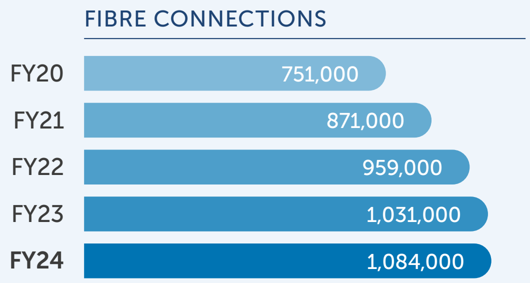
-6% CAPITAL EXPENDITURE

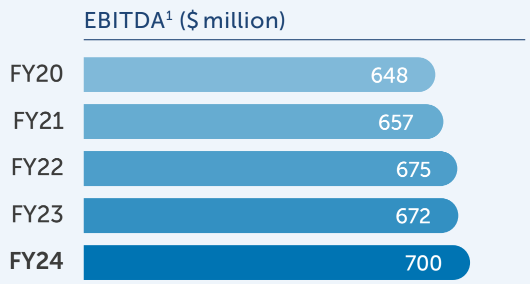
+12% DIVIDEND

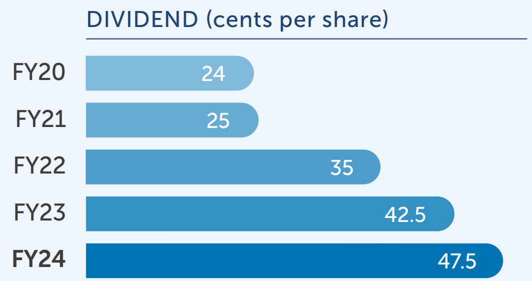
-3% ELECTRICITY USE[2]

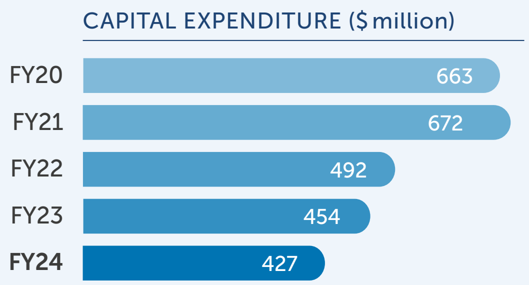
-39% SCOPE 1 & 2 EMISSIONS[3]

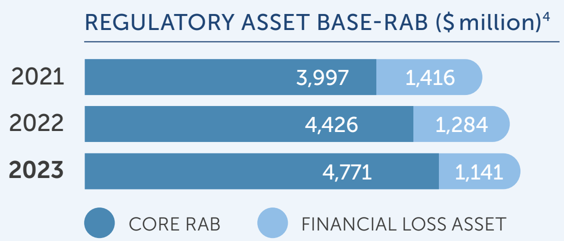












About this report

Our 2024 Annual Report covers the financial year ended 30 June 2024 (FY24) and includes aspects of our environmental, social and governance (ESG) performance. For additional ESG reporting, including emissions and climate-related information, please refer to our separate 2024 Sustainability Report and Climate Statements available at **company.chorus.co.nz/sustainability.**

This report is dated 26 August 2024 and is signed on behalf of the Board of Chorus Limited by Mark Cross, Board Chair, and Kate Jorgensen, Chair of the Audit & Risk Management Committee.

Mark Cross
Chair

Kate Jorgensen
Chair Audit & Risk Management Committee

1 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure without a standardised meaning for comparison between companies. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.
2 3% reduction in electricity use in FY24 against FY23.
3 39% reduction in scope 1 &2 emissions against our base year of FY20.
4 As at 31 December.

Dear Investors,

On behalf of your Board, I'm pleased to report that Chorus has delivered another steady financial result in a challenging macroeconomic environment and we maintained solid momentum in our shift to becoming a simpler all-fibre digital infrastructure company.

We've announced a final unimputed dividend for the year of 28.5 cents per share, bringing total dividends for FY24 to 47.5 cents per share. For FY25 we've provided dividend guidance of a 21% increase to 57.5 cents per share, unimputed, subject to no material adverse changes in circumstances or outlook.

Fibre momentum continues

The OECD has said the shift to a post-pandemic digital future requires high-quality broadband networks characterised by high speeds, high reliability and low latency. It's therefore not surprising that the OECD reports an accelerating international shift to fibre networks, with fibre the dominant fixed network technology. By December 2023, 42.5% of total fixed broadband subscriptions in OECD countries were on fibre, with cable falling to 29.6% and copper falling to 20.3%.[5]

Fibre now comprises 87% of our total fixed line connections and demand for fibre broadband grew to more than 71% of addresses passed, up from 69% at the end of FY23. Average monthly data usage on fibre was 623 gigabytes in June 2024, above the peaks last seen during the COVID lockdowns in 2021. The proportion of fibre customers consuming more than 1 terabyte of data (1,000 gigabytes) a month lifted to 16%.

Fibre's capability relative to other technologies is clear when you consider the scale of data growth it has absorbed. Total data traffic on our combined fibre and copper network has grown 12% in the last two years, from 7,140 petabytes (PB) to 7,974 PB. Within that total, the proportion carried by our fibre network has grown from 87% to 94%. Despite this growth, fibre's electricity efficiency relative to other technologies means we've been able to reduce our overall electricity consumption and lower our emissions.

As customers typically have a choice of technologies, we're also very focused on customer experience. We were therefore pleased to see strong improvements in end customer satisfaction through the year. A range of initiatives saw satisfaction with fault restoration increase from 7.8 to 8.6 out of ten, while satisfaction with intact provisioning on an existing fibre connection rose from 7.3 to 7.7.

Capital management review

As I noted in last year's Annual Report, the prioritisation of long-term shareholder value, through capital allocation, is one of your Board's most important responsibilities.

During the year the Board initiated various value maximisation initiatives with management. These included a refreshed internal investment framework, reflecting a post-rollout operating environment, to guide the allocation of cash flows and a review of our capital management settings. Other areas of focus are fit-for-purpose regulatory settings and operating efficiencies as the copper network is shut down.

In February 2024 we announced a review to ensure our existing capital management framework is fit for purpose, as we prepare to enter the new regulatory period in 2025. Our review included consideration of regulatory settings, shareholder feedback, comparable company benchmarks, macroeconomic factors and Chorus' financial outlook.

Shareholder feedback was that investors value the predictable growing dividends that come from the robust cash flows generated as an owner-operator of essential infrastructure. Investors anticipate a higher proportion of free cash flow following the conclusion of the ultra-fast broadband (UFB) rollout and the slowing number of fibre installations as a shrinking pool of customers are left to migrate from copper.

Our capital management settings remain largely unchanged following the review. We are committed to maintaining a capital structure reflective of a regulated utility business and operating within the parameters of our investment grade BBB credit rating. However, a key conclusion from our review is that we will now target a higher dividend payout range of 70% to 90% of our net operating free cash flows, after sustaining capex. This is an increase from the prior 60% to 80% range and reflects the greater clarity we have for cash flows through the next regulatory period as fibre investment tapers.

Our intention is to provide shareholders with a sustainable dividend that grows at the rate of inflation. This will ensure an appropriate return to shareholders on the significant investment made in Chorus' network since the beginning of the UFB rollout in 2011.

The dividend will be accommodated within the revised payout range, while continuing to allow for discretionary investment such as fibre installations. Discretionary growth investment can also be supported by the headroom in our balance sheet capacity up to our internal limit of 4.75 times net debt/EBITDA, which provides a buffer to our credit rating threshold of 5.0 times. Any discretionary investment will be subject to our internal investment framework and restricted to activities that are adjacent to, or have synergies with, our core business.

5 https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/broadband-statistics/data/1-3-fixed-and-mobile-subscriptions-by-technology.xls

Becoming a simpler all-fibre business by exiting copper

In 2012, when we began building our fibre network under the public-private partnership with government, Chorus had close to 1.8 million copper connections. On 30 June 2024 there were just 157,000 remaining. Of these, approximately 45,000 were in our fibre areas where we will switch off copper in less than two-and-a-half years. The remainder are in areas where other fibre, wireless and satellite network providers now have greater market share than Chorus.

This market fragmentation, together with the shift to regulated revenues under the new fibre regime, means Chorus cannot cross-subsidise rural network costs with urban revenues. Customers are rightly choosing newer, better, technologies and copper's looming obsolescence is evident from global network trends. Norway shut its retail copper network in December 2022 and the European Union is consulting on a 2030 target for the complete shutdown of copper networks. Copper networks will soon join the long list of other outdated technologies like dial-up, 2G mobile and analogue TV.

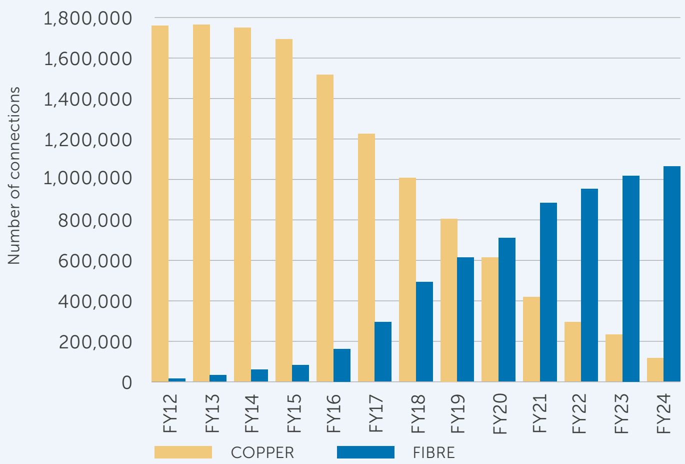
It's against this backdrop that the Commerce Commission announced an investigation into the potential deregulation of copper services. This is expected to be concluded by the end of 2025.

We believe that fibre should and could go further to reduce the digital divide between urban and non-urban areas. In February, we announced plans to extend fibre to 10,000 more homes and businesses across 59 communities. About 25% of customers in these communities have already registered their interest in connecting to fibre following the announcement and interest is growing rapidly as work gets underway.

While we believe further expansion of Chorus' fibre network would offer significant benefits to more New Zealanders, we are very mindful of the need to exercise capital discipline on behalf of our shareholders. Our original regulatory proposal had contemplated taking fibre to another 30,000 premises, but we chose to put this additional investment on hold in the absence of clarity on the pricing, market and regulatory changes needed to make the commercial case for further investment.

The chart below shows just how much Chorus' network environment has changed.

Becoming an all fibre business



CEO transition and governance

We appreciate the efforts of the wider Chorus team over FY24. It has been a period of significant change as the organisation evolves into its next phase.

In April, we said bon voyage to Chief Executive, JB Rousselot, who led Chorus from November 2019 through to April 2024. During JB's tenure, Chorus completed the government-supported UFB rollout, saw fibre connect more than one million New Zealand homes and businesses, and navigated the challenges of COVID-19. We're grateful for his passionate advocacy of both fibre and customer transparency.

Mark Aue, previously our Chief Operating Officer, stepped into the CEO role in April 2024. Mark joined Chorus in April 2023, having previously been the CEO of 2Degrees and, before this, the CFO of Vodafone NZ (now One NZ). His deep understanding of Chorus and the telecommunications industry, together with his proven leadership and innovation track record, make him the ideal person to lead Chorus into its next chapter. Mark's immediate focus is on implementing our new operating model, in place since February, to deliver key initiatives with better focus and prioritisation.

The Board is working with Mark and his executive team to ultimately provide improved customer and shareholder outcomes. We look forward to updating you on Chorus' progress at our annual meeting in October.

Board succession is an ongoing focus for us. Director Miriam Dean is scheduled to be up for re-election this year, and Murray Jordan will retire after the September meeting. We thank Murray for the valuable contribution he has made to the Board over the last nine years, and in particular the important work he has done as chair of our People, Performance and Culture Committee.

We were also pleased to welcome our new director, Neal Barclay, in August. He brings valuable insights both as an experienced CEO and former CFO, and from his work across energy and communications infrastructure. He will be up for election by shareholders at the annual meeting.

Thank you to our customers, our shareholders, our people and my colleagues for your continuing support of Chorus.

Mark Cross
Chair

Operating highlights

	FY22	FY23	FY24
Fixed line connections[6]	1,304,000	1,271,000	1,241,00
Data traffic (petabytes)	7,140	7,402	7,974
Average revenue per user	$50.67	$53.25	$55.71

Chorus delivered a strong financial result, underpinned by our first normal operating period after the pandemic, workforce and weather challenges of the last few years.

Demand for fibre broadband grew by another 53,000 connections in the year, while copper connections reduced by 83,000 connections. This reflected the acceleration of our programme to retire the copper network in our fibre areas and diminishing customer demand for copper services in areas where alternative networks are available.

Data demand across our network grew almost 8% in the year to 7,974 petabytes. Our fibre network carried 94% of this traffic, with average monthly usage for fibre connections growing 6.5% to 623GB through the year.

Inflation-linked price changes, together with ongoing growth in the uptake of high-speed fibre plans, lifted revenues from $980 million to $1,010 million. Average revenue per user (ARPU) on GPON fibre services rose from $53.25 to $55.71 through the year.

Tight cost management and reducing copper network costs helped offset inflationary pressure across various expense lines. However, operating expenditure of $310 million was $2 million higher than FY23, despite the prior period including one-off cyclone-related costs of $6 million.

Our operating results produced FY24 EBITDA of $700 million. This was at the top of our EBITDA guidance range of $680 million to $700 million and up $28 million from the prior year.

A net loss after tax of $9 million was reported compared to a profit of $25 million in FY23. This was due to a combination of a one-off $15 million non-cash tax expense following the removal of deductibility of tax depreciation for buildings, a $14 million increase in depreciation from our accelerated depreciation of copper assets, and higher interest costs.

Gross capital expenditure of $427 million was down from $454 million in FY23. This was within our guidance range of $400 million to $440 million and reflects the slowdown in new property developments from post-COVID highs, as well as reducing fibre installation volumes as we pass the peak of copper customer migration. Net capital expenditure was $372 million when excluding capital contributions for roadworks, property development and government-backed deployment.

Borrowings at the end of FY24 were 4.42 times net debt/EBITDA and remain well within our business tolerance level of 4.75 times and ratings agency threshold of 5.0 times.

1.1 Winning in our core fibre business

	FY22	FY23	FY24
All fibre connections	959,000	1,031,000	1,084,00
Addresses passed	1,428,000	1,477,000	1,506,000
Fibre uptake (% of addresses passed)[7]	66.7%	69.3%	71.4%
Customer satisfaction: fault restoration (3 month average)	8.2/10	7.7/10	8.6/10 (target 8.1)
Customer satisfaction: intact provisioning (3 month average)	7.3/10	7.3/10	7.7/10 (target 7.6)

By the end of June, fibre uptake had reached 71.4%, up from 69.3% in FY23, across a footprint of 1,506,000 addresses. This footprint grew by 29,000 addresses in FY23, compared to 49,000 addresses the year before, due to the end of the UFB rollout and slowing new property development.

Our objective is to achieve 80% fibre uptake, and we continue to refine our active wholesaler strategy to help achieve this goal.

Cost-of-living pressures combined with increased retailer marketing saw demand for our entry level 50 megabits per second (Mbps) plan grow from 16,000 to 47,000 connections during the year. This plan provides superior performance to 4G fixed wireless technology and enables low data users to experience fibre with the potential to upgrade to higher speed plans in the future.

We continue to see growth in uptake of our gigabit and multi-gigabit plans and they now comprise 25% of our customer base, up from 24% last year. This shift underscores New Zealanders' growing appetite for high-speed, reliable connectivity. About 64% of residential connections are on our popular 300Mbps plan.

6 Includes several thousand partly subsidised education connections from FY24.
7 A new measure to calculate fibre uptake was adopted in FY24 to better reflect Chorus' expanding fibre footprint beyond the original UFB rollout areas. It includes addresses outside of local fibre company areas that have been passed by Chorus fibre.

1.2 Growing new revenues

	FY22	FY23	FY24
Smart locations	+19%	+19%	+16%
Edge Centre	57	57	83
Greenfields – lots passed	22,000	33,000	27,000

Demand for fibre connectivity to street-based devices (e.g. traffic cameras, digital billboards) continued to grow. We increased the number of 'smart locations' by another 16% in FY24. Smart city and utility requirements are expected to drive increased demand for Internet of Things (IoT) connectivity in the coming years.

The rapid increase seen in demand for large scale data centres in New Zealand is also translating into growing interest in our regional network co-location space. We have five EdgeCentre co-location sites in our exchange buildings in Auckland, Tauranga, Wellington and Christchurch. During FY24 we increased the available space from 57 to 83 racks and we are evaluating further expansion of our service.

Legacy enterprise fibre connections are declining as the technology platforms reach end of service and customers migrate to alternative services. We had continued growth in direct, or dark, fibre connections. Demand for fibre backhaul to cellsites, data centres and other network sites also grew.

We experienced a period of record housing development activity in the wake of the COVID pandemic, but this demand slowed during FY24 because of macroeconomic factors. The slowdown in demand meant we saw a reduction in the number of lots passed by fibre, down by approximately 6,000 lots from FY23.

1.3 Optimising our non-fibre assets

	FY22	FY23	FY24
Copper connections remaining	345,000	240,000	157,000
Withdrawal notices (cumulative)	10,000	30,000	82,000
Broadband cabinets closed (cumulative, in fibre areas)	130	544	1,253
Properties and surplus leases exited	14	8	5

Optimisation of our legacy copper network is continuing as we evolve to become a simpler all-fibre business. The number of connections on our copper network reduced by 35% in FY24 and is down 55% in the last two years.

Much of this reduction has been driven by the acceleration of our copper withdrawal programme. We've now provided 82,000 copper customers with at least six months' notice of service withdrawal, with 52,000 notices issued in FY24. This enabled us to close another 700 broadband cabinets during the year. We expect to close the copper network in our fibre areas by the end of 2026, with just 45,000 connections remaining at the end of FY24.

Approximately 92,000 copper connections remain in areas where fibre isn't available, down from 112,000 at the start of FY24. Chorus has a legacy Telecommunications Service Obligation (TSO) that requires us to provide Spark with basic telephone services for premises connected to the network in 2001. With a dwindling number of rural premises connected to copper, and even fewer TSO qualifying premises, we believe the regulatory regime is no longer fit for purpose.

Technology has moved on significantly since 2001. Customers are migrating to satellite or government-subsidised fixed wireless providers for improved services. Mobile network operators are also partnering with low-earth-orbit satellite providers with a view to delivering mobile services well beyond current cellsite coverage.

In April 2024, the Commerce Commission acknowledged this unprecedented technological change, describing satellite services as a "game-changer", and announced an investigation into whether copper services should be deregulated outside fibre areas. This is expected to be concluded by the end of 2025.

1.4 Developing our long-term future

	FY22	FY23	FY24
Health & Safety: Recordable injuries	18	8	8
Electricity use (gigawatt hours)	81	77.4	75.1
Emissions Scope 1 & 2 (tonnes CO_2e)	10,456*	6,544*	6,387
Waste – tonnes (% recycled)	287 (67%)	368 (87%)	339 (93%)
Gender diversity (all Chorus)	41%F/59%M	42%F/58%M	42%F/58%M
Employee engagement (out of 10)	8.5	8.7	8.6

* Prior years emissions (FY22 and FY23) restated using retrospective emissions factor updates released by Ministry for the Environment in FY24, and reflecting improved data quality.

Details of our work in the Sustainability area can be found in our standalone 2024 Sustainability Report. This year also marks our first year preparing mandatory Climate Statements containing our climate-related disclosures for FY24, (prepared in accordance with the requirements of the Aotearoa New Zealand Climate Standards). Copies of our Sustainability Report and Climate Statements are available, at **company.chorus.co.nz/sustainability**.

We've been operating our copper and fibre networks in parallel for some years now. The withdrawal of copper services and removal of unused copper network equipment helped us reduce electricity usage by another 3% in FY24 (against FY23). The energy efficiency of fibre networks meant we achieved this outcome despite our network carrying 8% more data traffic than the year before.

The reduction in electricity usage, together with 87% of renewable generation in the electricity grid[8], saw our Scope 1 and 2 emissions reduce to 6,387 tonnes CO_2e in FY24. This represents a 39% reduction since our FY20 base year, meaning we are making good progress (as shown in Figure 1) towards our science-aligned target of a 62% reduction in our scope 1 and 2 emissions by FY30[9], from our FY20 base year.

The number of hours worked by our service companies continued to reduce as fibre network activity diminishes following the end of the UFB rollout and the peak of copper migration activity. Injury frequency rates remained low, consistent with the year before. Eight injuries were recorded across Chorus and our service company people. These were of minor severity and included strains, sprains, and lacerations caused by manual handling activities, as well as slips, trips, falls, and vehicle accidents.

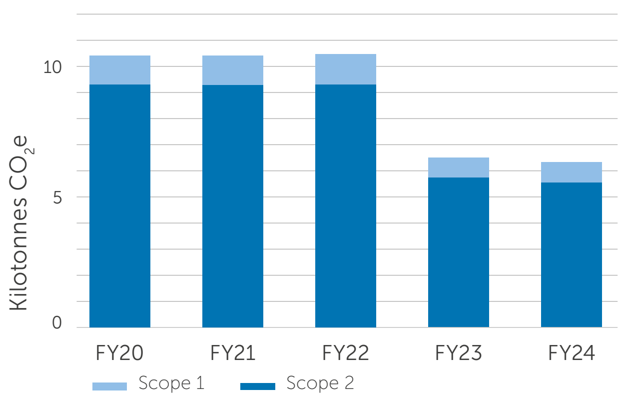
Our aspiration is for Chorus to be a diverse and inclusive employer of choice. The Board sets measurable objectives to promote diversity and inclusion with an overall objective of a 40:40:20 gender ratio. Women represented 42% of all employees in FY24, consistent with FY23. At 30 April 2024, women executives increased to 42%, up from 14%. Our commitment to diversity, equity, and inclusion was recognised with wins in the HRNZ Awards and the Newmarket Business Association awards, as well as being a finalist in the Deloitte Top 200 Awards.

Employee engagement remained strong, despite the challenge of changes to our operating model during FY24. Overall engagement was 8.6 out of ten, down slightly from 8.7 in FY23, but we maintained our position within the top 10% of the international technology company sector we benchmark ourselves against. Our Net Promoter Score was 65, down from 70 in FY23, placing us in the top 5% of the technology sector.

Digital equity remains a cornerstone of our social sustainability efforts. We continued to support approximately 2,800 students by working with the Ministry of Education to subsidise internet connections. We also worked with local organisations to support digital literacy in under-served communities. This included funding Digital Seniors Hubs nationwide (588 hubs across 21 locations) and funding the Hapori Connect programme (through Katoa Connect) with 100 people graduating in FY24.

Figure 1:

Scope 1 & 2 emissions reduction from FY20 base year



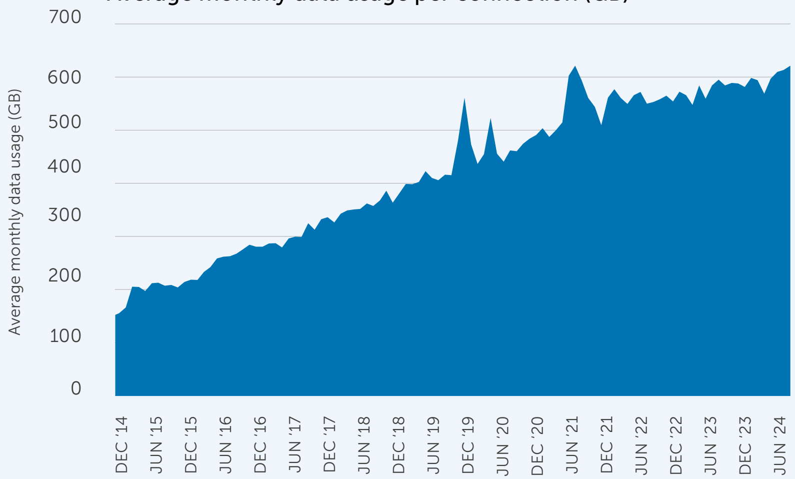
8 MBIE, NZ Energy Quarterly, March 2024
9 Our emissions reduction target is science-aligned, following guidance from the Science Based Targets Initiative (SBTi) for the Information Communications Technology (ICT) Sector.

What are the data use trends on our fibre network?

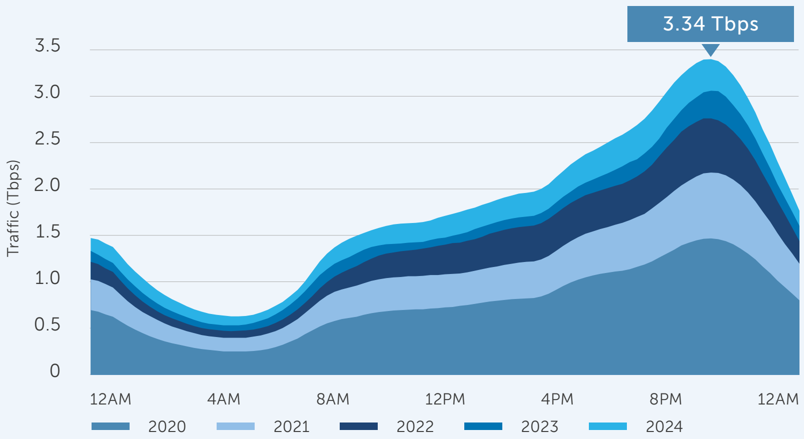
Kiwis keep using more data each year, consistent with bandwidth trends overseas.

Much of that data usage occurs in evening peak times due to activity such as video streaming and gaming. Video streaming on multiple devices at the same time generates frequent high-volume bursts of data within a household. Gaming updates often create above average peak time traffic on the Chorus network.

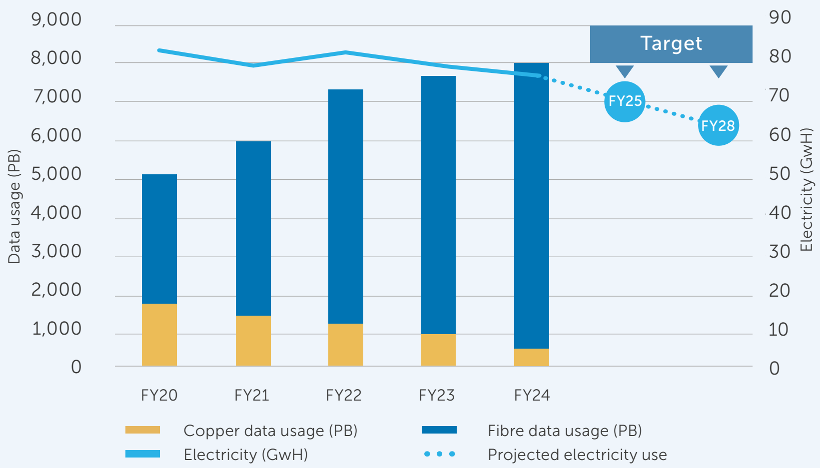
Average monthly data usage per connection (GB)



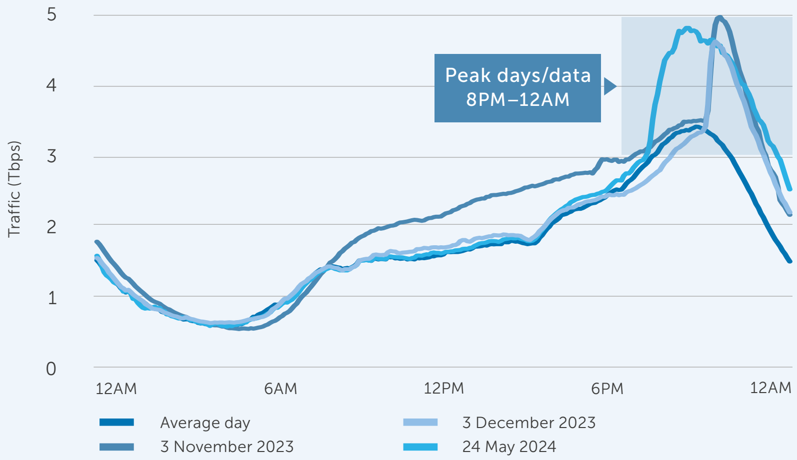
Average daily network traffic per year



Network traffic vs Electricity (GwH)



Peak traffic days in FY24



What's driving data growth?

Advances in customer-facing technology and services, together with new ways to use data and changing customer habits, are all combining to drive increased bandwidth demand.

Everything from homes to cars, to factories and hospitals, are becoming digitally smart. This Internet of Things is forecast to drive 1 Yottabyte* of data per year within a decade. Fibre is meeting the need for high-quality broadband because of its efficiency in carrying more data at multi-gigabit speeds, together with its high reliability and fast response time.

SPEED/CAPABILITY
MULTI-GIGABIT SERVICES

- 25% OF CHORUS USERS ON **1GBPS** AND **2GBPS+** IN MARKET
- GOOGLE FIBER LAUNCHED **20GBPS**

+

STREAMING
50% OF CHORUS TRAFFIC AND GROWING

- DAILY ONLINE VIDEO REACH HAS **SURPASSED** LINEAR TV
- **60+** AGE GROUP STREAMING MORE

+

4K ULTRA HD
HIGH DEFINITION QUALITY NEEDS MORE DATA

- IF ALL STREAMING IS 4K, DATA USE **~1,200GB** A MONTH
- IF ALL TV SHIFTS TO 4K ONLINE, DATA USAGE X3 **~2,000GB** A MONTH

+

WIFI ADVANCES
IN-HOME UPGRADES TO WIFI 7 REDUCES CONSTRAINT ON FIBRE

- **46GBPS** THROUGHPUT (VS 9.6GBPS ON WIFI 6)
- UP TO **100X LESS** LATENCY (THAN WI-FI 6) AND **5X MORE** CAPACITY

+

MULTI-SCREENS
PROFLIFERATION OF CONNECTED HOUSEHOLD DEVICES

- AVERAGE **~20** CONNECTED DEVICES PER HOME TODAY
- NUMBER OF DEVICES EXPECTED TO DOUBLE EVERY **5 YEARS**

1YB* of data = 1 million trillion megabytes or the amount of data that would fit on DVDs stacked all the way to Mars. (225 million km)

Outlook

Chorus has built an amazing infrastructure asset that other countries are now busy replicating with their own rollouts. We're proud of how our network connectivity is helping enable both current and future generations to grow.

We've exceeded the original expectations for fibre uptake and New Zealand is ranked 17th in the world for fibre penetration.[10] That is recognition of Chorus as the great network builder, and we're now shifting our focus to being the great network operator.

This shift began in FY24 with the transition to a new operating model to enable us to execute our strategies more effectively. This includes continuing to drive fibre uptake, looking to grow new revenues by leveraging our network assets, and retiring our legacy copper network.

The retirement of copper services in our fibre areas is close to being realised and in FY25 we'll be working to shift the remaining 45,000 customers who already have our fibre at their gate. This is a major step towards our goal of becoming a simpler business.

Our objective remains to achieve 80% fibre uptake. With uptake already above 71% and our copper migration activity coming to an end, this means we need to work harder to help other customers discover the benefits of fibre. We know, for example, there is a large group of urban customers who were converted to 4G fixed wireless services some years ago when copper was their only option.

While 5G fixed wireless is now a reality in market, Commerce Commission reporting shows that 5G's broadband performance is highly variable. Equally, we continue to see the prevalence of Low Earth Orbit Satellites (LEOs) with Starlink providing a markedly improved alternative to copper based broadband, particularly in regional or rural areas. We've long acknowledged that copper is no longer future fit for purpose and continue to encourage regulatory change to enable a managed exit from copper in non-fibre areas.

Whilst there are natural use cases for multiple technologies in market, we believe that fibre has both a technological and competitive advantage. Our role now shifts the conversation to raise awareness and education about fibre. Historically, broadband focus has principally been on download speed. This needs to shift to attributes of quality, consistency and reliability. Fibre displays all of these characteristics, setting it apart from other alternatives.

Taking fibre further

We've been delighted with the strong pre-registration interest we've received from communities within the 10,000 addresses footprint expansion we started building in early 2024.

We believe that fibre could and should go further, but the commercial case for further investment is challenging given current regulatory policies and commercial returns. While satellite and fixed wireless services can help fill coverage gaps, the reality is that they are not fibre-like when it comes to reliability and capability. New Zealand shouldn't short-change customers with something that is deemed 'good enough' for today's needs, when history tells us future online services will demand significantly more. Having broadband technology that can scale quickly to rising demand is imperative.

Regulatory reset

FY25 is a significant reset point for Chorus at a regulatory level.

We are finishing our initial three-year regulatory period under the utility-style framework for fibre. During this time, we've continued to make significant investment in enabling fibre services. This helped lift the value of our regulated asset base (RAB) from $5.4 billion to $5.9 billion by January 2024.

The next regulatory period will run for four years from January 2025 to December 2028. The Commerce Commission has set our weighted average cost of capital (WACC) at 7.68%, before tax, for this period. This is a significant step up from our initial three-year WACC of 4.72%, which was set in the wake of the pandemic and reflected all-time lows in risk-free rates.

The larger RAB and an improved WACC means our maximum allowable revenue will increase in the new period. The final revenue decision is expected later in 2024. The Commission has approved $1.14 billion of capital expenditure and $790 million of operating expenditure for the next regulatory period. They've also proposed that regulatory depreciation of some core RAB assets may be slowed. This would help smooth revenues into future years, given the expected step-up in allowed revenues in the short-term.

Developing our long-term strategy

Our immediate focus in Horizon 1 (FY25) is both cementing and leveraging our new operating model, becoming future fit for purpose. With the regulatory clarity we now have, Horizon 2 (FY26– FY29) will focus on delivering effective asset management and prudent, efficient fibre investment. As well as driving simplification of our business, we want to identify and scale growth in adjacent opportunities where we have a right to play. At the same time recognising the need to leverage our core assets more effectively and divest from non-core assets as rapidly as possible.

Looking further ahead to Horizon 3 (FY30 and beyond), we see a single future state technology with the complete retirement of our copper network and truly becoming an all-fibre infrastructure business.

As Chorus transitions into these new Horizons we're excited about the possibilities of change and the role we play in unleashing potential through connectivity and enabling better futures for Aotearoa.

Mark Aue
Chief Executive

10 Based on FTTH Council Europe data at September 2023.

Looking ahead to 2030

We believe New Zealand was fortunate to begin investing in fibre in 2011. In the wake of the COVID pandemic, other countries are now making the shift to fibre.

Demand for high-quality broadband networks - characterised by high speeds, high reliability and low latency – continues to grow as data hungry digital applications become integral to economies and daily life.

TODAY

71% FIBRE UPTAKE
ON OUR NETWORK

16% OF FIBRE USERS
CONSUME 1,000GB+ PER MONTH

25% OF CUSTOMERS
ON 1 GIGABIT PLAN OR FASTER

STREAMING
50% OF CHORUS TRAFFIC IS VIDEO

<160,000
COPPER LINES REMAINING

ELECTRICITY USE
REDUCING AS COPPER SWITCHES OFF

WHAT'S ON OUR HORIZON FOR 2030

80% FIBRE UPTAKE
ON OUR NETWORK

1,000GB+
PER MONTH HAS BECOME THE NORM

MULTI GIGABIT
PLANS HAVE GONE MAINSTREAM

BROADCAST TV
HAS SHIFTED TO STREAMING

ALL–FIBRE
BUSINESS AS DEMAND FOR COPPER FADES

25% REDUCTION
IN ELECTRICITY USE FROM 2020 AS FIBRE ENABLES EFFICIENCY

Management commentary

In summary

	2024 $M	2023 $M
Operating revenue	1,010	980
Operating expenses	(310)	(308)
Earnings before interest, income tax, depreciation and amortisation	**700**	**672**
Depreciation and amortisation	(462)	(446)
Earnings before interest and income tax	**238**	**226**
Net finance expense	(217)	(195)
Net earnings before income tax	**21**	**31**
Income tax expense	(30)	(6)
Net (loss)/earnings for the year	**(9)**	**25**

We report earnings before interest, income tax, depreciation and amortisation (EBITDA) of $700 million for the year ended 30 June 2024 (FY24), an increase of $28 million from reported FY23 EBITDA of $672 million.

Revenues increased by $30 million to $1,010 million. This was driven by inflation-related price increases to some services and continued growth in uptake of higher value fibre services.

Operating expenses of $310 million were $2 million greater than FY23 on a reported basis, or $8 million higher when allowing for extreme weather event costs of $6 million in FY23. Although the weather was more favourable in FY24, tight cost management was needed to constrain the overall impact of inflationary cost increases across multiple expense lines.

A net loss after tax of $9 million was reported compared to a profit of $25 million in FY23. This was due to a combination of a one-off $15 million non-cash tax expense following the removal of deductibility of tax depreciation for buildings, an $11 million increase in depreciation from our accelerated depreciation of copper assets and higher interest costs.

Capital expenditure was $427 million in FY24. This was a $27 million decrease from FY23, largely due to reduced activity for fibre installations and new property development. We will pay a final dividend of 28.5 cents per share on 8 October 2024, in line with guidance of a full-year dividend of 47.5 cents per share.

Connections	Connections 2024	Connections 2023	Connections 2022
Fibre broadband (GPON)	1,074,000	1,021,000	949,000
Fibre premium (P2P)	10,000	10,000	10,000
Copper VDSL	55,000	83,000	118,000
Copper ADSL	56,000	84,000	122,000
Data services over copper	1,000	1,000	2,000
Unbundled copper	-	-	1,000
Baseband copper	45,000	72,000	102,000
Total fixed line connections	**1,241,000[11]**	**1,271,000**	**1,304,000**

11 Includes several thousand partly subsidised education connections.

Revenue commentary

	2024 $M	2023 $M
Fibre broadband (GPON)	697	622
Fibre premium (P2P)	69	68
Copper based broadband	83	117
Copper based voice	28	39
Data services copper	3	4
Field services products	67	70
Infrastructure	33	31
Value added network services	26	26
Other	4	3
Total revenue	**1,010**	**980**

Revenue overview

Chorus' product portfolio encompasses a range of wholesale broadband, data and voice services across a mix of regulated and commercial products. Revenues of $1,010 million were up $30 million from $980 million in FY23, with strong growth in fibre revenues more than offsetting the continued decline in copper connections and associated revenues.

We ended FY24 with total fixed line connections of 1,241,000, down 30,000 lines from the prior year. This reduction is largely driven by the migration of copper connections to alternative networks in areas where Chorus does not have fibre available.

Fibre broadband (GPON)

Fibre broadband revenue continued to grow and accounted for 69% of total revenues, up from 63% in FY23. Fibre broadband connections grew by 53,000 to 1,074,000, lifting fibre uptake to 71.4% of passed addresses from 69.3% in FY23. Average monthly revenue per fibre user grew from $53.25 to $55.71 in FY24. An inflation-related price increase was applied to some services in October 2023. Uptake of our 50Mbps Home Fibre Starter service, which we held at $35 per month given the cost-of-living crisis, grew by 31,000 connections in FY24. Uptake of higher value multi-gigabit *Hyperfibre* and 1 Gbps services grew by 1% to 25% of residential fibre connections.

Copper based revenues

Connection revenues across copper broadband and voice services continued to decline as customers migrate to fibre or alternative services. A 5.65% inflation-related price increase was applied to services in mid-December 2023.

Field services products

Field services products revenues decreased by $3 million compared to FY23. This was driven by a slowdown in new property development demand after a post-COVID period of record growth, partly offset by an increase in roadworks activity.

Infrastructure

Continued growth in demand for co-location space in exchanges contributed to a $2 million increase in revenues.

Data services copper

Data services copper connections continue to decline as customers migrate from legacy services to cheaper fibre-based or alternative services.

Other

Other of $4 million was largely the result of ongoing optimisation of our property footprint.

Expenditure commentary

Operating expenses

	2024 $M	2023 $M
Labour costs	80	76
Network maintenance	53	60
Information technology costs	44	42
Other network costs	37	37
Rent, rates and property maintenance	27	26
Electricity	22	19
Advertising	11	13
Regulatory levies	9	9
Consultants	6	9
Insurance	5	5
Provisioning	1	1
Other expenses	15	11
Total expenditure	**310**	**308**

Total operating expenses of $310 million in FY24 were up $2 million compared to $308 million reported in FY23.

Labour

Labour costs of $80 million represent staff costs that are not capitalised and included a $2 million cost for operating model changes.

At 30 June 2024, we had 846 permanent and fixed term employees, in line with FY23. We continue to look at opportunities to insource external contractors.

We capitalise labour costs and the associated overheads in relation to fibre build and connection activity. About 47% of labour costs were capitalised.

Network maintenance

Network maintenance costs decreased by $7 million, although FY23 included $3 million of extreme weather costs. Weather conditions were more favourable in FY24 and the migration of copper customers continued to drive total fault volumes down, but savings were partly offset by inflationary increases in the cost to repair copper and fibre faults.

Information technology

Information technology costs increased after FY23 benefited from the release of a $2 million software provision.

Other network costs

Other network costs were up slightly when allowing for $2 million of extreme weather costs recognised in FY23. Activity to exit copper assets increased, lifting network and property optimisation spend to $4 million in FY24.

Electricity

Electricity costs were up $3 million due to higher average spot prices. This was despite electricity usage falling as legacy network equipment was powered down.

Rent, rates and property maintenance

Inflation and an increase in maintenance work lifted these costs $2 million when adjusting for $1 million of extreme weather costs incurred in FY23.

Advertising

Advertising spend was $2 million lower in FY24 due to targeted campaign activity.

Consultants

Consultant spend reduced by $3 million as a result of reduced regulatory related spend, increased insourcing and cost management.

Other expenses

Provisions were increased for doubtful debts given macroeconomic conditions and additional long-term market research was undertaken throughout the year.

Depreciation and amortisation expense

	2024 $M	2023 $M	Estimated useful life (years)	Weighted average useful life (years)
Depreciation				
Fibre cables	135	128	20–30	20
Ducts, poles, and manholes	80	64	20–50	49
Copper cables	74	76	10–25	22
Cabinets	17	18	5–20	19
Network electronics	70	67	2–25	10
Right of use assets	14	13	4–50	19
Other	13	14	4–10	15
Buildings	2	4	50	49
Less: crown funding	(31)	(29)		
Total depreciation	**374**	**355**		
Amortisation expense				
Software and other intangibles	57	61		
Customer acquisition assets	31	30		
Total amortisation expense	**88**	**91**		
Total depreciation and amortisation expense	**462**	**446**		

During FY24, $427 million of expenditure on network assets, software and customer acquisition was capitalised.

In FY24, Chorus accelerated the depreciation profile of certain copper duct assets. This drove a net $11 million increase of depreciation expense compared to FY23, with $90 million of total depreciation across all copper assets in FY24. Copper cables in Chorus UFB areas will be fully depreciated by June 2025. Copper cables, copper-related ducts and poles in local fibre company areas will be fully depreciated by June 2026. Copper cables and poles in non-fibre areas will be fully depreciated by June 2032.

Software and other intangibles largely consist of the software components of billing, provisioning and operational systems.

Chorus expects that incremental costs incurred in acquiring new contracts with new and existing customers are recoverable. These costs are capitalised as customer acquisition assets and amortised against revenue or within amortisation expense, depending on their nature. In the period to 30 June 2024, $31 million was recognised as amortisation expense.

The offset of Crown funding against depreciation will continue to amortise as a credit to the associated depreciation expense.

The weighted average useful life represents the useful life in each category weighted by the net book value of the assets.

Finance income and expense

(Income)/expense	2024 $M	2023 $M
Finance income	**(5)**	**(4)**
Finance expense		
Interest on syndicated bank facility	9	2
Interest on European Medium Term Notes	88	93
Interest on Australian Medium Term Notes	19	–
Interest on fixed rate NZD Bonds	38	32
Other interest expense	25	35
Capitalised interest	(1)	(1)
Interest costs	**178**	**161**
Ineffective portion of changes in fair value of cash flows hedges	(3)	(7)
Total finance expenses excluding CIP securities (notional interest)	**175**	**154**
CIP securities (notional) interest	47	45
Total finance expense	**222**	**199**

Finance expenses were $23 million higher than FY23 due to higher interest rates and an increase in total debt. The weighted effective interest rate increased from 5.40% in FY23 to 5.77% in FY24 and AUD300 million medium term notes were issued in September 2023.

Chorus fully hedges the foreign exchange exposure on all foreign debt with cross currency interest rate swaps. Approximately 70% of our floating interest rate exposure was hedged with fixed interest rate swaps.

Other interest expense includes lease interest of $11 million (FY23: $11 million) and amortisation arising from the difference between fair value and proceeds realised from interest rate swap resets of $7 million (FY23: $7 million).

Taxation

The FY24 effective tax rate is 143% (FY23: 19%).

Tax expense includes a one-off deferred tax expense of $15 million, following a law change for deductibility of depreciation on commercial buildings. Excluding this change, the normalised effective tax rate for FY24 was 71% (FY23 normalised: 51%). This is higher than the statutory tax rate of 28% due to permanent differences between tax and accounting arising from the tax treatment of the grants received for Crown project-related funding.

The interest expense and depreciation credit recognised in the income statement for CIP securities are non-taxable as confirmed by binding IRD rulings. Government grants have also been received for funding of specific projects. The amortisation of the government grants, along with the accounting depreciation recognised in the income statement, are non-taxable and no tax depreciation is claimed on the assets.

Capital expenditure commentary

	2024 $M	2023 $M
Fibre	344	355
Copper	23	33
Common	60	66
Gross capital expenditure	**427**	**454**

Gross capital expenditure in FY24 was $427 million, down $27 million from FY23. Within this total, there was $222 million of discretionary growth capital expenditure and $205 million of sustaining capital expenditure to maintain, replace or improve an existing copper or fibre asset. This investment was supported by $12 million of Crown funding (e.g. government grants for regional network upgrades) and $43 million of customer contributions (e.g. roadworks and new property development contributions).

Fibre capital expenditure

	2024 $M	2023 $M
UFB Communal	–	5
Fibre installations & layer 2	182	193
Fibre products & systems	12	10
Other fibre & growth	93	105
Fibre sustain	18	12
Customer acquisition costs	39	30
Total fibre capital expenditure	**344**	**355**

Fibre-related capital expenditure reduced by $11 million to $344 million. UFB communal network spend ended in FY23 and installation spend reduced with about 87,000 fibre installations completed nationwide in FY24, down from 92,000 in FY23. The average cost per premises installed in UFB areas was $1,132 and was within the FY24 guidance range of $1,100 to $1,250. Layer 2 spend of $50 million was driven by increased transport spend to support growing bandwidth demand and equipment upgrades to enable multi-gigabit *Hyperfibre* services.

Other fibre and growth decreased by $12 million compared to FY23. A slowdown in housing growth saw new property development spend reduce by $18 million to $50 million, while $4 million was invested to begin extending fibre to the approximately 10,000 existing premises announced in February 2024.

Fibre sustain spend increased by $6 million to $18 million as a result of lifecycle work on some older cable routes, and increased roadworks activity attributable to fibre. About $2 million of investment was completed to replace network damaged by Cyclone Gabrielle in February 2023 and a $3 million accounting provision for network lifecycle activity was released in FY24.

Customer acquisition costs increased by $9 million in FY24 as retailers used our incentive offers to grow fibre connections and upgrade customers to higher speed fibre products.

Capital expenditure commentary continued

Copper capital expenditure

	2024 $M	2023 $M
Network sustain	19	27
Copper connections	–	1
Copper layer 2	1	1
Customer acquisition costs	3	4
Total copper capital expenditure	**23**	**33**

Copper capital expenditure continued to decrease given the planned shutdown of the copper network in our fibre areas by the end of 2026. Network sustain benefitted from the release of a $6 million accounting provision for network lifecycle activity. The reported $19 million included about $12 million of grant-funded rural network upgrades and contribution-funded roadworks activity. About $1 million of investment was completed to replace network damaged by Cyclone Gabrielle in February 2023.

Common capital expenditure

	2024 $M	2023 $M
Information technology	40	44
Building and engineering services	20	22
Total common capital expenditure	**60**	**66**

Information technology spend and building and engineering services decreased in FY24 following lifecycle project spend in FY23.

Long term capital management

We will pay a final unimputed dividend of 28.5 cents per share on 8 October 2024 to all shareholders registered at 5.00pm 16 September 2024. The shares will be quoted on an ex-dividend basis from 17 September 2024. As the dividend is unimputed, there will be no supplementary dividend payable to shareholders outside of New Zealand.

The dividend reinvestment plan will not be available for the final dividend.

Dividend guidance for FY25 has been set at 57.5 cents per share, subject to no material adverse changes in circumstance or outlook. The FY25 dividend will be unimputed.

The Board considers that a 'BBB' or equivalent credit rating is appropriate for a company such as Chorus. It intends to maintain capital management and financial policies consistent with these credit ratings. It is Chorus' intention that in normal circumstances the ratio of net debt to EBITDA will not materially exceed 4.75 times. At 30 June 2024, we had a long-term credit rating of BBB/stable outlook by Standard & Poor's and Baa2/stable by Moody's Investors Service.

Chorus completed a $150 million share buyback programme in September 2023. The programme commenced in February 2022 and resulted in the cancellation of 19 million shares.

Consolidated financial statements

Independent Auditor's Report

To the shareholders of Chorus Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Chorus Limited (the 'company') and its subsidiaries (the 'Group') on pages 24 to 65 present fairly, in all material respects:

i. the Group's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date;

ii. in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 30 June 2024;

— the consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended;and

— notes, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with 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 and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $9.0 million determined with reference to a benchmark of Group revenue. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Recoverability of assets	
Refer to Note 1 and 2 to the Financial Statements. Capitalisation and the carrying value of assets are a key audit matter due to the significance of assets to the Group's consolidated statement of financial position, and due to the judgement involved in determining the carrying value of the assets, principally: — decision to capitalise or expense costs relating to the network and IT spend. This depends on whether the expenditure is to enhance the network (capitalise) or to maintain the current operating capability of the network (expense); — estimation of the useful life of the asset once the costs are capitalised; — obsolescence and impairment risk; and — uncertainty of the impact of ongoing technological change, transitioning to a new regulated — model, movement towards a fibre future and retail service provider/local fibre company behaviour.	Our audit procedures included: — examining that the controls to recognise capital projects in the fixed asset register, to monitor labour costs capitalised throughout the year and the approval of the asset life annual review are effective. — assessing the nature of costs incurred in capital projects by checking a sample of costs to invoice to determine whether the description of the expenditure met the capitalisation criteria. — assessing, on a sample basis, whether internal projects meet the criteria for capitalisation. — assessing whether labour rates applied in capitalising employee and contractor time for a sample of personnel were consistent with employee career level and contracts or invoices. — examining, on a sample basis, that labour costs capitalised, at an individual employee/contractor level did not exceed an individual's salary or invoiced time. — assessing, on a sample basis, whether the accruals recorded for assets under construction were calculated in accordance with the progress of construction and the arrangements with external suppliers. — assessing the useful economic lives of the assets, by comparing to our knowledge of the business and its operations and industry benchmarks. — ansuring the revised useful lives of identified asset groups and accelerated depreciation is accurately recorded. — performing data analytical procedures over capitalised labour spend for the period and useful lives of assets in the fixed asset register to identify any unusual trends.
Chorus Funding	
Refer to Note 4, 6, 7 and 19 to the Financial Statements. At 30 June 2024, Chorus had external borrowings of $2,626 million (30 June 2023: $2,528 million), Crown funding of $929 million (30 June 2023: $948 million), CIP securities of $744 million (30 June 2023: $697 million) and net derivative financial assets of $27 million (30 June 2023: Net derivative financial assets of $65 million). The external borrowings, CIP securities, cross-currency and interest rate derivatives are a key audit matter due to their significance to the Group's consolidated statement of financial position and the complexity and judgement involved in determining the appropriate valuation and accounting treatment for the CIP securities and cross-currency and interest rate derivatives.	Our audit procedures included: — engaging our financial instrument specialists to independently value all interest rate derivatives using valuation models and inputs from those utilised by management. — agreeing the terms of the derivatives to the confirmation provided by the derivative counterparty. — examining the hedge documentation for new debt instruments and associated derivatives against the requirements of IFRS 9. — evaluating the hedge effectiveness of the interest rate derivatives hedging the EUR and AUD denominated Medium Term Notes, the NZD Bond 2028 and the NZD Bond 2030. In all instances, our financial instrument specialists assessed the effectiveness of these hedges by independently modelling the future changes in the value of these instruments to assess whether the underlying derivatives were effective. — assessing for changes to the accounting treatment of the CIP securities. We read the underlying loan agreement and analysed the various features of the loan agreement to determine whether the CIP securities were a debt or equity instrument. — verifying the carrying amount of CIP securities is in-line with the accounting models including current and non-current classification. — confirming debt to external support, sighting repayments and reviewing compliance with covenant requirements.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report information includes Chorus' operating, marketing and regulatory overviews, management commentary and disclosure relating to corporate governance and statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

— the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;
— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

— to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
— to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is David Gates.

For and on behalf of

KPMG

KPMG
Wellington
26 August 2024

Consolidated income statement

For the year ended 30 June 2024

	Note	2024 $M	2023 $M
Operating revenue	9	1,010	980
Operating expenses	10	(310)	(308)
Earnings before interest, income tax, depreciation and amortisation		**700**	**672**
Depreciation	1,7	(374)	(355)
Amortisation	2,3	(88)	(91)
Earnings before interest and income tax		**238**	**226**
Finance income		5	4
Finance expense	4	(222)	(199)
Net earnings before income tax		**21**	**31**
Income tax expense	14	(30)	(6)
Net (loss)/earnings for the year		**(9)**	**25**

Earnings per share			
Basic (loss)/earnings per share (dollars)	17	(0.02)	0.06
Diluted (loss)/earnings per share (dollars)	17	(0.02)	0.05

Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Note	2024 $M	2023 $M
Net (loss)/earnings for the year		**(9)**	**25**
Other comprehensive income			
Movements in effective cash flow hedges	19	(12)	3
Amortisation of de-designated cash flow hedges transferred to Income statement	19	5	5
Movement in cost of hedging reserve	19	(9)	(3)
Items that will be reclassified subsequently to Income statement when specific conditions are met net of tax		**(16)**	**5**
Net revaluation of land and buildings	1	7	265
Items that will not be reclassified subsequently to Income statement when specific conditions are met net of tax		**7**	265
Total comprehensive (loss)/income for the year net of tax		**(18)**	**295**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2024

	Note	2024 $M	2023 $M
Current assets			
Cash and call deposits	15	45	76
Trade and other receivables	11	154	153
Derivative financial instruments	19	1	43
Assets held for sale		–	1
Total current assets		**200**	**273**
Non-current assets			
Derivative financial instruments	19	98	116
Trade and other receivables	11	4	–
Customer acquisition assets	3	67	60
Software and other intangible assets	2	142	146
Network assets	1	5,126	5,213
Land and buildings	1	375	357
Total non-current assets		**5,812**	**5,892**
Total assets		**6,012**	**6,165**
Current liabilities			
Trade and other payables	12	230	280
Lease payable	5	12	13
Derivative financial instruments	19	–	1
Debt	4	110	368
Total current liabilities excluding Crown funding		**352**	**662**
Crown Infrastructure Partners (CIP) securities	6	160	–
Crown funding	7	28	28
Total current liabilities		**540**	**690**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position (continued)

As at 30 June 2024

	Note	2024 $M	2023 $M
Non-current liabilities			
Trade and other payables	12	13	11
Deferred tax liability	14	386	363
Derivative financial instruments	19	72	93
Lease payable	5	159	168
Debt	4	2,516	2,160
Total non-current liabilities excluding CIP and Crown funding		**3,146**	**2,795**
Crown Infrastructure Partners (CIP) securities	6	584	697
Crown funding	7	901	920
Total non-current liabilities		**4,631**	**4,412**
Total liabilities		**5,171**	**5,102**
Equity			
Share capital	16	578	589
Reserves	1,19	322	331
Retained earnings		(59)	143
Total equity		**841**	**1,063**
Total liabilities and equity		**6,012**	**6,165**

The consolidated financial statements are approved and signed on behalf of the Board.

Mark Cross
Chair

Kate Jorgensen
Chair, Audit & Risk Management Committee

Authorised for issue on 26 August 2024

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Note	Share capital $M	Revaluation reserve $M	Other reserves $M	Retained earnings $M	Total $M
Balance at 1 July 2022		682	–	60	287	1,029
Comprehensive income						
Net earnings for the year		–	–	–	25	25
Other comprehensive income						
Movement in cash flow hedge reserve	19	–	–	3	–	3
Amortisation of de-designated cash flow hedges transferred to Income statement	19	–	–	5	–	5
Movement in cost of hedging reserve	19	–	–	(3)	–	(3)
Movement in revaluation reserve	1	–	265	–	–	265
Total comprehensive income		**–**	**265**	**5**	**25**	**295**
Contributions by and (distributions to) owners:						
Dividends	16	–	–	–	(169)	(169)
Dividend reinvestment plan	16	9	–	–	–	9
Share buy-back	16	(101)	–	–	–	(101)
Shares issued under LTI scheme		(1)	–	1	–	–
Total transactions with owners		**(93)**	**–**	**1**	**(169)**	**(261)**
Balance at 30 June 2023		**589**	**265**	**66**	**143**	**1,063**
Comprehensive income						
Net loss for the year		–	–	–	(9)	(9)
Other comprehensive income						
Movement in cash flow hedge reserve	19	–	–	(12)	–	(12)
Amortisation of de-designated cash flow hedges transferred to Income statement	19	–	–	5	–	5
Movement in cost of hedging reserve	19	–	–	(9)	–	(9)
Movement in revaluation reserve	1	–	7	–	–	7
Total comprehensive income		**–**	**7**	**(16)**	**(9)**	**(18)**
Contributions by and (distributions to) owners:						
Dividends	16	–	–	–	(193)	(193)
Share buy-back	16	(11)	–	–	–	(11)
Total transactions with owners		**(11)**	**–**	**–**	**(193)**	**(204)**
Balance at 30 June 2024		**578**	**272**	**50**	**(59)**	**841**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 $M	2023 $M
Cash flows from operating activities			
Cash was provided from/(applied to):			
Receipts from customers		1,007	973
Payment to suppliers and employees		(334)	(311)
Interest paid		(165)	(138)
Interest received		5	4
Taxation paid		–	(4)
Net cash flows provided from operating activities		**513**	**524**
Cash flows applied to investing activities			
Cash was provided from/(applied to):			
Purchase of network and intangible assets		(442)	(495)
Disposal of network and intangible assets		1	–
Capitalised interest paid		(1)	(1)
Net cash flows applied to investing activities		**(442)**	**(496)**
Cash flows from financing activities			
Cash was provided from/(applied to):			
Payment of lease liabilities		(16)	(15)
Crown funding (including CIP securities)		12	84
Proceeds from debt		574	811
Repayment of debt		(468)	(659)
Repurchase of shares		(11)	(101)
Dividends paid		(193)	(160)
Net cash flows applied to financing activities		**(102)**	**(40)**
Net cash flows		**(31)**	**(12)**
Cash at the beginning of the year		76	88
Cash at the end of the year	15	**45**	**76**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

Reconciliation of net (loss)/earnings to net cash flows from operating activities

	Notes	2024 $M	2023 $M
Net (loss)/earnings for the year		**(9)**	**25**
Adjustment for:			
Depreciation of network assets	1	405	384
Amortisation of Crown funding	7	(31)	(29)
Amortisation of software and other intangible assets	2	57	61
Amortisation of customer acquisition assets	3	35	33
Movements in tax	14	30	2
Ineffective portion of changes in fair value of cash flow hedges	4	(3)	(7)
Amortisation of non-cash finance expenses		4	10
CIP securities (notional) interest	4	47	45
Other		5	5
		540	**529**
Change in current assets and liabilities:			
Increase in trade and other receivables	11	(5)	(27)
(Decrease)/increase in operating trade payables	12	(22)	22
		(27)	**(5)**
Net cash flows from operating activities		**513**	**524**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Debt $M	Crown funding $M	CIP securities $M	Lease payable $M	Share capital $M	Retained earnings $M
Balance at 1 July 2022	2,322	936	613	187	682	287
Movements from financing cash flows						
Payment of lease liabilities	–	–	–	(15)	–	–
Proceeds from debt	811	45	39	–	–	–
Repayment of debt	(659)	–	–	–	–	–
Repurchase of shares	–	–	–	–	(101)	–
Dividends paid	–	–	–	–	–	(160)
Total changes from financing cash flows	**152**	**45**	**39**	**(15)**	**(101)**	**(160)**
Other cash flows						
Interest paid on leases	–	–	–	(11)	–	–
Non-cash movements						
Movements in fair value (including foreign exchange rates)	50	–	–	–	–	–
Transaction costs and amortisation related to financing	4	(29)	45	–	–	–
Accruals	–	(4)	–	–	(1)	–
Dividend reinvestment plan	–	–	–	–	9	(9)
Lease movements	–	–	–	20	–	–
Net earnings for the year ended 30 June 2023	–	–	–	–	–	25
Balance at 30 June 2023	**2,528**	**948**	**697**	**181**	**589**	**143**
Movements from cash flows						
Payment of lease liabilities	–	–	–	(16)	–	–
Proceeds from debt	574	12	–	–	–	–
Repayment of debt	(468)	–	–	–	–	–
Repurchase of shares	–	–	–	–	(11)	–
Dividends paid	–	–	–	–	–	(193)
Total changes from financing cash flows	**106**	**12**	**–**	**(16)**	**(11)**	**(193)**
Other cash flows						
Interest paid on leases	–	–	–	(11)	–	–
Non-cash movements						
Movements in fair value (including foreign exchange rates)	(12)	–	–	–	–	–
Transaction costs and amortisation related to financing	4	(31)	47	–	–	–
Lease movements	–	–	–	5	–	–
Net loss for the year ended 30 June 2024	–	–	–	–	–	(9)
Balance at 30 June 2024	**2,626**	**929**	**744**	**159**	**578**	**(59)**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Reporting entity and statutory base

Chorus includes Chorus Limited together with its subsidiaries.

Chorus is New Zealand's largest fixed line communications infrastructure business. It maintains and builds a network predominantly made up of fibre and copper cables, local telephone exchanges and cabinets.

Chorus Limited is a profit-oriented company registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. Chorus Limited was established as a standalone, publicly listed entity on 1 December 2011, upon its demerger from Spark New Zealand Limited (Spark, previously Telecom Corporation of New Zealand Limited). The demerger was a condition of an agreement with Crown Infrastructure Partners Limited (previously Crown Fibre Holdings) to enable Chorus Limited to provide the majority of the Crown's Ultra-Fast Broadband (UFB). Chorus Limited is listed and its ordinary shares are quoted on the NZX main board equity security market (NZX Main Board) and on the Australian Stock Exchange (ASX). Chorus has bonds quoted on the NZX and ASX debt markets. American Depositary Shares, each representing five ordinary shares (and evidenced by American Depositary Receipts), are not listed but are traded on the over-the-counter market in the United States.

These consolidated financial statements (financial statements) have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and Part 7 of the Financial Markets Conduct Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities, and with International Financial Reporting Standards.

These financial statements are expressed in New Zealand dollars. All financial information has been rounded to the nearest million, unless otherwise stated.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of financial instruments and land and building assets as identified in the specific accounting policies below and the accompanying notes.

Some comparatives have been restated to reflect the current year classification. This has led to no impact on working capital, the consolidated statements of cash flows, or equity.

Accounting policies and standards

Accounting policies that summarise the measurement basis used which are relevant to the understanding of the financial statements are provided throughout the accompanying notes.

The accounting policies adopted and methods of computation have been applied consistently throughout the periods presented in these financial statements.

No new standards, amendments or interpretations to existing standards that are not yet effective have been early adopted by Chorus in these financial statements.

Climate impact

In preparing the financial statements, management has considered climate-related matters and disclosed as required when the effect of those matters is material in the context of the financial statements taken as a whole. In the year ended 30 June 2024 there was no material impact from climate related matters.

Accounting estimates and judgements

In preparing the financial statements, management has made estimates and assumptions about the future that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on experience and other factors, including macro-economic and market factors, and expectations of future events that may have an impact on Chorus. All judgements, estimates, and assumptions are believed to be reasonable based on the most current set of circumstances available to Chorus. The principal areas of judgement in preparing these financial statements are set out below.

Network assets (note 1)

Assessing the carrying value of network assets for impairment considerations which includes assessing the appropriateness of useful life and residual value estimates of network assets, the physical condition of the asset, technological advances, regulation and expected disposal proceeds from the future sale of the asset.

Land and buildings (note 1)

Land and buildings are recorded at fair value. Fair value relating to land and buildings is determined based on a periodic independent valuation using a combination of both an optimised depreciated replacement cost and a market valuation approach. The valuation technique applied to each asset is determined by the independent valuer, with input and review by Chorus management who are familiar with the nature of the assets. Valuations are performed every three years, or more frequently where indicators exist that the carrying amount of the asset materially differs from its fair value at the end of the reporting period. This may be the result of external factors (e.g. a volatile property market) or internal factors. In these instances where indicators of material difference exist, a desktop valuation may be obtained to appropriately adjust the carrying value of the assets. The underlying assumptions used in the valuation are reviewed at each reporting date to ensure the carrying value is not materially different from the fair value.

Customer acquisition assets (note 3)

Assessing the carrying value of customer acquisition assets for impairment considerations which includes assessing the appropriateness of useful life, contract terms, revenue and customer connections data.

Leases (note 5)

A significant portion of lease contracts contain options for extension, which in turn require management to apply judgement in assessing if these extensions are likely to be exercised.

Crown Infrastructure Partners (CIP) securities (note 6)

On initial recognition, determining the fair value of the CIP securities required Chorus to make assumptions on expected future cash flows and discount rates based on future long dated swap curves. The associated UFB build was completed in the year ended 30 June 2023.

Financial risk management (note 19 and 20)

Accounting judgements have been made in determining hedge designation and the fair value of derivatives and borrowings. The fair value of derivatives and borrowings are determined based on valuation models that use forward-looking estimates and market observable data, to the extent that it is available.

Non-GAAP measures

Chorus uses non-GAAP measures that are not prepared in accordance with NZ IFRS. Chorus believes these non-GAAP measures provide useful information to users of the financial statements to assist in understanding the financial performance of Chorus. These measures are also used internally to evaluate the performance of Chorus and monitored for compliance against debt covenants.

These measures should not be viewed in isolation or as a substitute for measures reported in accordance with NZ IFRS as they are not uniformly defined or utilised by all companies in New Zealand or the telecommunications industry.

Earnings before interest and income tax (EBIT) and earnings before interest, income tax, depreciation and amortisation (EBITDA)

Chorus calculates EBIT by adding back finance expense and income tax to, and subtracting finance income from, net (loss)/earnings. EBITDA adds back depreciation and amortisation expense to EBIT. A reconciliation of EBIT and EBITDA is provided below based on amounts taken from, and consistent with, those presented in the financial statements.

Year ended 30 June	2024 $M	2023 $M
Net (loss)/earnings for the year reported under NZ IFRS	(9)	25
Add back: income tax expense	30	6
Add back: finance expense	222	199
Subtract: finance income	(5)	(4)
EBIT	**238**	**226**
Add back: depreciation	374	355
Add back: amortisation	88	91
EBITDA	**700**	**672**

Note 1 – Network assets, land and buildings

Network assets

In the Consolidated statement of financial position, network assets, except land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of additions to network assets and work in progress constructed by Chorus includes the cost of all materials used in construction, direct labour costs specifically associated with construction, interest costs that are attributable to the asset, resource management consent costs, and attributable overheads.

Repairs and maintenance costs are recognised in the Consolidated income statement as incurred. If the useful life of the asset is extended or the asset is enhanced then the associated costs are capitalised.

Land and buildings

Land and buildings are carried at a revalued amount. The revalued amount represents the fair value of each land and building asset at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in the Consolidated statement of comprehensive income and accumulated within the revaluation reserve in equity. An increase shall be recognised in the Consolidated income statement to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is first recognised in the Consolidated statement of comprehensive income (and the revaluation reserve) to the extent any credit balance exists in relation to that asset. Any additional decrease in the asset's carrying amount is recognised in the Consolidated income statement as an expense. The attributable revaluation surplus remaining in the asset revaluation reserve relating to land or buildings disposed of, net of any related deferred taxes, is transferred directly to retained earnings on the derecognition of the relevant asset.

Using the last independent external valuation performed for the year ended 30 June 2023 as a base, further work was performed to assess the value at balance date. An increase in the land value of 2.6% was adopted based on the QV House Index annual change in prices. There were no other changes to key inputs.

Estimating useful lives and residual values of network assets and buildings

The determination of the appropriate useful life for a particular asset requires management to make judgements about, amongst other factors, the expected period of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances, and the likelihood of Chorus ceasing to use the asset in business operations.

Where an item of network assets or buildings comprises major components having different useful lives, the components are accounted for as separate items of network assets or buildings.

Where the remaining useful lives or recoverable values have diminished due to technological, regulatory or market condition changes, depreciation is accelerated. The assets' residual values, useful lives, and methods of depreciation are reviewed annually and adjusted prospectively, if appropriate.

Depreciation is charged on a straight-line basis to write down the cost of network assets to their estimated residual value over their estimated useful life. Estimated useful lives are as follows:

	Estimated useful life
Fibre cables	20–30 years
Ducts, poles, and manholes	20–50 years
Buildings	50 years
Copper cables	10–25 years
Cabinets	5–20 years
Network electronics	2–25 years
Right of use assets	4–50 years
Other	4–10 years

Other network assets include motor vehicles, test instruments, furniture and fittings, tools, and plant.

An item of network assets and any significant part is derecognised upon disposal or when no future economic benefits are expected from its use. Where network assets are disposed of, the profit or loss recognised in the Consolidated income statement is calculated as the difference between the sale price and the carrying value of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Land and work in progress are not depreciated. Work in progress is reviewed on a regular basis to ensure that costs represent future assets.

Note 1 – Network assets, land and buildings continued

30 June 2024	Fibre cables $M	Ducts, manholes, and poles $M	Copper cables $M	Cabinets $M	Network electronics $M	Right of use assets $M	Other $M	Work in progress $M	Land and buildings $M	Total $M
Gross carrying amount										
Balance at 1 July 2023	2,797	3,279	2,426	748	1,832	244	299	177	357	12,159
Additions	129	87	4	17	80	6	12	94	14	443
Disposals	–	(1)	–	–	(2)	–	(2)	–	–	(5)
Transfers from work in progress	–	–	–	–	–	–	–	(116)	–	(116)
Net revaluations through OCI	–	–	–	–	–	–	–	–	7	7
Other	–	–	–	–	–	–	–	4	(1)	3
Balance at 30 June 2024	**2,926**	**3,365**	**2,430**	**765**	**1,910**	**250**	**309**	**159**	**377**	**12,491**
Accumulated depreciation							–			
Balance at 1 July 2023	(1,092)	(842)	(2,248)	(543)	(1,554)	(96)	(214)	–	–	(6,589)
Depreciation	(135)	(80)	(74)	(17)	(70)	(14)	(13)	–	(2)	(405)
Disposals	–	–	–	–	2	–	2	–	–	4
Balance at 30 June 2024	**(1,227)**	**(922)**	**(2,322)**	**(560)**	**(1,622)**	**(110)**	**(225)**	**–**	**(2)**	**(6,990)**
Net carrying amount	**1,699**	**2,443**	**108**	**205**	**288**	**140**	**84**	**159**	**375**	**5,501**

Note 1 – Network assets, land and buildings continued

30 June 2023	Fibre cables $M	Ducts, manholes, and poles $M	Copper cables $M	Cabinets $M	Network electronics $M	Right of use assets $M	Other $M	Work in progress $M	Land and buildings $M	Total $M
Gross carrying amount										
Balance at 1 July 2022	2,663	3,160	2,424	731	1,762	234	295	141	184	11,594
Additions	134	119	2	17	78	7	7	158	5	527
Disposals	–	–	–	–	(8)	(1)	(3)	–	(1)	(13)
Transfers from work in progress	–	–	–	–	–	–	–	(122)	–	(122)
Net revaluations through OCI	–	–	–	–	–	–	–	–	169	169
Other	–	–	–	–	–	4	–	–	–	4
Balance at 30 June 2023	**2,797**	**3,279**	**2,426**	**748**	**1,832**	**244**	**299**	**177**	**357**	**12,159**
Accumulated depreciation							–			
Balance at 1 July 2022	(964)	(778)	(2,172)	(525)	(1,495)	(84)	(202)	–	(109)	(6,329)
Depreciation	(128)	(64)	(76)	(18)	(67)	(13)	(14)	–	(4)	(384)
Disposals	–	–	–	–	8	1	2	–	–	11
Net revaluations through OCI	–	–	–	–	–	–	–	–	113	113
Balance at 30 June 2023	**(1,092)**	**(842)**	**(2,248)**	**(543)**	**(1,554)**	**(96)**	**(214)**	**–**	**–**	**(6,589)**
Net carrying amount	**1,705**	**2,437**	**178**	**205**	**278**	**148**	**85**	**177**	**357**	**5,570**

There are no restrictions on Chorus' network assets or any network assets pledged as securities for liabilities. At 30 June 2024 the contractual commitments for acquisition and construction of the network assets was $53 million (30 June 2023: $50 million).

Land and buildings at historical cost

If land and buildings were stated on an historical cost basis, the amounts would be as follows:

Year ended 30 June	2024 $M	2023 $M
Land and buildings (at cost)	200	188
Buildings accumulated depreciation	(115)	(113)
Net carrying amount	**85**	**75**

Crown funding

Chorus received funding from the Crown to finance the capital expenditure associated with the development of the UFB network and continues to receive funding for other services. Where funding is used to construct assets, it is offset against depreciation over the life of the assets constructed.

Refer to note 7 for information on Crown funding.

Note 1 – Network assets, land and buildings continued

Impairment

The carrying amounts of non-financial assets including network assets, land and buildings, software and other intangibles, and customer acquisition assets are reviewed at the end of each reporting period for any indicators of impairment.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised in earnings whenever the carrying amount of an asset exceeds its estimated recoverable amount. Should the conditions that gave rise to the impairment loss no longer exist, and the assets are no longer considered to be impaired, a reversal of an impairment loss would be recognised immediately in earnings.

The recoverable amount is the greater of an assets value in use and fair value less costs to sell. Chorus' assets do not generate independent cash flows and are therefore assessed from a single cash-generating unit perspective.

Capitalised interest

Finance costs are capitalised on qualifying items of network assets and software assets at an annualised rate of 5.8% (30 June 2023: 4.0%). Interest is capitalised over the period required to complete the assets and prepare them for their intended use. In the current year finance costs totalling $1 million (30 June 2023: $1 million) have been capitalised against network assets and software assets.

Right of use assets

A right of use asset is recognised on commencement of a lease. The right of use asset is initially measured at cost, which is made up of the initial lease liability amount adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method until the assumed end of the lease term. The right of use asset is periodically adjusted for certain remeasurements of the lease liability.

Movements in right of use assets for the period are presented below:

	Fibre cables $M	Ducts, manholes, and poles $M	Property $M	Total $M
Balance 1 July 2022	7	48	95	150
Additions	–	4	3	7
Disposals	–	–	(1)	(1)
Other	–	–	4	4
Depreciation charge	(1)	(4)	(7)	(12)
Balance at 30 June 2023	**6**	**48**	**94**	**148**
Additions	–	4	1	5
Depreciation charge	(1)	(4)	(8)	(13)
Balance at 30 June 2024	**5**	**48**	**87**	**140**

Property exchanges

Chorus has leased exchange space and commercial co-location space owned by Spark which is subject to lease arrangements (included within right of use assets). Chorus in turn leases exchange space and commercial co-location space owned by Chorus to Spark under an operating lease arrangement.

Note 2 – Software and other intangible assets

Software and other intangible assets are initially measured at cost. The direct costs associated with the development of network and business software for internal use are capitalised where project success is probable and the capitalisation criteria is met. Following initial recognition, software and other intangible assets are stated at cost less accumulated amortisation and impairment losses. Software and other intangible assets with a finite life are amortised from the date the asset is ready for use on a straight-line basis over its estimated useful life which is as follows:

	Estimated useful life
Software	2–10 years
Other intangibles	20–35 years

Other intangibles mainly consists of land easements.

Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, amortisation is accelerated.

There are no restrictions on software and other intangible assets, or any intangible assets pledged as securities for liabilities.

30 June 2024	Software $M	Other intangibles $M	Work in progress $M	Total $M
Cost				
Balance at 1 July 2023	955	6	28	989
Additions	48	–	53	101
Disposals	(4)	–	–	(4)
Transfers from work in progress	–	–	(48)	(48)
Balance at 30 June 2024	**999**	**6**	**33**	**1,038**
Accumulated amortisation				
Balance at 1 July 2023	(842)	(1)	–	(843)
Amortisation	(56)	(1)	–	(57)
Disposals	4	–	–	4
Balance at 30 June 2024	**(894)**	**(2)**	**–**	**(896)**
Net carrying amount	**105**	**4**	**33**	**142**

30 June 2023	Software $M	Other intangibles $M	Work in progress $M	Total $M
Cost				
Balance at 1 July 2022	918	6	17	941
Additions	44	–	55	99
Disposals	(7)	–	–	(7)
Transfers from work in progress	–	–	(44)	(44)
Balance at 30 June 2023	**955**	**6**	**28**	**989**
Accumulated amortisation				
Balance at 1 July 2022	(788)	(1)	–	(789)
Amortisation	(61)	–	–	(61)
Disposals	7	–	–	7
Balance at 30 June 2023	**(842)**	**(1)**	**–**	**(843)**
Net carrying amount	**113**	**5**	**28**	**146**

At 30 June 2024 the contractual commitment for acquisition of software and other intangible assets was $9 million (30 June 2023: $4 million).

Note 3 – Customer acquisition assets

Customer acquisition costs are incremental costs incurred in acquiring new contracts with new and existing customers that Chorus expects are recoverable and are capitalised as customer acquisition assets. These represent various costs including commissions and incentives for customers to connect to the fibre network. Following initial recognition, customer acquisition assets are stated at cost less accumulated amortisation and impairment losses. Customer acquisition assets have a finite life and are amortised from the month that costs are capitalised on a straight-line basis over the average connection life which is as follows:

	Average connection life
New connections and migrations	1–4 years
Customer incentives	1 year

Customer acquisition assets are amortised to the Consolidated income statement, either as amortisation expense or against operating revenue, based on the nature of the specific costs capitalised.

	New connections and migrations $M	Customer incentives $M	Total $M
Balance at 1 July 2022 (net carrying amount)	58	1	59
Additions	30	4	34
Amortisation to amortisation expense	(30)	–	(30)
Amortisation to operating revenue	–	(3)	(3)
Balance at 30 June 2023 (net carrying amount)	**58**	**2**	**60**
Additions	38	4	42
Amortisation to amortisation expense	(31)	–	(31)
Amortisation to operating revenue	–	(4)	(4)
Balance at 30 June 2024 (net carrying amount)	**65**	**2**	**67**

Note 4 – Debt

Debt is classified as non-current liabilities except for those with maturities less than 12 months from the reporting date, which are classified as current liabilities. Debt is initially measured at fair value, less any transaction costs that are directly attributable to the issue of the instruments. Debt is subsequently measured at amortised cost using the effective interest method. Some borrowings are designated in fair value hedge relationships, which means that any change in market interest and foreign exchange rates result in a change in the fair value adjustment on that debt.

The weighted effective interest rate on debt including the effect of derivative financial instruments and facility fees was 5.77% (30 June 2023: 5.40%).

	Due date	2024 $M	2023 $M
Syndicated bank facilities		110	–
Euro medium term notes EUR	Oct 2023	–	368
Euro medium term notes EUR	Dec 2026	488	473
Euro medium term notes EUR	Sep 2029	857	853
Australian medium term notes AUD	Sep 2030	326	–
Fixed rate NZD Bonds	Dec 2027	200	200
Fixed rate NZD Bonds	Dec 2028	502	500
Fixed rate NZD Bonds	Dec 2030	160	153
Less: facility fees		(17)	(19)
Total Debt		**2,626**	**2,528**
Current		**110**	**368**
Non-current		**2,516**	**2,160**

Syndicated bank facilities

As at 30 June 2024 Chorus had a $450 million committed syndicated facility on market standard terms and conditions (30 June 2023: $450 million). The facility is held with banks that are rated A to AA-, based on Standard & Poor's ratings. As at 30 June 2024 $110 million was drawn down (30 June 2023: nil).

Medium Term Notes (MTN)

Face value	Interest rate	2024 $M	2023 $M
EUR 209 million	1.13%	–	368
EUR 300 million	0.88%	488	473
EUR 500 million	3.63%	857	853
AUD 300 million	5.97%	326	–

AUD MTN (AMTN) 2030 issuance

Chorus issued AUD 300 million of AMTN in September 2023 at a fixed interest rate of 5.97% for 7 years. Consistent with the Chorus Treasury Policy, the debt has been fully hedged with cross currency interest rate swaps to hedge the foreign currency exposure, which entitles Chorus to receive AUD 300 million and AUD fixed coupon payments for NZD 325 million principal and NZD floating interest payments.

Euro MTN (EMTN) 2023 tender

The October 2023 EMTN was repaid and settled on 18 October 2023.

Chorus has in place cross currency interest rate swaps to hedge the foreign currency exposure to the MTNs. The cross currency interest rate swaps entitle Chorus to receive EUR or AUD principal and EUR or AUD fixed coupon payments for NZD principal and NZD floating interest payments.

The EUR 500 EMTN cross currency interest rate swaps (notional amount EUR 500 million) are partially hedged for the NZD interest payments using interest rate swaps. The EUR 300 cross currency interest rate swaps (notional amount EUR 300 million) are fully hedged for the NZD interest payments using interest rate swaps. The AUD 300 cross currency swaps (notional amount AUD 300 million) are partially hedged for the NZD interest payments using interest rate swaps.

Note 4 – Debt continued

The following table reconciles MTNs at hedged rates to MTNs carrying value based on spot rates as reported under NZ IFRS. MTNs at hedged rates is a non-GAAP measure and is not defined by NZ IFRS:

	2024 EUR 500 $M	2023 EUR 500 $M	2024 EUR 300 $M	2023 EUR 300 $M	2024 EUR 209 $M	2023 EUR 209 $M
EMTN (at carrying value)	857	853	488	473	–	368
Impact of fair value hedge	23	38	40	62	–	4
Impact of hedged rates used	(60)	(71)	(14)	(21)	–	(44)
EMTN at hedged rates (non-GAAP measure)	**820**	**820**	**514**	**514**	**–**	**328**
EMTN at fair value	**903**	**868**	**497**	**475**	**–**	**369**

	2024 AUD 300 $M	2023 AUD 300 $M
AMTN (at carrying value)	326	–
Impact of fair value hedge	3	–
Impact of hedged rates used	(4)	–
AMTN at hedged rates (non-GAAP measure)	**325**	**–**
AMTN at fair value	**339**	**–**

The fair value of MTNs is calculated based on the present value of future principal and interest cash flows, discounted at market interest rates at balance date and is determined using Level 2 of the fair value hierarchy as described in note 20.

Fixed rate NZD bonds

	Due date	Interest rate	2024 $M	2023 $M
Fixed rate NZD Bonds	Dec 2027	1.98%	200	200
Fixed rate NZD Bonds	Dec 2028	4.35%	502	500
Fixed rate NZD Bonds	Dec 2030	2.51%	160	153
Total fixed rate NZD Bonds			**862**	**853**

The fixed rate on the 2030 NZD Bonds has been swapped to a floating rate using interest rate swaps, creating a fair value hedge which has a fair value of $160 million at balance date (notional amount $200 million). This hedging relationship was entered into to comply with the Chorus Treasury Policy which does not allow for greater than 70% of term debt to be subject to fixed interest rates beyond a three-year time period.

The fixed rate on the 2028 NZD Bonds has been swapped to a floating rate using interest rate swaps, creating a fair value hedge which has a fair value of $502 million (notional amount $500 million). This hedging relationship was entered into to fix the rate reset with forward start interest rate swaps on 6 December 2023.

At 30 June 2024, Chorus had $900 million of unsecured, unsubordinated debt securities (30 June 2023: $900 million).

Note 4 – Debt continued

Schedule of maturities

	2024 $M	2023 $M
Current	110	368
Due one to two years	–	–
Due two to three years	488	–
Due three to four years	200	673
Due four to five years	502	–
Due over five years	1,343	1,506
Total due	**2,643**	**2,547**
Less: facility fees	(17)	(19)
	2,626	**2,528**

No debt has been secured against assets, however there are financial covenants and event of default triggers as defined in the various debt agreements. During the current year Chorus complied with the requirements set out in its financing agreements (30 June 2023: complied).

Refer to note 20 for information on financial risk management.

Finance expense

	2024 $M	2023 $M
Interest on syndicated bank facility	9	2
Interest on EMTN	88	93
Interest on AMTN	19	–
Interest on fixed rate NZD bonds	38	32
Ineffective portion of changes in fair value of cash flow hedges	(3)	(7)
Other interest expense	25	35
Capitalised interest	(1)	(1)
Total finance expense excluding CIP securities (notional) interest	**175**	**154**
CIP securities (notional) interest	47	45
Total finance expense	**222**	**199**

Other interest expense includes $11 million lease interest expense (30 June 2023: $11 million), and $7 million of amortisation arising from the difference between fair value and proceeds realised from the swaps reset (30 June 2023: $7 million).

Note 5 – Leases

Chorus is a lessee of certain network assets under lease arrangements. For all leases Chorus recognises assets and liabilities in the Consolidated statement of financial position, except those determined to be short-term or low value. On inception of a new lease, the lease payable is measured at the present value of the remaining lease payments, discounted at Chorus' incremental borrowing rate at that date. Lease costs are recognised through interest expense over the life of the lease. The corresponding right of use asset incurs depreciation over the estimated useful life of the asset.

Chorus' discounted cash flows by category are summarised below:

	2024 $M	2023 $M
Fibre cables	10	11
Ducts, manholes and poles	53	52
Property	108	118
Total lease payable	**171**	**181**
Current	**12**	**13**
Non-current	**159**	**168**

Extension options

Most leases contain extension options exercisable by Chorus up to one year before the end of the non-cancellable contract period. Where practicable, Chorus seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by Chorus and not by the lessors. Chorus assesses at lease commencement whether it is reasonably certain the extension options will be exercised, and where it is reasonably certain, the extension period has been included in the lease liability calculation. Chorus reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The amounts recognised in the Consolidated income statement and the Consolidated statement of cash flows relating to leases are summarised below:

	2024 $M	2023 $M
Amounts recognised in Consolidated income statement:		
Interest on lease payable	11	11
Amounts recognised in Consolidated statement of cash flows:		
Principal payments	(16)	(15)
Lease interest	(11)	(11)

Note 6 – Crown Infrastructure Partners (CIP) securities

Ultra-Fast Broadband (UFB)

Chorus received Crown funding to finance construction costs associated with the development of the UFB network. Funding was received for every premise passed and certified by CIP.

Funding was received over two phases. Phase one of the build (UFB1) was completed in December 2019 with a total of $924 million of funding received. Phase two (UFB2 and UFB2+) was completed in December 2022 with a total $411 million of funding received.

In return for funding under both phases, CIP equity securities and CIP debt securities were issued. Under UFB1 CIP warrants were also issued.

The CIP equity and debt securities are recognised initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortised cost using the effective interest method. The fair value is derived by discounting the equity securities and debt securities per premises passed by the effective rate based on market rates. The difference between funding received and the fair value of the securities is recognised as Crown funding. Over time, the CIP debt and equity securities increase to face value and the Crown funding is released against depreciation and reduces to nil.

CIP debt securities

CIP debt securities are unsecured, non-interest bearing and carry no voting rights at meetings of holders of Chorus ordinary shares. Chorus is required to redeem the CIP debt securities in tranches from 2025 by repaying the face value to the holder.

The principal amount of CIP debt securities consists of a senior portion and a subordinated portion. The senior portion ranks equally with all other unsecured, unsubordinated creditors of Chorus, and has the benefit of any negative pledge covenant that may be contained in any of Chorus' debt arrangements. The subordinated portion ranks below all other Chorus indebtedness but above ordinary shares of Chorus. The initial value of the senior portion is the present value of the sum repayable on the CIP debt securities, and the initial subordinated portion will be the difference between the issue price of the CIP debt security and the value of the senior portion.

CIP equity securities

CIP equity securities are a class of non-interest-bearing security that carry no right to vote at meetings of holders of Chorus ordinary shares but entitle the holder to a preferential right to repayment on liquidation and additional rights that relate to Chorus' performance under its construction contract with CIP.

For UFB1 equity securities, dividends will become payable on a portion of the CIP equity securities from 2025 onwards, with the portion of CIP equity securities that attract dividends increasing over time. For UFB2 and UFB2+ equity securities, dividends will become payable from 2030.

CIP equity securities can be redeemed by Chorus at any time by payment of the issue price or issue of new ordinary shares (at a 5% discount to the 20–day volume weighted average price) to the holder. In limited circumstances CIP equity securities may be converted by the holder into voting preference or ordinary shares.

The CIP equity securities are required to be disclosed as a liability until the liability component of the compound instrument expires.

Note 6 – Crown Infrastructure Partners (CIP) securities continued

CIP warrants

Under UFB1 Chorus issued warrants to CIP for nil consideration along with each tranche of CIP equity securities. Each CIP warrant gives CIP the right, on a specified exercise date, to purchase at a set strike price a Chorus share to be issued by Chorus. The strike price for a CIP warrant is based on a total shareholder return of 16% per annum on Chorus shares over the period December 2011 to June 2036.

At 30 June 2024, Chorus had issued a total 16,407,227 warrants which had a fair value and carrying value that approximated zero (30 June 2023: 15,622,325 warrants issued). The number of fibre connections made by 30 June 2024 impacts the number of warrants that could be exercised.

At 30 June 2024, the component parts of CIP debt and equity instruments, including notional interest, were:

	2024			2023		
	CIP debt securities $M	CIP equity securities $M	Total CIP securities $M	CIP debt securities $M	CIP equity securities $M	Total CIP securities $M
Fair value on initial recognition						
Balance at 1 July	228	250	478	189	250	439
Additional securities recognised at fair value	–	–	–	39	–	39
Balance at 30 June	**228**	**250**	**478**	**228**	**250**	**478**
Accumulated notional interest						
Balance at 1 July	96	123	219	78	96	174
Notional interest	19	28	47	18	27	45
Balance at 30 June	**115**	**151**	**266**	**96**	**123**	**219**
Total CIP securities	**343**	**401**	**744**	**324**	**373**	**697**
Current	**81**	**79**	**160**	**–**	**–**	**–**
Non-current	**262**	**322**	**584**	**324**	**373**	**697**
CIP at fair value	**351**	**444**	**795**	**320**	**375**	**695**

Key assumptions in calculations on initial recognition

On initial recognition, a discount rate is used for the CIP debt securities. No CIP debt securities were issued in the year (30 June 2023: $39m was recognised using discount rates between 6.16% and 7.36%). The discount rate was used for the CIP equity securities and to discount the expected cash flows, based on the NZ swap curve. The swap rates were adjusted for Chorus specific credit spreads (based on market observed credit spreads for debt issued with similar credit ratings and tenure). The discount rate on the CIP equity securities is capped at Chorus' estimated cost of (ordinary) equity.

Note 7 – Crown funding

Funding from the Crown is recognised at fair value where there is reasonable assurance that the funding is receivable and all attached conditions will be complied with. Crown funding is then recognised in earnings as a reduction to depreciation expense on a systematic basis over the useful life of the asset the funding was used to construct.

	2024					2023				
	UFB $M	WCSNB $M	RBI $M	Other $M	Total $M	UFB $M	WCSNB $M	RBI $M	Other $M	Total $M
Fair value on initial recognition										
Balance at 1 July	860	42	242	16	1,160	821	40	242	16	1,119
Additional funding recognised at fair value	–	8	–	4	12	39	2	–	–	41
Balance at 30 June	**860**	**50**	**242**	**20**	**1,172**	**860**	**42**	**242**	**16**	**1,160**
Accumulated amortisation of funding										
Balance at 1 July	(132)	(1)	(69)	(10)	(212)	(112)	–	(61)	(10)	(183)
Amortisation	(21)	(1)	(8)	(1)	(31)	(20)	(1)	(8)	–	(29)
Balance at 30 June	**(153)**	**(2)**	**(77)**	**(11)**	**(243)**	**(132)**	**(1)**	**(69)**	**(10)**	**(212)**
Total Crown funding	**707**	**48**	**165**	**9**	**929**	**728**	**41**	**173**	**6**	**948**
Current					**28**					**28**
Non-current					**901**					**920**

Crown funding largely comprises project-related government funding for the Ultra-Fast Broadband (UFB) build, West Coast Southland Network Build (WCSNB), and Rural Broadband Initiative (RBI) projects.

Note 8 – Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and for which operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

Chorus' Chief Executive Officer (CEO) has been identified as the chief operating decision maker for the purpose of segmental reporting.

Chorus has determined that it operates in one segment providing nationwide fixed line communications infrastructure. The determination is based on the reports reviewed by the CEO in assessing performance, allocating resources and making strategic decisions.

All of Chorus' operations are provided in New Zealand, therefore no geographic information is provided.

Three Chorus customers met the reporting threshold of 10 percent of Chorus' operating revenue in the year to 30 June 2024. The total revenue for the year ended 30 June 2024 from these customers was $327 million (30 June 2023: $330 million), $193 million (30 June 2023: $198 million) and $219 million (30 June 2023: $146 million).

Note 9 – Operating revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Chorus recognises revenue when it transfers control of a product or service to a customer and cash collection is considered probable. Revenue is presented net of rebates and customer incentives.

Chorus services provided to customers	Nature, performance obligation and timing of revenue
Fibre and copper connections	Providing access to the Chorus fixed lines network to enable connections to the internet. Chorus recognises revenue as it provides this service to its customers at a point in time. Unbilled revenues from the billing cycle date to the end of each month are recognised as revenue during the month the service is provided. Revenue is deferred in respect of the portion of fixed monthly charges that have been billed in advance.
Value added network services	Providing enhanced access to the Chorus fixed line network to enable internet access, through backhaul and handover link services to connect across wider areas and to higher quality levels. Recognition is the same as described for fibre and copper connections above.
Infrastructure	Providing physical storage and site-sharing rental services for co-location of third party or shared assets. This is billed and recognised on a monthly basis, based on a point in time.
Field services	Providing services in the field to protect, strengthen, and increase the available network – for example, installation services, wiring and consultation services. This is billed and recognised as the service is provided over time. Revenue from installation of connections is recognised upon completion of the connection.

Revenue by service

	2024 $M	2023 $M
Fibre broadband (GPON)	697	622
Fibre premium (P2P)	69	68
Copper based broadband	83	117
Copper based voice	28	39
Data services copper	3	4
Field services products	67	70
Infrastructure	33	31
Value added network services	26	26
Other	4	3
Total operating revenue	**1,010**	**980**

Amounts collected on behalf of third parties

Revenue above is exclusive of amounts collected on behalf of, and paid to third parties, which totalled $13 million in the year (30 June 2023: $19 million). Any amounts collected but not yet passed to the third party are recognised within trade and other payables.

Note 10 – Operating expenses

	2024 $M	2023 $M
Labour	80	76
Network maintenance	53	60
Information technology costs	44	42
Other network costs	37	37
Electricity	22	19
Rent and rates	13	12
Property maintenance	14	14
Advertising	11	13
Regulatory levies	9	9
Consultants	6	9
Insurance	5	5
Provisioning	1	1
Other	15	11
Total operating expenses	**310**	**308**

Labour

Labour of $80 million (30 June 2023: $76 million) represents employee costs which are not capitalised.

Pension contributions

Included in labour costs are payments to the New Zealand Government Superannuation Fund of $226,000 (30 June 2023: $297,000) and contributions to KiwiSaver of $3.1 million (30 June 2023: $3.3 million). At 30 June 2024 there were 10 employees in the New Zealand Government Superannuation Fund (30 June 2023: 11 employees) and 765 employees in KiwiSaver (30 June 2023: 758 employees). Chorus has no other obligations to provide pension benefits in respect of employees.

Charitable and political donations

Other costs include charitable donations of $771,000 towards digital inclusion and health initiatives (30 June 2023: $407,000 towards digital inclusion and health initiatives). Chorus has not made any political donations (30 June 2023: nil).

Auditor remuneration

Included in other expenses are fees paid to auditors:

	2024 $000's	2023 $000's
Audit and review of statutory financial statements	**644**	**640**
Regulatory audit and assurance work[12]	645	490
Total other services	**645**	**490**
Total fees paid to the auditor	**1,289**	**1,130**

12 Regulatory audit and assurance work includes $72,000 of assurance fees for climate related disclosures and $555,000 in relation to fibre regulation (30 June 2023: regulatory audit and assurance work relates to fibre regulation).

Note 11 – Trade and other receivables

Trade and other receivables are initially recognised at the fair value of the amounts to be received, plus transaction costs (if any). They are subsequently measured at amortised cost (using the effective interest method) less impairment losses.

	2024 $M	2023 $M
Trade receivables	100	98
Other receivables	48	44
Prepayments	10	11
Trade and other receivables	**158**	**153**
Current	**154**	**153**
Non-current	**4**	**–**

Included within other receivables is $43 million of interest receivable (30 June 2023: $37 million).

Trade receivables are non-interest bearing and are generally on terms of 20 working days or less.

Chorus applies the simplified approach in providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The provision for impairment losses are either individually or collectively assessed based on number of days overdue. Chorus takes into account the historical loss experience and incorporate forward looking information and relevant macroeconomic factors.

Chorus maintains a provision for impairment losses when there is objective evidence of its customers being unable to make required payments and makes a provision for doubtful debt where debt is more than 60 days overdue. There have been no significant individual impairment amounts recognised as an expense during the period. Trade receivables are net of allowances for disputed balances with customers.

The ageing profile of trade receivables is as follows:

	2024 $M	2023 $M
Not past due	90	94
Past due 1–30 days	8	4
Past due 31–60 days	2	–
	100	**98**

Chorus has a concentrated customer base consisting predominantly of a small number of retail service providers. The concentrated customer base heightens the risk that a dispute with a customer, or a customer's failure to pay for services, will have a material adverse effect on the collectability of receivables.

Any disputes arising that may affect the relationship between the parties will be raised by relationship managers and follow a dispute resolution process. Chorus has $10 million of accounts receivable that are past due but not impaired (30 June 2023: $4 million). The carrying value of trade and other receivables approximates the fair value. The maximum credit exposure is limited to the carrying value of trade and other receivables.

Note 12 – Trade and other payables

Trade and other payables are initially recognised at fair value less transaction costs (if any). They are subsequently measured at amortised cost using the effective interest method. Trade and other payables are non-interest bearing and are normally settled within 30-day terms. The carrying value of trade and other payables approximates their fair values.

	2024 $M	2023 $M
Trade payables	48	66
Operating expenditure accruals	74	79
Capital expenditure accruals	15	38
Personnel accruals	20	18
Revenue billed in advance	86	90
Trade and other payables	**243**	**291**
Current	**230**	**280**
Non-current	**13**	**11**

Note 13 – Commitments

Capital expenditure

Refer to note 1 and note 2 for details of capital expenditure commitments.

Lease commitments

Refer to note 5 for details of lease commitments.

Note 14 – Taxation

Income tax expense

Income tax expense for the current year comprises current and deferred tax, and is recognised in the Consolidated income statement, except to the extent it relates to items recognised in the Consolidated statement of other comprehensive income or directly in equity.

	2024 $M	2023 $M
Recognised in Consolidated income statement		
Net earnings before tax	21	31
Tax at 28%	6	9
Tax effect of adjustments		
Other non-taxable items	9	7
Deferred tax impact from reversal of depreciation on buildings	15	–
Building life reassessment	–	(10)
Tax expense recognised in Consolidated income statement	**30**	**6**
Comprising:		
Current tax expense/(benefit)		
– Current year	12	5
– Adjustments in respect of prior periods	1	(1)
Deferred tax expense		
– Adjustments in respect of prior periods	–	1
– Depreciation, provisions, accruals, leases & other	17	1
	30	**6**
Recognised in other comprehensive income		
Net movement in hedging related reserves	(6)	2
Net revaluation of buildings	–	17
Tax expense recognised in other comprehensive income	**(6)**	**19**

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of the deferred tax is based on the expected manner of realisation of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at reporting year end. A deferred tax asset is recognised only to the extent it is probable it will be utilised.

The movement in the deferred tax assets and liabilities for the period, is presented below.

Deferred tax liability/(asset)

	Changes in other reserves $M	Lease payable $M	Fixed & intangible assets $M	Other $M	Unused tax credits $M	Total deferred tax liability $M
Balance at 1 July 2022	22	(50)	355	42	(27)	342
Prior period adjustment	–	–	–	1	–	1
Recognised in Consolidated income statement	–	1	5	5	–	11
Recognised in Consolidated statement of comprehensive income	2	–	17	–	–	19
Building life reassessment	–	–	(10)	–	–	(10)
Balance at 30 June 2023	**24**	**(49)**	**367**	**48**	**(27)**	**363**
Balance at 1 July 2023	24	(49)	367	48	(27)	363
Recognised in the Consolidated statement of financial position	–	–	–	–	12	12
Recognised in Consolidated income statement	–	3	1	(2)	–	2
Recognised in Consolidated statement of comprehensive income	(6)	–	–	–	–	(6)
Building life reassessment	–	–	15	–	–	15
Balance at 30 June 2024	**18**	**(46)**	**383**	**46**	**(15)**	**386**

Imputation credits

Chorus has an imputation credit account balance of $268,000 as at 30 June 2024 (30 June 2023: $135,000). The account balance was positive as at 31 March 2024 and 31 March 2023.

Note 15 – Cash, call deposits, and cash overdraft

Cash and call deposits are held with bank and financial institution counterparties rated at a minimum of A, based on rating agency Standard & Poor's ratings.

There are no cash or call deposit balances held that are not available for use. Chorus has a $10 million overdraft facility which is used in the normal course of operations.

The carrying values of cash and call deposits approximate their fair values. The maximum credit exposure is limited to the carrying value of cash and call deposits.

Cash and call deposits denominated in foreign currencies are translated into New Zealand dollars at the spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Consolidated income statement.

Cash flow

Cash flows from derivatives in cash flow and fair value hedge relationships are recognised in the Consolidated statement of cash flows in the same category as the hedged item.

For the purposes of the Consolidated statement of cash flows, cash is considered to be cash on hand, in banks and cash equivalents, including bank overdrafts and highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in values.

Note 16 – Equity

Share capital

Movements in Chorus Limited's issued ordinary shares were as follows:

	2024 Number of shares (millions)	2023 Number of shares (millions)
Balance 1 July	435	446
Dividend reinvestment plan	–	1
Share buyback	(1)	(12)
Balance at 30 June	**434**	**435**

Chorus Limited has 433,887,294 fully paid ordinary shares (30 June 2023: 435,334,308). The issued shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of Chorus Limited. Under Chorus Limited's constitution, Crown approval is required if a shareholder wishes to have a holding of 10% or more of Chorus Limited's ordinary shares, or if a shareholder who is not a New Zealand national wishes to have a holding of 49.9% or more of ordinary shares.

Chorus Limited issued securities to CIP under its fibre rollout agreement. CIP securities are a class of security that carry no right to vote at meetings of holders of Chorus Limited ordinary shares but carry a preference on liquidation. Refer to note 6 for additional information on CIP securities.

Should Chorus Limited return capital to shareholders, any return of capital that arose on demerger may be taxable as Chorus Limited had zero available subscribed capital on demerger.

Dividends

On 10 October 2023 and 16 April 2024, dividends of 25.5 cents per share and 19 cents per share respectively were paid to shareholders. These two dividend payments totalled $193 million (30 June 2023: 38 cents, $169 million).

No dividend reinvestment plan was available in the year ended 30 June 2024 (30 June 2023: 1,160,865 shares, with a value of $9 million, were issued in lieu of dividends).

Share buyback

Chorus completed a $150 million share buyback programme in September 2023. The programme commenced in February 2022 and resulted in the cancellation of 18,986,306 shares.

Long-term performance share scheme

Chorus operates a long-term performance share scheme for selected key management personnel under which key senior management are issued share-rights.

The scheme is equity settled and treated as an option plan for accounting purposes. Each tranche of each grant is valued separately. The absolute performance hurdle is valued using Monte Carlo simulations.

In August 2023, Chorus issued a tranche of share rights under the scheme. The shares have a vesting date of 25 August 2026. The grant carries two performance hurdles;

1. For 50% of the performance share rights to vest, Chorus total shareholder return must equal or exceed 23.19% over the vesting period, using a hurdle rate of 7.2% that compounds annually.
2. For 100% of the performance share rights to vest, Chorus total shareholder return must equal or exceed 25.97% over the vesting period, using a hurdle rate of 8% that compounds annually.

A total of 135,719 share rights were issued in the tranche.

The combined option cost for the year ended 30 June 2024 of $290,000 has been recognised in the Consolidated income statement (30 June 2023: $524,000).

Reserves

Refer to note 19 for information on the cash flow hedge reserve and cost of hedging reserve.

Note 17 – Earnings per share

The calculation of basic earnings per share at 30 June 2024 is based on the net losses for the year of $9 million (30 June 2023: net earnings $25 million), and a weighted average number of ordinary shares outstanding during the period of 435 million (30 June 2023: 443 million), calculated as follows:

	2024	2023
Basic earnings per share		
Net (loss)/earnings attributable to ordinary shareholders ($ millions)	(9)	25
Denominator – weighted average number of ordinary shares (millions)	435	443
Basic (loss)/earnings per share (dollars)	**(0.02)**	**0.06**
Diluted earnings per share		
Net (loss)/earnings attributable to ordinary shareholders ($ millions)	(9)	25
Weighted average number of ordinary shares (millions)	435	443
Ordinary shares required to settle CIP equity securities (millions)	108	95
Ordinary shares required to settle CIP warrants (millions)	16	16
Denominator – diluted weighted average number of shares (millions)	559	554
Diluted (loss)/earnings per share (dollars)	**(0.02)**	**0.05**

The number of ordinary shares that would have been required to settle all CIP equity securities and CIP warrants on issue at 30 June has been used for the purposes of the diluted earnings per share calculation.

Note 18 – Related parties

Subsidiaries

The financial statements include Chorus Limited and it subsidiaries as listed below:

Name of entity	Location	2024 ownership	2023 ownership
Chorus New Zealand Limited	New Zealand	100%	100%

All day-to-day operations of the business occur within Chorus New Zealand Limited including the building and maintenance of the network, sales and marketing, and the supporting corporate function.

Transactions with related parties

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, and include the Directors, the Chief Executive, and his direct reports. Certain key management personnel have interests in a number of companies that Chorus has transactions with the normal course of business.

Key management personnel compensation

	2024 $000's	2023 $000's
Short term employee benefits	8,203	6,588
Termination benefits	1,075	–
Share based payments	–	1,638
	9,278	**8,226**

	2024 $000's	2023 $000's
Director's fees	1,085	1,084

The performance hurdles were not met for the long-term performance share scheme and there were no share based payments made in the period ended 30 June 2024.

Refer to note 16 for details of long-term incentives.

Note 19 – Derivatives and hedge accounting

Chorus uses derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates, interest rates and the spot price of electricity. The use of hedging instruments is governed by the Treasury Policy approved by the Board. Derivatives are held at fair value with an adjustment made for credit risk in accordance with NZ IFRS 9: Financial Instruments. The derivatives are considered Level 2 investments as defined in note 20.

Treatment of any fair value gains or losses depends on whether the derivative is designated as a hedging instrument. If the derivative is not designated as a hedging instrument, the remeasurement gain or loss is recognised immediately in the Consolidated income statement.

Hedge accounting

Chorus designates derivatives held for hedging as either:

- Cash flow hedges (of highly probable forecast transactions); or
- Fair value hedges (of the fair value of recognised assets, liabilities or firm commitments).

At inception each hedge relationship is formalised in hedge documentation.

Derivatives in hedge relationships are designated based on a 1:1 hedge ratio. In these hedge relationships the main source of ineffectiveness is the effect of the credit risk on the fair value of the derivatives, which is not reflected in the change in the fair value of the hedged item attributable to changes in foreign exchange and interest rates.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. On discontinuation, any cumulative gain or loss previously recognised in Other comprehensive income is recognised in the Consolidated income statement either at the same time as the forecast transaction, or immediately if the transaction is no longer expected to occur.

Cash flow hedges

Under a cash flow hedge, the effective portion of gains or losses from remeasuring the fair value of the hedging instrument is recognised in Other comprehensive income and accumulated in the cash flow hedge reserve. Accumulated gains or losses are subsequently transferred to the Consolidated income statement when the hedged item affects the Income statement, or when the hedged item is a forecast transaction that is no longer expected to occur. Alternatively, when the hedged item results in a non-financial asset or liability, the accumulated gains and losses are included in the initial measurement of the cost of the asset or liability.

Differences in the hedged values will flow to finance expense in the Income statement over the life of the derivatives as ineffectiveness. Neither the magnitude or direction of these differences can be predicted as they are influenced by external market factors. In the current year, ineffectiveness was credit $3 million across the hedge relationships (30 June 2023: credit $7 million). Refer to note 4.

As long as the existing cash flow hedge relationships remain effective, any future gains or losses will be processed through the hedge equity reserves.

A reconciliation of movements in the cash flow hedge reserve is outlined below:

	2024 $M	2023 $M
Balance at 1 July	(71)	(63)
Changes in cash flow hedges	16	(3)
Amortisation of de-designated cash flow hedges transferred to Income statement	(7)	(7)
Dedesignated swaps reclassified to the income statement	–	(1)
Tax expense	(3)	3
Closing balance at 30 June	**(65)**	**(71)**

Fair value hedges

Under a fair value hedge, the hedged item is revalued at fair value in respect of the hedged risk. This revaluation is recognised in the Consolidated income statement to offset the mark-to-market revaluation of the hedging derivative, except for any adjustment on the hedging derivative relating to credit risk.

Once hedging is discontinued, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the Income statement from that date through to maturity of the hedged item. If the hedged item is derecognised any corresponding fair value hedge adjustment is immediately recognised in the Consolidated income statement.

To hedge the interest rate risk and foreign currency risk on the EUR EMTNs, Chorus uses cross currency interest rate swaps. For hedge accounting purposes, these swaps were aggregated and designated as two cash flow hedges and a fair value hedge. Chorus hedges the EUR EMTNs for Euro fixed rate interest to Euro floating rate interest via a fair value hedge. In this case, the change in the fair value of the hedged risk is also attributed to the carrying value of the EMTNs (refer to note 4).

Note 19 – Derivatives and hedge accounting continued

To hedge the interest rate risk and foreign currency risk on the AUD AMTNs, Chorus uses cross currency interest rate swaps. For hedge accounting purposes, these swaps were aggregated and designated as two cash flow hedges and a fair value hedge. Chorus hedges a portion of the AUD AMTNs for AUD fixed rate interest to AUD floating rate interest via a fair value hedge. In this case, the change in the fair value of the hedged risk is also attributed to the carrying value of the AMTNs (refer to note 4).

Cost of hedging

The cost of hedging reserve captures changes in the fair value of the cost to convert foreign currency to NZD of Chorus' cross currency interest rate swaps on the EUR EMTNs and AUD AMTN.

A reconciliation of movements in the cost of hedging reserve is outlined below:

	2024 $M	2023 $M
Balance at 1 July	6	3
Change in currency basis spreads (when excluded from the designation)	13	7
Dedesignated swaps reclassified to the income statement	–	(3)
Tax (benefit)/expense	(4)	(1)
Closing balance at 30 June	**15**	**6**

Derivatives

Interest rate swaps

As at 30 June 2024 Chorus holds all interest rate swaps in designated hedging relationships.

All interest rate swaps which are designated as cash flow hedges are held in effective hedging relationships and their unrealised gains or losses are recognised in the cash flow hedge reserve.

Chorus has also entered into four interest rate swaps which are designated as fair value hedges. They have a combined face value $700 million and were entered in conjunction with the 10 year NZD bonds issued on 6 December 2018 and 2 December 2020, with the intention of swapping the interest exposure from a fixed to a floating rate.

Restructured interest rate swaps

Three interest rate swaps have been restructured: two in December 2018 and one in February 2020.

The two December 2018 restructured interest rate swaps have a combined face value of $500 million and were reset in conjunction with the resettable NZD fixed rate bond issued in December 2018 to hedge interest rate exposure from December 2023. As part of the restructure the original hedge relationship was discontinued and on termination there was a net present value of $14 million recognised in the cash flow hedge reserve. This amount was held in the cash flow hedge reserve as the hedged item still exists and is amortised over the original hedge period. The unamortised balance of the original fair values at 30 June 2024 is $4 million (30 June 2023: $6 million).

The interest rate swap restructured in February 2020 had a face value of $200 million and was reset to be in conjunction with the EUR 300 million EMTN issued in December 2019 to hedge interest rate exposure from April 2020. The original hedge relationship was discontinued and on termination had a net present value of $27 million. This amount was held in the cash flow hedge reserve as the hedged item still exists and will be amortised over the original hedge period. The unamortised balance of the original fair values at 30 June 2024 was $8 million (30 June 2023: $12 million).

Cross currency interest rate swaps

Chorus enters into cross currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on the EUR and AUD MTNs. Using the cross currency interest rate swaps, Chorus will pay New Zealand Dollar floating interest rates and receive EUR or AUD nominated fixed interest with coupon payments matching the underlying notes.

In October 2023, Chorus repaid and settled the residual EUR 209 million. Concurrently, an equal nominal amount of cross currency interest rate swaps (CCIRS) which hedged the debt were exited to ensure the hedging relationship remains fully effective.

Chorus also issued AUD 300 million of AMTN in September 2023 for a term of 7 years at an interest rate of 5.97%. Consistent with the Chorus Treasury Policy, the debt has been fully hedged with CCIRS to hedge the foreign currency exposure, which entitle Chorus to receive AUD 300 million and AUD fixed coupon payments for NZD 325 million principal and NZD floating interest payments.

Chorus continues to hold cross currency interest rate swaps in relation to the EMTN EUR 300 million issued in December 2019 and EMTN EUR 500 million issued in September 2022. This is unchanged in the current year.

Chorus designated the MTNs and cross currency interest rate swaps into three-part hedging relationships for each issue:

- a fair value hedge of EUR or AUD benchmark interest rates,
- a cash flow hedge of margin, and
- a cash flow hedge of the principal exchange.

Under the cross currency swaps Chorus will pay and receive the following on maturity:

	Maturity	Principal – receive leg (EUR M)	Principal – receive leg (AUD M)	Principal – pay leg ($M)
EUR EMTN 300	Dec 2026	300	–	514
EUR EMTN 500	Sep 2029	500	–	820
AUD AMTN 300	Sep 2030	–	300	325

Note 19 – Derivatives and hedge accounting continued

Hedging instruments used (pre-tax):

				Life to date values as at 30 June 2024					Year to date values recognised during the year ended 30 June 2024			
					Carrying amount of the hedging instrument				Hedge effectiveness in reserves		Hedge effectiveness	Hedge ineffectiveness
	Currency	Maturity years	Average rate	Nominal amount of the hedging instrument $M	Assets $M	Liabilities $M	Change in value used for calculating hedge ineffectiveness $M	Cost of hedging reserve $M	Cash flow hedge (OCI) $M	Cash flow hedge reclassified to the Income statement $M	Fair value hedge recognised in the Income statement $M	Recognised in the Income statement $M
Cash flow hedges												
Interest rate swaps (including forward starting)	NZD	2–6	2.42%	1,114	69	–	69	–	(20)	–	–	–
Restructured interest rate swaps 2018 (forward starting)	NZD	5	4.41%	500	1	–	18	–	(1)	2	–	–
Restructured interest rate swap 2020	NZD	3	3.35%	200	7	–	34	–	(7)	4	–	4
Forward exchange rate contracts	NZD:USD	1–2	0.6160	41	1	–	1	–	1	(1)	–	–
Electricity futures	NZD	1–2	NA	NA	–	–	–	–	2	–	–	–
Fair value hedges												
Interest rate swaps	NZD	4–7	Floating	700	2	(39)	(37)	–	–	–	8	–
Fair value and cash flow hedges												
Cross currency interest rate swaps	NZD:EUR	N/A	Floating	–	–	–	–	–	(44)	44	4	–
Cross currency interest rate swaps	NZD:EUR	3	Floating	514	–	(33)	(29)	(5)	(6)	6	22	–
Cross currency interest rate swaps	NZD:EUR	6	Floating	820	18	–	34	(15)	(5)	10	15	(1)
Cross currency interest rate swaps	NZD:AUD	7	Floating	325	1	–	2	(1)	4	(3)	(3)	–
Total hedged derivatives				**4,214**	**99**	**(72)**	**92**	**(21)**	**(76)**	**62**	**46**	**3**
Current					**1**	**–**						
Non-current					**98**	**(72)**						

Note 19 – Derivatives and hedge accounting continued

				Life to date values as at 30 June 2023					Year to date values recognised during the year ended 30 June 2023			
					Carrying amount of the hedging instrument				Hedge effectiveness in reserves		Hedge effectiveness	Hedge ineffectiveness
	Currency	Maturity years	Average rate	Nominal amount of the hedging instrument $M	Assets $M	Liabilities $M	Change in value used for calculating hedge ineffectiveness $M	Cost of hedging reserve $M	Cash flow hedge (OCI) $M	Cash flow hedge reclassified to the Income statement $M	Fair value hedge recognised in the Income statement $M	Recognised in the Income statement $M
Cash flow hedges												
Interest rate swaps (including forward starting)	NZD	1–7	2.53%	1,464	89	–	89	–	12	–	–	–
Restructured interest rate swaps 2018 (forward starting)	NZD	6	4.41%	500	2	–	19	–	11	2	–	–
Restructured interest rate swap 2020	NZD	4	3.35%	200	10	–	38	–	1	4	–	4
Forward exchange rate contracts	NZD:USD	1–2	0.6202	36	1	–	1	–	1	(6)	–	–
Forward exchange rate contracts	NZD:SEK	1–2	0.0315	–	–	–	–	–	–	–	–	–
Electricity futures	NZD	1–2	NA	NA	–	(2)	–	–	(2)	(3)	–	–
Fair value hedges												
Interest rate swaps	NZD	8	Floating	200	–	(45)	(45)	–	–	–	–	–
Fair value and cash flow hedges												
Cross currency interest rate swaps	NZD:EUR	<1	Floating	328	39	–	40	(1)	22	(21)	1	–
Cross currency interest rate swaps	NZD:EUR	4	Floating	514	–	(47)	(45)	(2)	31	(31)	(21)	2
	NZD:EUR	7	Floating	820	18	–	22	(5)	60	(71)	(38)	1
Total hedged derivatives				**4,062**	**159**	**(94)**	**119**	**(8)**	**136**	**(126)**	**(58)**	**7**
Current					**43**	**(1)**						
Non-current					**116**	**(93)**						

All hedging instruments can be found in the derivative financial assets and liabilities within the Consolidated statement of financial position. Items taken to the Consolidated income statement have been recognised in finance expenses (refer note 4).

Credit risk associated with derivative financial instruments is managed by ensuring that transactions are executed with counterparties with high quality credit ratings along with credit exposure limits for different credit classes. The counterparty credit risk is monitored and reviewed by the Board on a regular basis.

Note 20 – Financial risk management

Chorus' activities expose it to a variety of financial risks, including market risk (currency risk, electricity price risk and interest rate risk) credit risk and liquidity risk. Financial risk management for currency and interest rate risk is carried out by the Treasury function under policies approved by the Board. Chorus' Treasury Policy, approved by the Board, provides the basis for overall financial risk management.

Chorus uses derivatives to hedge its financial risk exposures and does not hold or issue derivative financial instruments for trading purposes. The risk associated with these transactions is the cost of replacing these agreements at the current market rates in the event of default by a counterparty.

A summary of the financial risks that impact Chorus, how they arise and how they are managed is presented below:

Nature and exposure to Chorus	How the risk is managed
Market risk	
Electricity price risk	
Chorus is exposed to electricity price volatility through the purchase of electricity at spot prices.	Chorus has entered into fixed electricity futures contracts to reduce the exposure to electricity spot price movements. These contracts are designated as cash flow hedge relationships. A 10% increase or decrease in the spot price of electricity, with all other variables held constant, would have minimal impact on profit and equity reserves of Chorus.
Currency risk	
Chorus' exposure to foreign currency fluctuations predominantly arises from foreign currency debt and future commitments to purchase foreign currency denominated assets. The primary objective in managing foreign currency risk is to protect against the risk that Chorus' assets, liabilities and financial performance will fluctuate due to changes in foreign currency exchange rates. Chorus has EUR 800 million and AUD 300 million foreign currency debt in the form of MTNs.	Chorus enters into forward foreign exchange contracts and cross currency interest rate swaps to manage the foreign exchange exposure. The EUR and AUD MTNs have in place cross currency interest rate swaps under which Chorus receives principal and fixed coupon payments in EUR and AUD for principal and floating NZD interest payments. The exchange gain or loss resulting from the translation of MTNs denominated in foreign currency to NZD is recognised in the Income statement. The movement is offset by the translation of the principal value of the related cross currency interest rate swap. As at 30 June 2024, Chorus did not have any significant unhedged exposure to currency risk (30 June 2023: no significant unhedged exposure to currency risk). A 10% increase or decrease in the exchange rate, with all other variables held constant, would have minimal impact on profit and equity reserves of Chorus.
Interest rate risk	
Chorus is exposed to interest rate risk arising from the cross currency interest rate swaps converting the foreign debt into a floating rate NZD obligation as well as loans under the syndicated bank facility which are subject to floating interest rates. Chorus is also exposed to changes in the fair value of the fixed interest 2030 and 2028 NZD Bond due to fluctuations in the benchmark interest rate.	Where appropriate, Chorus aims to reduce the uncertainty of changes in interest rates by entering into interest rate swaps to fix the effective interest rate to minimise the cost of net debt and manage the impact of interest rate volatility on earnings. The interest rate risk on a portion of the EUR and AUD cross currency interest rate swaps has been hedged using interest rate swaps. Refer to note 19 for further information.
Other risks	
Credit risk	
In the normal course of business, Chorus incurs counterparty credit risk from financial instruments, including cash, trade and other receivables, and derivative financial instruments.	Credit risk is managed by entering into contracts with creditworthy financial institutions. Refer to individual notes for additional information on credit risk. Chorus has certain derivative transactions that are subject to bilateral credit support agreements that require Chorus or the counterparty to post collateral to support the value of certain derivatives. As at 30 June 2024 no collateral was posted.
Liquidity risk	
Liquidity risk is the risk that Chorus will encounter difficulty raising liquid funds to meet commitments as they fall due or foregoing investment opportunities, resulting in defaults or excessive debt costs. Prudent liquidity risk management implies maintaining sufficient cash and the ability to meet its financial obligations.	Chorus manages liquidity risk by ensuring sufficient access to committed facilities, continuous cash flow monitoring and maintaining prudent levels of short-term debt maturities.

Note 20 – Financial risk management continued

Interest rate risk

Analysis of Chorus' interest rate repricing is outlined below:

30 June 2024	Within 1 Year $M	1–2 Years $M	2–3 Years $M	3–4 Years $M	4–5 Years $M	Greater than 5 years $M	Total $M
Floating rate							
Debt (after hedging)	545	–	–	–	–	–	545
Fixed rate							
Debt (after hedging)	110	–	–	514	200	1,300	2,124
CIP securities	160	–	–	–	–	584	744
	815	**–**	**–**	**514**	**200**	**1,884**	**3,413**
30 June 2023							
Floating rate							
Debt (after hedging)	370	–	–	–	–	–	370
Fixed rate							
Debt (after hedging)	328	–	–	514	200	1,150	2,192
CIP securities	–	150	–	–	–	547	697
	698	**150**	**–**	**514**	**200**	**1,697**	**3,259**

Interest rate sensitivity analysis

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	2024 $M Profit/(loss)	2024 $M Equity (increase)/ decrease	2023 $M Profit/(loss)	2023 $M Equity (increase)/ decrease
100 basis point increase	1	24	1	1
100 basis point decrease	(1)	(26)	(1)	(2)

Credit risk

The maximum exposure to credit risk at the reporting date was as follows:

	Notes	2024 $M	2023 $M
Cash and call deposits	15	45	76
Trade and other receivables	11	158	153
Derivative financial instruments	19	99	159
Maximum exposure to credit risk		**302**	**388**

Refer to individual notes for additional information on credit risk.

Note 20 – Financial risk management continued

Liquidity risk

Chorus manages liquidity risk by ensuring sufficient access to committed facilities, continuous cash flow monitoring and maintaining prudent levels of short-term debt maturities. At balance date, Chorus had available $450 million under the syndicated bank facilities (30 June 2023: $450 million). To enable Chorus to meet its potential working capital requirements as needed $110 million of the facilities have been drawn down as at 30 June 2024 (30 June 2023: nil) and disclosed as a current liability.

The gross (inflows)/outflows of derivative financial liabilities disclosed in the table below represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement (for example forward exchange contracts).

30 June 2024	Carrying amount $M	Contractual cashflow $M	Within 1 Year $M	1–2 Years $M	2–3 Years $M	3–4 Years $M	4–5 Years $M	5+ Years $M
Non-derivative financial liabilities								
Trade and other payables	243	243	230	13	–	–	–	–
Leases (net settled)	171	285	23	21	20	19	17	185
Debt	2,626	2,423	80	80	377	275	558	1,053
CIP securities	744	1,335	171	–	–	–	–	1,164
Derivative financial liabilities								
Interest rate swaps								
Outflows	39	48	7	7	8	8	7	11
Cross currency interest rate swaps:								
Inflows	–	(568)	(5)	(5)	(558)	–	–	–
Outflows	33	600	37	33	530	–	–	–
Forward exchange contracts:								
Inflows	–	(20)	(17)	(3)	–	–	–	–
Outflows	–	19	16	3	–	–	–	–

30 June 2023	Carrying amount $M	Contractual cashflow $M	Within 1 Year $M	1–2 Years $M	2–3 Years $M	3–4 Years $M	4–5 Years $M	5+ Years $M
Non derivative financial liabilities								
Trade and other payables	291	291	280	11	–	–	–	–
Leases (net settled)	181	310	24	23	22	21	19	201
Debt	2,528	2,114	751	31	31	328	226	747
CIP securities	697	1,338	–	171	–	–	–	1,167
Derivative financial liabilities								
Interest rate swaps								
Outflows	45	55	10	9	7	6	6	17
Cross currency interest rate swaps:								
Inflows	–	(589)	(5)	(5)	(5)	(574)	–	–
Outflows	47	635	39	36	31	529	–	–
Forward exchange contracts:								
Inflows	–	(13)	(13)	–	–	–	–	–
Outflows	–	12	12	–	–	–	–	–

Note 20 – Financial risk management continued

Master netting arrangements

Chorus enters into derivative transactions under the International Swaps and Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting in the Statement of financial position, as Chorus does not currently have any legally enforceable right to offset recognised amounts. Under the ISDA agreements the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. The potential net impact of this offsetting is shown below. Chorus does not hold, and is not required to post, collateral against its derivative positions.

Net derivatives after applying rights of offset under ISDA agreements are as opposite:

30 June 2024	Gross amounts of financial instruments in the statement of financial position $M	Related financial instruments that are not offset $M	Net amount $M
Financial assets			
Other investments including derivatives			
Interest rates swaps	71	(39)	32
Cross currency interest rate swaps	19	(33)	(14)
Restructured interest rate swaps	8	–	8
Forward exchange contracts	1	–	1
	99	**(72)**	**27**
Financial liabilities			
Interest rates swaps	(39)	39	–
Cross currency interest rate swaps	(33)	33	–
	(72)	**72**	**–**
30 June 2023			
Financial assets			
Other investments including derivatives			
Interest rates swaps	89	(45)	44
Cross currency interest rate swaps	57	(47)	10
Restructured interest rate swaps	12	–	12
Forward exchange contracts	1	–	1
	159	**(92)**	**67**
Financial liabilities			
Interest rates swaps used for hedging	(45)	45	–
Cross currency interest rate swaps	(47)	47	–
Restructured interest rate swaps	(2)	–	(2)
	(94)	**92**	**(2)**

Note 20 – Financial risk management continued

Fair value

Financial instruments are either carried at amortised cost, less any provision for impairment losses, or fair value. The only significant variances between instruments held at amortised cost and their fair value relate to the EMTN and the 2030 NZD Bond.

For those instruments recognised at fair value in the statement of financial position, fair values are determined as follows:

Level 1	Fair value is determined using unadjusted quoted prices from an active market for identical assets and liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, a dealer, a broker, an industry group, a pricing service or a regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
Level 2	Fair value is determined using observable inputs – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets. Where quoted prices are not available, the fair value of financial instruments is valued using models where all significant inputs are observable.
Level 3	Fair value is determined using significant non-observable inputs. Financial instruments are valued using models where one or more significant inputs are not observable.

All financial instruments held at fair value are Level 2 instruments. Relevant financial assets and financial liabilities and their fair values are detailed in note 19.

Valuation of level 2 derivatives

The fair values of level two derivatives are determined using discounted cash flow models. The key inputs in the valuation models are:

Instrument	Valuation input
Cross-currency interest rate swaps	Forward curve for the relevant interest rate and foreign exchange rate
Interest rate swaps	Forward interest rate curve
Electricity swaps	ASX forward price curve
Foreign exchange contracts	Forward foreign exchange rate curves

Hedge accounting

Chorus designates and documents the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. At hedge inception (and on an ongoing basis), hedges are assessed to establish if they are effective in offsetting changes in fair values or cash flows of hedged items.

Hedges are classified into two primary types: cash flow hedges and fair value hedges. Refer to note 19 for additional information on cash flow and fair value hedge reserves.

Capital risk management

Chorus manages its capital considering shareholders' interests, the value of its assets, and credit ratings. The capital Chorus manages consists of cash and debt balances.

The Chorus Board's broader capital management objectives include maintaining an investment grade credit rating with headroom. In the longer term, the Board continues to consider a 'BBB' rating appropriate for a business such as Chorus.

Note 21 – Contingent liabilities

There are no contingent liabilities as at 30 June 2024.

Note 22 – Subsequent events

Dividends

On 26 August 2024 Chorus declared a unimputed dividend of 28.5 cents per share in respect of the year ended 30 June 2024.

Governance and disclosures

Corporate governance framework

This statement outlines the key aspects of our corporate governance framework. It is current at, and was approved by our Board on, 23 August 2024.

As a New Zealand company listed on the NZX, our corporate governance policies and practices meet or exceed the standards of that market. We have adopted and fully followed the recommendations set out in the NZX Corporate Governance Code (NZX Code).

Our Board regularly reviews and assesses our governance policies, processes and practices to identify opportunities for enhancement.

Chorus is, for the fourth year, publishing its sustainability report (Sustainability Report), reflecting our ambition to support New Zealand in its transition to be more sustainable.

The Sustainability Report contains information on our sustainability strategy, including our environmental focus, our commitment to strengthening the digital capability in Aotearoa, and our commitment to helping our people thrive.

Aotearoa has also implemented a new mandatory climate-related disclosures regime. Chorus Limited is a climate reporting entity under the new regime for the purposes of the Financial Markets Conduct Act 2013 (FMCA). A copy of the group Climate Statements prepared by Chorus is available at **company.chorus.co.nz/sustainability**.

Our corporate governance practices and reporting against the recommendations set out in the NZX Code, are outlined on the following pages (refer to the index below), in our Sustainability Report and available at **company.chorus.co.nz/about/governance**.

Our Board

Our Board's role

Our Board is appointed by shareholders and has overall responsibility for strategy, culture, health and safety, governance and performance.

Board membership

Our Board's skills, experience and composition support effective governance and decision making, positioning it to drive shareholder value.

Our Board regularly assesses its composition utilising a skills matrix and annual evaluation processes. Training is provided or recruitment undertaken if new or additional skills or experience are required. This ensures diversity of thought, skills and expertise and that our Board remains aligned with our strategic direction.

Our constitution provides for a minimum of five and a maximum of 12 directors.

As at 30 June 2024 we had seven directors all of whom are independent directors. We have four male directors and three female directors. Our CEO is not a director on our Board.

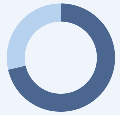
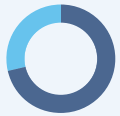
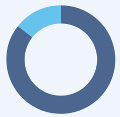
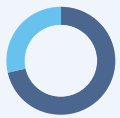
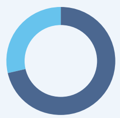
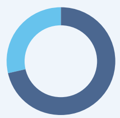
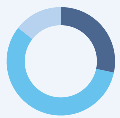
Directors are not appointed for specified terms. However, the NZX listing rules require that no director's term exceeds three years, requiring all directors to stand for re-election before their third anniversary. Due to Chorus' succession planning, Chorus has at least one director standing for re-election each year. Kate Jorgensen and Jack Matthews both stood for re-election in 2023.

Miriam Dean is due to stand for re-election in 2024.

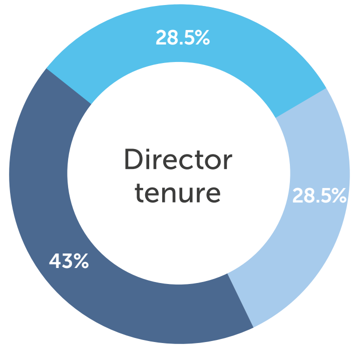
Murray Jordan has decided to retire from the Board, effective as at 30 September 2024 after serving on the Board for nine years.

Expertise and experience matrix

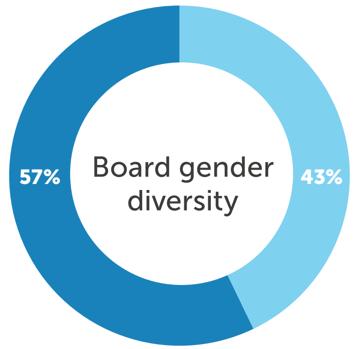
The following table reflects the strengths of the current Board based on a mix of key skills and experiences that are currently relevant for Chorus.

Skill/experience	Description	Combined Board
Capital markets and investment	Capital markets, market regulation, capital investment and the investor experience	
Communications connectivity and technology	Communications connectivity, adopting new technologies, leveraging and implementing technologies	
Governance – financial, audit, legal, listed company	High corporate governance standards including in listed companies Understanding financial business drivers, and/or experience implementing or overseeing financial accounting, external reporting and internal financial controls	
Physical infrastructure and operations including contracting, safety and risk	Physical infrastructure operations, including contracting Commitment and experience in management of workplace safety Experience anticipating and identifying key risks and monitoring the effectiveness of risk management frameworks and controls	
Governance – executive experience in large businesses	Executive experience in leading large businesses, developing and implementing strategy and strategic objectives, assessing business plans and driving execution	
Infrastructure regulation	Current and developing regulatory environment, complexities and actual and potential impacts Expertise identifying and managing legal, regulatory, public policy and corporate affairs issues	
Customer experience	Customer-led transformation, customer focus (at both a retailer and customer level) and/or customer centric organisations in competitive industries	

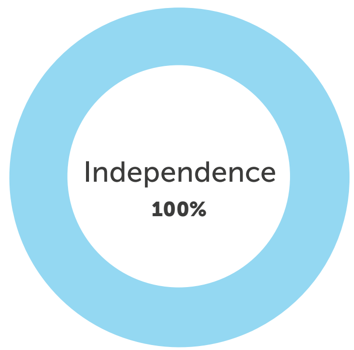
SOME EXPERIENCE MODERATE EXPERIENCE SUBSTANTIAL EXPERIENCE



0–3 YEARS 2 4–6 YEARS 2 6+ YEARS 3



MALE FEMALE



Board composition and performance

(NZX Code Recommendations 2.1–2.10)

Board Charter

(NZX Code Recommendation 2.1)

The Board has a written charter outlining the roles and responsibilities of the Board and management. A copy of the Board Charter is available at **company.chorus.co.nz/about/governance**

Summary[13] of our Board's roles and responsibilities:	
Strategic objectives and financial performance	• Approving strategies developed by Management in support of Chorus' purpose to achieve its strategic objectives • Monitoring the execution of strategies by Management • Approving the annual budget and financial plans • Approving major corporate initiatives • Approving expenditure or actions that exceed the limits delegated to the CEO
Culture	• Overseeing the effectiveness of Management plans to build and support a corporate culture that champions a safe, fair and inclusive workplace • Receiving reports from Management regarding Chorus' culture, including employee wellbeing
Risk management	• Overseeing the process for identifying significant risks facing Chorus • Overseeing systems of risk management and internal control and compliance (including compliance with Chorus' legal and regulatory obligations) • Ensuring that appropriate controls, monitoring and reporting mechanisms are in place • Overseeing the effective monitoring and management of health and safety
Financial reporting	• Approving Chorus' financial statements • Overseeing the integrity of Chorus' accounting and corporate reporting systems including liaising with Chorus' external auditor
Monitoring Management's performance and succession planning	• Considering the appointment, replacement and performance of the CEO • Considering the appointment and replacement of the CFO and the General Counsel • Overseeing succession plans for the CEO and their direct reports
Board performance and succession planning	• Reviewing the needs, size, independence, qualifications, skills, experience and composition of the Board to ensure the right Directors with the right skills sit around the boardroom table • Identifying and nominating or appointing Director candidates and overseeing Director induction and ongoing professional development • Carrying out Board succession planning, including for the Board Chair • Establishing, developing and overseeing evaluation processes to annually assess Board, Board Committee and individual Director performance
Continuous Disclosure	• Overseeing the process for making timely and balanced disclosure of all material information concerning Chorus
Remuneration	• Approving Chorus' remuneration policy and framework and satisfying itself that Chorus' remuneration policy is aligned with Chorus' purpose, values, strategic objectives, and risk appetite • Approving material changes to employee short and long term incentive plans
Governance and Sustainability	• Monitoring the effectiveness of Chorus' governance policies and practices including ensuring that an appropriate framework exists for information to be reported by Management to the Board • Approving Chorus' sustainability strategy • Overseeing the social, ethical, and environmental impact of Chorus' activities
Stakeholder Management	• Monitoring the relationships between Chorus and key stakeholders to ensure they are productive and healthy.

13 Summary primarily drawn from the Board Charter.

Our Board

(NZX Code Recommendation 2.4)

Our Board and management are committed to ensuring our people act ethically, with integrity and in accordance with our policies and values.

Mark Cross

Joined: 1 November 2016

Last elected: 2022 Annual Meeting

Status: Independent

Chorus role: Chair (October 2022)

Experience: Mark is an experienced director with more than 20 years of international experience in corporate finance and investment banking

Chartered Fellow Institute of Directors NZ, Member of Chartered Accountants A&NZ, Member, Australian Institute of Company Directors

Previous roles: Chair – Milford Asset Management; Director – Z Energy, Genesis Energy, Argosy Property

Current roles outside Chorus: Director and Audit & Risk Management Committee Chair – Xero; Board member and investment committee chair – Accident Compensation Corporation (ACC); Director and Audit & Risk Committee Chair – Fisher & Paykel Healthcare (effective 1 October 2024).

Sue Bailey

Joined: 31 October 2019

Last elected: 2022 Annual Meeting

Status: Independent

Chorus role: Non-executive director/member of People, Performance and Culture Committee

Experience: Sue is an experienced director with a career of more than 30 years in telecommunications spanning fixed telephony, mobile and broadband services. Responsibilities included product and brand marketing, customer lifecycle management, strategy and leading large scale transformation

Member of the Australian Institute of Company Directors

Previous roles: Member of the Executive leadership team – Optus. CEO – Virgin Mobile Australia. Senior Vice President – Virgin Mobile USA

Current roles outside Chorus: Director – Careflight.

Miriam Dean

Joined: 27 October 2021

Last elected: 2021 Annual Meeting

Status: Independent

Chorus role: Non-executive director/member of People, Performance and Culture Committee

Experience: As a King's Counsel and independent director, Miriam has extensive experience in commercial dispute resolution and governance, with a specialty in competition, consumer and regulatory law. Miriam also has significant experience in the infrastructure and regulatory sectors

Previous roles: Director – Crown Infrastructure Partners; Chair – NZ on Air; Deputy chair – Auckland Council Investments; Deputy chair – Commerce Commission

Current roles outside Chorus: Director – Crown Infrastructure Delivery; Chair – Banking Ombudsman Scheme; Deputy chair – Real Estate Institute of New Zealand; Member of a number of central and local government-related advisory boards.

Will Irving

Joined: 26 October 2022

Last elected: 2022 Annual Meeting

Status: Independent

Chorus role: Non-executive director/member of Audit and Risk Management Committee

Experience: Will has more than 25 years of telecommunications industry experience having held a range of senior roles in the telecommunications industry in Australia ranging across strategy, wholesale, small and medium business customer sales and service, and as a lawyer

Previous roles: Interim CEO – Telstra InfraCo; Group Executive – Telstra Wholesale; Group Managing Director – Telstra Business. Prior to his commercial management roles, Will was Group General Counsel of Telstra

Current roles outside Chorus: Chief Strategy and Transformation Officer – NBN Co Limited (company established to design, build and operate Australia's wholesale broadband access network).

Our Board

Our Board and management are committed to ensuring our people act ethically, with integrity and in accordance with our policies and values.

Murray Jordan

Joined: 1 September 2015

Last elected: 2021 Annual Meeting

Status: Independent

Chorus role: Non-executive director/Chair of the People, Performance and Culture Committee

Experience: Murray has extensive experience in the management of highly customer focused organisations (such as Foodstuffs), and management in the property investment and development sectors

Previous roles: Managing director – Foodstuffs North Island

Current roles outside Chorus: Director – Deakin TopCo Pty Ltd (trading as Levande), Metlifecare, Metcash Limited, Southern Cross Medical Care Society, Southern Cross Healthcare Limited, and Stevenson Group.

Kate Jorgensen

Joined: 1 July 2020

Last elected: 2023 Annual Meeting

Status: Independent

Chorus role: Non-executive director/Chair of the Audit and Risk Management Committee

Experience: Kate has extensive experience in strategic, commercial, financial, and audit matters, with several senior leadership positions held in NZ's telecommunications, infrastructure, and construction industries. Kate holds a Masters in Technological Futures and a Bachelor of Business. Member of Chartered Accountants A&NZ, and Chartered Member of the Institute of Directors NZ

Previous roles: CFO – Vodafone NZ, KiwiRail, and Fletcher Building's infrastructure division

Current roles outside Chorus: Director – Kiwibank. Director – Suncorp NZ (Vero Insurance, Vero Liability and Asteron Life).

Jack Matthews

Joined: 1 July 2017

Last elected: 2023 Annual Meeting

Status: Independent

Chorus role: Non-executive director/member of the Audit and Risk Management Committee

Experience: Jack is an experienced director who has held a number of senior leadership positions within the media, telecommunications and technology industries in Australia and New Zealand

Previous roles: Director – Crown Infrastructure Partners, Plexure Group, The Network for Learning, APN Outdoor Group and Trilogy International. CEO – TelstraSaturn, Fairfax Media's Metro Division, Fairfax Digital. Chief Operating Officer – Jupiter TV (Japan)

Current roles outside Chorus: Chair – Lodestone Energy.

Our Board continued

Miriam Dean is retiring by rotation and standing for re-election at our 2024 Annual Shareholders' Meeting (ASM). Murray Jordan has decided to retire from the Board, effective as at 30 September 2024.

Our Board has determined that collectively its directors have the requisite range of strategic, financial, and industry skills and experience in the key areas set out on page 68.

A summary of current directors skills, experience and qualifications is set out on our website at **company.chorus.co.nz/about/governance/board-of-directors.**

As the Chorus business evolves, so too does the Board. Chorus' beginnings were focused on infrastructure build and project management. With the success of the build, we are now focused on connecting customers, delivering excellent customer experience as well as future connectivity and non-regulated revenue opportunities. The Board is also focused on the increasing risks and opportunities of climate change, and how that fits into Chorus' overall strategy. The Board considers it is important to balance both specialist expertise and the ongoing need for strong general commercial expertise.

Appointment
(NZX Code Recommendations 2.2 & 2.3)

Our Board may appoint additional directors to our Board or to fill a casual vacancy. Any director appointed by the Board is required to stand for election at the next ASM.

The independence, qualifications, skills and experience needed for the future and those of existing Board members are reviewed by the Board before appointing new directors. External advisors are also engaged to identify potential candidates.

To be eligible for selection, candidates must demonstrate appropriate qualities and satisfy our Board they will commit the time needed to be fully effective in their role.

Appropriate checks are undertaken before a candidate is appointed or recommended for election as a director, including as to the person's character, experience, education, criminal record and bankruptcy history.

Shareholders may also nominate candidates for appointment to our Board. In addition, under our UFB agreements, CIP is entitled to nominate one person as an independent director. CIP have never exercised this entitlement. Should this occur, our Board must consider this nomination in good faith, but the appointment (and removal) of any such person as a director is to be made by shareholders in the same way as other directors.

We have written agreements with each non-executive director setting out the terms of their appointment, including obligations and responsibilities, compliance with our policies (including code of ethics and securities trading) and ongoing professional development.

No person who is an 'associated person' (as defined in Chorus' Constitution) of a telecommunications services provider in New Zealand may be appointed or hold office as a director.

Minimum shareholding policy

Chorus' Minimum Shareholding Policy sets the expectation on directors to hold, at a minimum, shares equal in value to one year's director base fee (after tax). If not held at their date of appointment, the policy expects directors to accumulate this holding over the first three years from that date.

Diversity, equity and inclusion policy
(NZX Code Recommendation 2.5)

Information about Chorus' approach to diversity, equity and inclusion is found on page 84 of this report.

Director	Appointed	Last elected at ASM
Miriam Dean	2021	2021
Murray Jordan	2015	2021
Mark Cross	2016	2022
Sue Bailey	2019	2022
Will Irving	2022	2022
Kate Jorgensen	2020	2023
Jack Matthews	2017	2023

Our Board continued

Director induction and professional development
(NZX Code Recommendation 2.6)

Our director induction programme ensures new directors are appropriately introduced to management and our business, provides directors with relevant industry knowledge and familiarises them with key governance documents and key stakeholders.

Our directors are expected to continue ongoing professional development to ensure they maintain appropriate expertise to effectively perform their duties.

We hold dedicated Board education sessions covering a range of topical matters, both technical and cultural.

Visits to our operations, briefings from key management, industry experts and key advisers, together with educational and stakeholder visits, are also arranged for our Board.

Review and evaluation of Board performance
(NZX Code Recommendation 2.7)

Our Board evaluates its performance each year. As part of this process our chair meets with directors individually to discuss their performance. The Board undertook a formal Board performance evaluation in late 2023 with an external consultant. The review confirmed that the board is operating well with actions identified to further enhance our governance focus and outcomes.

Our Board also formally engages in annual reviews of our Board chair, and chairs of our standing Board committees.

In addition to Board performance reviews, our Board takes a future focused approach to future Board capability, composition and the potential contribution of each existing director.

Independent advice

A director may, with our chair's prior approval, obtain independent professional advice (including legal advice) and request the attendance of advisers at Board and Board committee meetings. No external advice was sought this year.

Independence
(NZX Code Recommendations 2.4 & 2.8)

As at 30 June 2024, all our directors, including our Board chair, are independent directors.

When assessing independence, our Board will consider whether a director is free of material relationships with Chorus (other than as a director) and other relationships that could influence, or could reasonably be perceived to influence, the director's capacity to bring an independent view to decisions about Chorus.

Our Board has not set financial materiality thresholds for determining independence, but considers materiality in the context of each relationship and from the perspective of the parties to that relationship.

Delegation of authority

Our Board has overall responsibility for strategy, culture, health and safety, governance and performance.

Implementation of our Board approved strategy, business plan and governance frameworks, and responsibility for developing our culture and health and safety practices, is delegated by the Board to management through the CEO.

As such our CEO (with the support of his executive team) is responsible for Chorus' day-to-day management, operations and leadership, reporting to the Board on key performance, management and operational matters.

Our CEO sub-delegates authority to his executive team and they sub-delegate their authority to other Chorus employees within specified financial and non-financial limits.

Formal policies and procedures govern the parameters and operation of these delegations.

Our CEO is not a director on our Board.

Director interests and trading

(NZX Code Recommendation 2.4)

As at 30 June 2024, directors had a relevant interest (as defined in the Financial Markets Conduct Act 2013) in approximately 0.069% of shares as follows:

Current Directors

	Interest as at 30 June 2024		Transactions during the reporting period			
Director	Shares	Interest	Number of shares	Nature of transaction	Consideration	Date
Mark Cross	40,711	Beneficial owner as beneficiary of Alpha Investment Trust; power to exercise voting rights and acquire/dispose of financial products as director of trustee.	10,000	On market acquisition	$79,045	28 February 2024
Sue Bailey	50,000	Registered holder and beneficial owner	2,048	On market acquisition	$15,629	8 September 2023
			2,952	On market acquisition	$21,938	11 September 2023
			5,000	On market acquisition	$36,252	27 October 2023
			5,000	On market acquisition	$35,290	30 October 2023
Miriam Dean	10,000	Registered holder and beneficial owner of ordinary shares as trustee and beneficiary of the Miriam Dean Trust	5,000	On market acquisition	$38,500	26 September 2023
Will Irving	40,000	Registered holder and beneficial owner	10,000	On market acquisition	$78,824	28 February 2024
Murray Jordan	124,010	Registered holder and beneficial owner of ordinary shares as trustee and beneficiary of Endeavour Trust	–	–	–	–
Kate Jorgensen	12,975	Registered holder and beneficial owner	–	–	–	–
Jack Matthews	19,881	Registered holder and beneficial owner	–	–	–	–

As at 30 June 2024, directors had a relevant interest (as defined in the Financial Markets Conduct Act 2013) in approximately 0.024% of Chorus' NZX bonds maturing December 2028 as follows:

	Interest as at 30 June 2024		Transactions during the reporting period			
Director	Bonds	Interest	Number of bonds	Nature of transaction	Consideration	Date
Miriam Dean	20,000	Registered holder and beneficial owner as trustee and beneficiary of the Miriam Dean Trust	–	–	–	–
Murray Jordan	100,000	Registered holder and beneficial owner as trustee and beneficiary of Endeavour Trust	–	–	–	–

Director interests and trading continued

Changes in Director interests to 30 June 2024

Mark Cross	None
Sue Bailey	None
Miriam Dean	None
Will Irving	None
Murray Jordan	None
Kate Jorgensen	None
Jack Matthews	Became a director of Lodestone Solar 2 Limited[1] Became a director of Lodestone Retail Limited[2] Became a director of Lodestone Nominee Limited[3]

Notes:

1 From 13 December 2023.
2 From 7 May 2024.
3 From 21 November 2023.

Board chair

(NZX Code Recommendations 2.9 & 2.10)

Our chair is elected by the Board and must be a non-executive, independent director.

The chair's responsibilities include:

- Leading the Board;
- Setting the agenda for Board meetings in consultation with the CEO;
- Facilitating the effective contribution of all directors;
- Promoting constructive relationships between directors and management; and
- Leading stakeholder relationships

The chair's other commitments must not hinder his or her effective performance in the role.

Board and Board committee meeting attendance in the year ended 30 June 2024

(NZX Code Recommendation 2.4)

	Regular Board meetings	Other Board meetings[1]	ARMC	PPCC	Regulatory Sub-Committee[3]
Total number of meetings held	8	4	4	4	1
Mark Cross[2]	8	4			1
Sue Bailey	8	4		4	1
Miriam Dean	8	4		4	1
Will Irving	8	4	4		1
Murray Jordan	7	3		4	1
Kate Jorgensen	8	4	4		1
Jack Matthews	8	4	4		1

Notes:

1 Includes dedicated Board education, and strategy and business planning, meetings. Directors also have health and safety site visits each year.
2 Mark Cross, as Board chair, attends all Board committee meetings. As he is no longer a formal member of the ARMC or PPCC (following his appointment as Board Chair in October 2022), that attendance is not noted in the table.
3 The Regulatory Sub-Committee was disestablished in the first quarter of FY24, with regulatory responsibilities now being undertaken by the Board.

Board committees

(NZX Code Recommendations 3.1–3.6)

Two standing Board committees assist our Board in carrying out its responsibilities. Some Board responsibilities, powers and authorities are delegated to those committees.

Board committees assist our Board by focusing on specific responsibilities in greater detail than is possible for the Board as a whole. Each standing Board committee has a Board approved charter and chair. Committee members are appointed by our Board. Chorus employees attend Committee meetings at the invitation of the Committee.

Other committees may be established and specific responsibilities, powers and authorities delegated to those committees and/or to particular directors.

(NZX Code Recommendations 3.4)

The Nominations and Corporate Governance Committee was disestablished in 2022, with its' responsibilities for director appointment, evaluation, succession planning, education and Board governance now undertaken by the Board. It was disestablished to streamline the governance framework following an internal review of the committees.

The Regulatory Sub-Committee was disestablished in the first quarter of FY24, with regulatory responsibilities now being undertaken by the Board.

Audit and Risk Management Committee (ARMC)

(NZX Code Recommendations 3.1)

Role	Our ARMC assists our Board in overseeing our risk and financial management, accounting, audit and financial reporting
Members	Kate Jorgensen (chair), Jack Matthews, Will Irving
Independence	All committee members are non-executive independent directors. The Board chair cannot also be the ARMC chair.
Responsibilities	• Overseeing the quality and integrity of external financial and non-financial reporting, financial management, internal controls and accounting policy and practice • Regularly reviewing principal risk reporting • Recommending to our Board the appointment, and if necessary removal, of the external auditor • Assessing the adequacy of the external audit and independence of the external auditor • Reviewing and monitoring the internal audit plan and reporting • Overseeing the independence and objectivity of the internal audit function • Reviewing compliance with applicable laws, regulations and standards • Overseeing and monitoring progress in the implementation of Chorus' climate strategy, including oversight of climate-related risks and opportunities and reviewing Chorus' compliance with the climate-related disclosures regime.

People, Performance and Culture Committee (PPCC)

(NZX Code Recommendation 3.3)

Role	Our PPCC assists our Board in overseeing people, culture and related policies and strategies
Members	Murray Jordan (chair), Miriam Dean, Sue Bailey
Independence	All committee members are non-executive independent directors
Responsibilities	• Reviewing people and remuneration strategies, structures and policies • Approving annual remuneration increase guides and budgets • Reviewing candidates for, and the performance and remuneration of, our CEO • Approving, on the recommendation of our CEO, the appointment of our CEO's executive direct reports (except our CFO and General Counsel whose appointment is approved by our Board) • Reviewing our CEO's performance evaluation of his executive direct reports • Developing and annually reviewing and assessing diversity, equity and inclusion and its reporting • Overseeing recruitment, retention and termination policies and procedures for senior management • Making recommendations (including proposing amendments) to our Board with respect to senior executive (including CEO) incentive remuneration plans / policies • Annually reviewing non-executive director remuneration.

Board committees continued

Takeovers protocol

(NZX Code Recommendation 3.6)

We have a takeovers protocol setting out the procedure to be followed if there is a takeover offer, including managing communications between insiders and the bidder and engagement of an independent adviser. The protocol includes the option of establishing an independent takeover committee, and the likely composition and implementation of that committee.

Ethical standards

(NZX Code Recommendations 1.1 & 1.2)

Codes of ethics

(NZX Code Recommendation 1.1)

Directors and employees are expected to act honestly and with high standards of personal integrity. Codes of ethics for our directors and employees set the expected minimum standards for professional conduct. These codes facilitate behaviours and decisions that are consistent with our values, business goals and legal and policy obligations, including in respect of:

- Conflicts of interest;
- Gifts and personal benefits;
- Anti-bribery and corruption;
- Use of corporate property, opportunities and information;
- Confidentiality;
- Compliance with laws and policies; and
- Reporting unethical behaviour.

We have communicated our codes of ethics and provided annual training to our directors and employees. Our people are also encouraged to report any unethical behaviour, including annual reporting of any potential conflicts.

This process is subject to internal audit. All reported breaches are investigated.

Chorus has a dedicated whistle-blower email address and phone number monitored by PwC as part of our risk management framework to allow confidential reporting of serious misconduct or wrongdoing and suspected fraud or corruption. For more information, see the 'Thriving People' section of our Sustainability Report available at **https://company.chorus.co.nz/sustainability.**

Trading in Chorus securities

(NZX Code Recommendation 1.2)

All trading in Chorus securities by directors and employees must be in accordance with our Securities Trading Policy. That policy prohibits trading in Chorus securities while in possession of inside information and requires, amongst other things:

- Directors to notify, and obtain consent from, the chair (or in the chair's case, the ARMC chair) before trading; and
- Employees identified as potentially coming across market sensitive information in the course of their employment ("restricted persons"), to obtain consent from our General Counsel (or in our General Counsel's case, our Board chair) before trading.

Trading in Chorus shares or NZX listed bonds by directors is disclosed to our Board, the NZX and ASX. Trading by "senior managers" as that term is defined in the FMCA, is disclosed to the NZX.

Reporting and disclosure
(NZX Code Recommendations 4.1–4.4)

Chorus reviews its disclosure regularly as a key measure of good governance.

The Board's aim is to improve our disclosures each year, including our remuneration reporting, based on market research and feedback from investors and other stakeholders.

Market disclosures
(NZX Code Recommendation 4.1)

We are committed to providing timely, factual and accurate information to the market consistent with our legal and regulatory obligations.

We have a Board approved Disclosure Policy and a CEO approved Market Disclosure Policy setting out our disclosure practices and processes in more detail.

Our disclosure policies are designed to ensure:

- Roles of directors, executives and employees are clearly set out.
- Appropriate reporting and escalation mechanisms are established.
- There are robust and documented confidentiality protocols in place where appropriate.
- Only authorised spokespersons comment publicly, within the bounds of information which is either already publicly known or non-material.

Key Governance Documents
(NZX Code Recommendation 4.2)

Chorus' website has a dedicated governance section that contains information about our Board, the Board committees (including the Board and committee charters) and key policies that outline our core governance structures and processes. These include policies and codes covering areas such as ethics, health & safety, modern slavery, diversity, equity and inclusion, compliance, remuneration, risk management and whistle blowing. The governance section can be found at **https://company.chorus.co.nz/about/governance.**

Reporting
(NZX Code Recommendation 4.3)

Chorus' financial reports are prepared in a manner that is balanced, clear and objective. The financial statements in this Annual Report are prepared in accordance with NZ GAAP and comply with NZ IFRS.

Non-financial disclosures
(NZX Code Recommendation 4.4)

In addition to the Annual Report containing our financial statements, we publish a Sustainability Report which contains information on our sustainability strategy, including our environmental focus, our commitment to strengthening the digital capability in Aotearoa, and our commitment to helping our people thrive.
This year also marks our first Climate Statements prepared under the new mandatory climate-related disclosures regime. Copies of our Climate Statements and the Sustainability Report can be found at **https://company.chorus.co.nz/sustainability.**

Our approach to tax

We take our tax obligations seriously and work closely with Inland Revenue to ensure we meet our tax obligations.

We obtain external advice and Inland Revenue's views (through informal correspondence, determinations or rulings) in respect of unusual or material transactions.

As we operate only in New Zealand all our tax is paid in New Zealand at the prevailing corporate tax rate (currently 28%). We have paid all taxes we owe and all tax compliance obligations are up to date.

Remuneration and performance

(NZX Code Recommendations 5.1–5.3)

Our remuneration model

(NZX Code Recommendation 5.1)

Our remuneration model is designed to enable the achievement of our strategy, whilst ensuring that remuneration outcomes are aligned with employee and shareholder interests. The PPCC assists the Board in overseeing Chorus' people, culture and related policies and strategies.

There were no material changes to Chorus' remuneration strategy or policy in FY24. The policy is designed around six guiding principles:

Remuneration principles		What does this mean?
1 **Fair** to all – employees and shareholders, sharing in the success of Chorus.	=	Commitment to pay equity and alignment with our shareholders' expectations.
2 Supports a **Performance** focused culture.	=	Rewards aligned with performance.
3 **Valued** by our people.	=	We have a diverse workforce and aim to provide an appropriate suite of rewards that provide value, now and in the future.
4 **Simple** to understand and administrate.	=	Simplicity promotes understanding, clarity and perceptions of fairness.
5 **Market** — aligned with our competitors.	=	We ensure we are not over or underpaying our people through robust market analysis that guides our decisions on remuneration.
6 **Point of difference** — how we know it is Chorus.	=	Supports Chorus' strategy, values, purpose and employee value proposition.

Our remuneration policy sets out our approach to remuneration for both directors and employees (including the CEO and his direct reports).

(NZX Code Recommendation 5.2)

The CEO and members of the executive leadership team have the potential to earn a short term incentive (STI) and a long term incentive (LTI). Both STI and LTI are deemed at risk because the outcome is determined by performance against a combination of pre-determined financial and non-financial objectives.

Fixed remuneration

Fixed remuneration (not at risk) consists of base salary and other benefits including KiwiSaver. Fixed remuneration is adjusted each year based on data from independent remuneration specialists. Employees' fixed remuneration is based on a combination of their own performance and their current position when compared to the market.

Short term incentive

Senior employees were invited to participate in the FY24 STI scheme. The FY24 STI is an at risk component payment, that is set as a percentage of base remuneration, from 15% to 30% based on the complexity of the role. The CEO's STI is set at a higher percentage of base remuneration (currently 50% - see page 82 for CEO performance measures). STI payments are determined following a review of company and individual performance and paid out at an individual multiplier of between 0x and 1.25x for the CEO and executive leadership team, and between 0x and 1.4x for all other employees.

Company performance goals are set and reviewed annually by our Board to align with shareholder value with a continued emphasis on customer experience and revenue growth for the FY24 STI measures. See figure 1.

A gateway goal is fundamental to the STI structure. This ensures a preliminary threshold of financial success and affordability, before any other measures can be considered for potential STI payments. If the gateway goal is not achieved, no STI is payable.

The STI payment is at the ultimate discretion of the Board and is based on performance against key financial and non-financial measures. Some of the non-financial measures include implementing and leveraging the new operating model, progressing the long term rural strategy, delivering on growth opportunities and implementing our sustainability plan. Separate Board targets associated with D,E&I and health & safety are also considered.

As an example of how the STI is calculated, an employee with base remuneration of $100,000 and an STI element of 15% may receive between $0 and $29,400 depending on the level of company performance (0x to 1.4x multiplier) multiplied by their individual performance (0x to 1.4x multiplier). Individual performance is assessed by what employees achieve within their role and how they perform their role.

Remuneration and performance continued

Figure 1:

FY24 STI Targets and Results

	Targets	FY24 target	FY24 actual	FY24 achieved
40%	**EBITDA:** gateway hurdle of $649m EBITDA. Year end target aligned with objective of modest underlying EBITDA growth.	$690m	$700m	**Exceeded target**
20%	**Strategy and execution:** qualitative assessment by Board based on long-term business initiatives including implementing and leveraging the new operating model, progressing the long term rural strategy, delivering on growth opportunities and implementing our sustainability plan.	Various	As assessed by the Board	**Met target**
20%	**Revenue growth:** grow FY24 revenue by at least 3%	$980m +3%	$1,010m +3.1%	**Exceeded target**
10%	**Customer experience:** intact fibre connection as measured by average customer scores (target of 7.6 over three months to 30 June)	7.6	7.7	**Exceeded target**
10%	**Customer experience:** fibre fault restoration as measured by average customer scores (target of 8.1 over three months to 30 June)	8.1	8.6	**Exceeded target**

Long term incentives

Chorus offers an executive LTI share scheme to align the interests of executives and shareholders and encourage longer term decision making. This at risk payment is described in Note 16 of the financial statements on page 53.

To further align executive and shareholder interests,a minimum shareholding policy was introduced in 2019. Executives are expected to hold a minimum of 25% of their after tax base remuneration in Chorus shares. The CEO is expected to hold 30% of his/her after tax base remuneration in Chorus shares.

The LTI scheme for the 2023 grant is an absolute rather than a relative return based scheme. A blended total shareholder return rate was adopted which primarily reflects the regulated WACC set for Chorus' fibre assets. This incorporates a weighted cost of equity calculation, proportional to the regulated versus non-regulated components of the business and based on relative enterprise value. A 0.75% stretch percentage was added to the weighted cost of equity calculation to determine the three-year performance hurdle.

As a result of the independent review of the 2023 grant the Board decided to remove the retesting provision. The vesting method was changed from cliff vesting where a grant 100% vests on reaching the performance hurdle, to progressive vesting where the grant vests in stages on meeting agreed hurdles.

Remuneration and performance continued

Chief Executive Officer employment agreement and remuneration
(NZX Code Recommendation 5.3)

With J B Rousselot stepping down as CEO in April 2024, Mark Aue's appointment as CEO took effect from 15 April 2024. His employment agreement reflects standard conditions that are appropriate for a senior executive of a listed New Zealand company. The employment agreement may be terminated by:

— either he or Chorus giving six months' notice in writing;

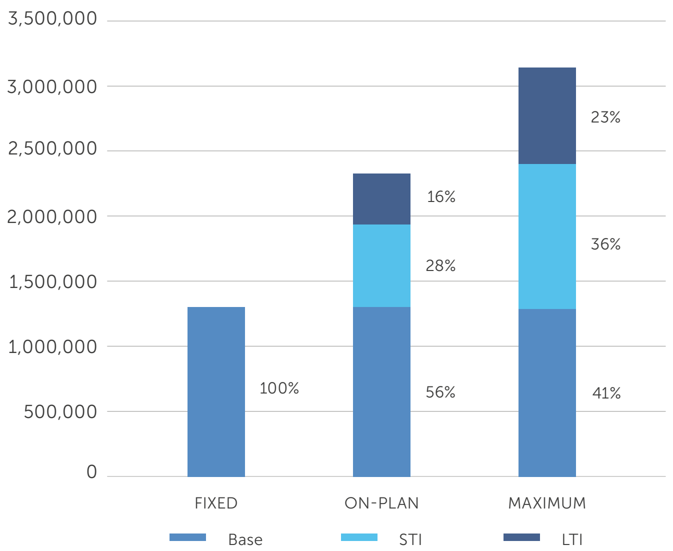
— Chorus without notice in the case of serious misconduct, serious breach (including substantial non-performance) or other cause justifying summary dismissal; or

— Chorus immediately, if the Board forms the view that substantial incompatibility and/or irreconcilable differences have developed with him, or the Board otherwise wishes to terminate his employment when he is not at fault (including a redundancy situation or medical incapacity).

Our CEO has a significant portion of his remuneration linked to performance and at risk. His total remuneration is determined using a range of external factors, including advice from remuneration specialists, and is annually reviewed by the PPCC and Board. During the CEO appointment process PwC was commissioned by the Board to provide external market benchmarking advice that was reflected in the remuneration package offer.

CEO remuneration package

The scenario chart below demonstrates the elements of the CEO remuneration design for Mark Aue for FY25. Compared to the previous CEO, Mark Aue's remuneration package has been rebalanced with a higher weighting to LTI. The on-plan scenario includes on-target STI and the threshold payment for the LTI. The maximum scenario includes maximum STI (both individual and company multiplier) and 100% LTI vesting.



CEO remuneration for FY23 and FY24 was:

CEO		Fixed remuneration	STI	LTI	Total remuneration
Mark Aue[14]	FY24	$274,939	$194,893[15]	–	$469,832
J B Rousselot	FY24	$1,766,150	$1,253,070[15]	–	$3,019,220
J B Rousselot	FY23	$1,338,750	$1,138,607[16]	$532,369[17]	$3,009,726

Other benefits paid to Mark Aue: Chorus KiwiSaver contribution FY24 $8,215.
Other benefits paid to J B Rousselot: Chorus KiwiSaver contribution FY24 $52,097.

As JB Rousselot was CEO for the majority of FY24 (until 14 April 2024), the Board agreed that he would be granted 'good leaver' status for the 2024 STI and the 2021 LTI (due to vest in August 2024 subject to meeting the 2021 LTI hurdle). Both the STI and the 2021 LTI (if it vests) will be paid in FY25. Mr Rousselot forfeited both the 2022 and 2023 LTI grants.

Five year summary of CEO remuneration:

CEO		Total remuneration	% STI awarded against maximum	% LTI awarded against maximum	Span of LTI performance period
Mark Aue	FY24[18]	$469,832	82%	n/a	—
J B Rousselot	FY24	$3,019,220	69%	n/a	—
	FY23	$3,009,726	65%	100%	2019–2022
	FY22	$2,442,500	67%	—	—
	FY21	$2,018,750	47%	—	—
	FY20[19]	$1,425,253	66%	—	—

14 Pro-rated from start date of 15 April 2024
15 FY24 STI was earned in FY24 but due to be paid in FY25
16 FY23 STI was earned in FY23 but paid in FY24
17 The 2019 LTI grant of $319,829 worth of share rights vested in August 2022 at a value of $532,369
18 Pro-rated from start date of 15 April 2024
19 Pro-rated from start date of 20 November 2019.

Remuneration and performance continued

CEO STI & LTI Schemes

Mark Aue (CEO from 15 April 2024)

The table below outlines Mr Aue's STI scheme for the period ending 30 June 2024.[20] No LTI has been granted to the CEO since his appointment took effect on 15 April 2024. His first grant as CEO will be in August 2024, with the grant value equivalent to 55% of base salary. Mr Aue received a grant in November 2023 in his capacity as Chief Operating Officer. This is not due to vest until August 2026.

	Description	Performance measures	% achieved
STI	Set at 50% of base remuneration. Based on key financial and non-financial performance measures.	• Company performance – see FY24 STI Targets on page 80 for weightings. • Individual performance – based on business fundamentals (both financial and non-financial), customer experience and strategic initiatives including health and safety, sustainability and D, E & I.	82%

20 The STI payment earned in FY24 will be paid in FY25 and is pro-rated for the period Mark Aue was CEO.

JB Rousselot (CEO to 14 April 2024)

The table below outlines JB Rousselot's STI and LTI schemes for the period ending 14 April 2024[21]:

	Description	Performance measures	% achieved
STI	Set at 75% of base remuneration. Based on key financial and non-financial performance measures.	• Company performance – see FY24 STI Targets on page 80 for weightings. • Individual performance – based on business fundamentals (both financial and non-financial), customer experience and strategic initiatives including health and safety, sustainability and DE&I.	69%
LTI – 2019	Three-year grant made November 2019, equivalent to 33% of base remuneration.	• Chorus TSR performance over grant period must exceed 10.35% on an annualised basis, compounding.	100% vested in August 2022.
LTI – 2020	Three-year grant made August 2020, equivalent to 33% of base remuneration.	• Chorus TSR performance over grant period must exceed 9.65% on an annualised basis, compounding.	Did not meet the performance hurdle in August 2023. Subject to retesting[23] up to August 2024.
LTI – 2021	Three-year grant made August 2021, equivalent to 33% of base remuneration.	• Chorus TSR performance over grant period must exceed 6.2%[22] on an annualised basis, compounding.	Assessed August 2024 with possible retesting[23] up to August 2025.

21 The STI payments earned in FY24 will be paid in FY25.
22 A blended rate which incorporates a weighted cost of equity calculation proportional to the regulated versus non regulated components of the business, based on relative Enterprise Value has been used. A 0.75% stretch percentage is added to determine the three-year performance hurdle.
23 If the performance hurdles are not met by the initial vesting date, they are assessed monthly for a period of 12 months (noting the hurdle continues to increase).

Remuneration and performance continued

Total Shareholder Return (TSR) performance

The graph above shows Chorus' TSR performance against the NZX50 between 30 June 2019 and 30 June 2024. For an LTI grant to vest, Chorus' TSR performance over the three year grant period must meet or exceed the LTI performance target on an annualised basis, compounding.

Executive shareholding

For the year ended 30 June 2024, Chorus executives held shares in Chorus as shown in the table below.

Executive	Current Holdings[24]	Shares Rights Eligible to Convert in 2024[25]
Elaine Campbell	28,589	34,769
Ewen Powell	76,914	31,567
Mark Aue[26]	–	–
Julian Kersey[26]	–	–
Jo Mataira[26]	–	–
Darren McLean[26]	–	–
Kristel McMeekin[26]	–	–
Anna Mitchell[26]	–	–
Mike Shirley[26]	–	–
Katrina Smidt[26]	–	–
Marcus Wofinden[26]	1,175	–
Total	**106,678**	**66,336**

24 As at 30 June 2024.

25 The 2020 LTI grant did not meet the 2020 LTI hurdle on the vesting date (August 2023). It is re-tested each month for a period of 12 months (ending August 2024), noting that the compounding performance hurdle continues to increase each month. If the 2021 LTI hurdle is met, those share rights will be converted to shares in Q2 FY25. In addition, this will also include any share rights in lieu of dividends not yet distributed. The re-testing regime has been removed for the 2023 and all future grants.

26 A number of new executives were appointed in FY24 so have received one grant of share rights under the LTI that are not eligible to convert into shares until 2026. Given the recent appointments, new executives are not yet required to hold a minimum number of Chorus shares,

Remuneration and performance continued

Diversity, Equity and Inclusion

(NZX Code Recommendation 2.5)

Chorus' Diversity, Equity and Inclusion Policy (available in the Governance section of our website) provides a framework for our current and future diversity and inclusion initiatives. Each year, the Chorus Board approves measurable objectives to promote diversity, equity and inclusion (D, E & I). An overview of the agreed FY25 D, E & I measures and the outcomes achieved can be found in our Sustainability Report.

We had four male and three female directors at 30 June 2024 (30 June 2023: four male and three female directors).

Our executive team comprising of the CEO and his leadership team had six males and five females at 30 June 2024 which achieves our measure of 40:40:20 gender ratio (30 June 2023: six males and one female).

Based on the annual review of effectiveness of our Diversity, Equity & Inclusion (D, E & I) Policy and our measurable diversity metrics and objectives, our Board considers that overall we continue to make good progress towards achieving our D, E & I objectives, including meeting our gender ratio target of 40:40:20 at Board and Executive level and continuing to reduce our gender pay gap. Further evidence of our commitment has been the external recognition received over the course of the year in relation to our progress. The Board believe that we have performed well against the policy generally and look forward to our continued focus in the year ahead as we foster a culture of equity and inclusion where everyone can thrive at Chorus.

Median Pay Gap

The median pay gap is 10.2 times and represents the number of times greater the CEO's base salary of $1,300,000 (annualised) is to an employee paid $128,000 (i.e. the median of all Chorus employees). The gap is 15.2 times when including the FY24 STI target for the CEO.

Gender pay equity

We monitor and report on remuneration outcomes by gender to ensure pay equity at Chorus and have supported pay gap campaigns led by "Mind the Gap" and Global Women.

We conduct gender pay equity analysis for like positions each year and no indications of gender bias across similar positions were identified in FY24.

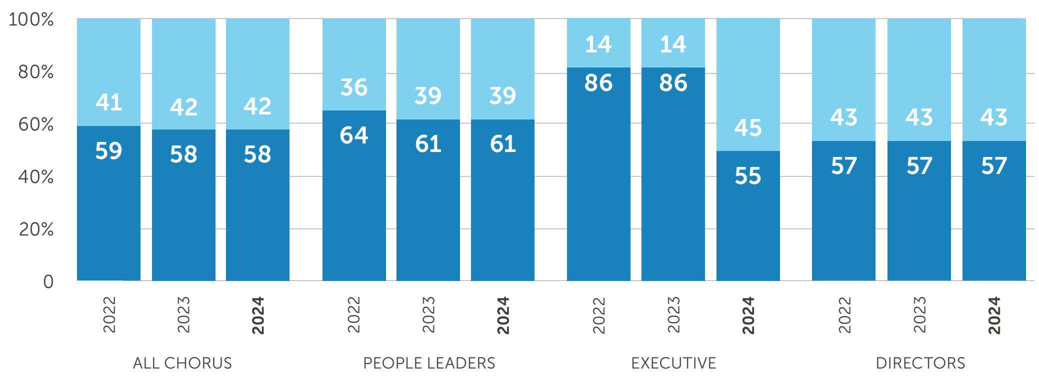
We report on gender pay gap via two different methods. First, at a total company level, where we compare the median hourly rate for women to the rate for men – irrespective of role. By this measure, as of 30 April 2024, the median, gender pay gap was an aggregate total of -18.4%, compared to -19.0% in the same period last year.

The second method is by career level, comparing the median hourly rate for women to the rate for men, across our nine career levels (salary bands). Our target is a pay gap no greater than -2% at each career level. We achieved this in six of the nine career levels. In five of the nine career levels, on average females are paid higher than males.

We've committed to report our ethnicity pay gap publicly once a standard, consistent methodology is determined in Aotearoa.

Figure 2:

Gender by role - FY22 - FY24 (as of 30 April 2024)



Remuneration and performance continued

Employee remuneration range during the year ended 30 June 2024

The table to the right shows the number of employees and former employees who received remuneration and other benefits in excess of $100,000 during the year ended 30 June 2024. This includes STI and LTI paid during FY24, as well as other benefits such as insurance and a broadband concession. The table excludes any benefits that do not have an attributable value and contributions employees may receive towards:

- the Marram Trust - a community healthcare and holiday accommodation provider
- the Government Superannuation Fund - a legacy benefit provided to a small number of employees
- KiwiSaver accounts - 3% of gross earnings

The remuneration paid to, and other benefits received by, JB Rousselot in his capacity as CEO until his resignation effective 14 April 2024 and Mark Aue's CEO remuneration from 15 April 2024 – 30 June 2024 are detailed on page 81.

Chorus does not have any permanent employee earning less than the 2023/2024 Living Wage of $27.80 per hour.

Actual Payment	Count
2,620,000 – 2,630,000	1
1,230,000 – 1,240,000	1
1,050,000 – 1,060,000	1
780,001 – 790,000	1
650,001 – 660,000	1
640,001 – 650,000	1
460,001 – 470,000	1
450,001 – 460,000	1
440,001 – 450,000	1
430,001 – 440,000	1
420,001 – 430,000	2
410,001 – 420,000	1
400,001 – 410,000	1
390,001 – 400,000	1
380,001 – 390,000	1
370,001 – 380,000	2
360,001 – 370,000	5
350,001 – 360,000	1
320,001 – 330,000	2
310,001 – 320,000	6
300,001 – 310,000	3

Actual Payment	Count
290,001 – 300,000	4
280,001 – 290,000	4
270,001 – 280,000	6
260,001 – 270,000	5
250,001 – 260,000	8
240,001 – 250,000	14
230,001 – 240,000	22
220,001 – 230,000	12
210,001 – 220,000	21
200,001 – 210,000	17
190,001 – 200,000	15
180,001 – 190,000	18
170,001 – 180,000	28
160,001 – 170,000	31
150,001 – 160,000	45
140,001 – 150,000	55
130,001 – 140,000	56
120,001 – 130,000	60
110,001 – 120,000	63
100,000 – 110,000	49
Grand Total	**568**

Remuneration and performance continued

Director remuneration

(NZX Code Recommendation 5.1)

Fee structure

Total remuneration available to directors (in their capacity as such) in the year ended 30 June 2024 was fixed at our 2019 annual shareholders' meeting at $1,169,042. The PPCC recommended and the Board approved a 5% increase in director and committee base fees in the year to 30 June 2024. This increase fell within the total fee pool of $1,169,042.

The Regulatory Sub-Committee was disestablished in FY24. Compared to FY23, the net effect of the 5% increase and removal of the Regulatory Sub-Committee fees was a reduction in individual base fees.

Annual fee structure	Year ended 30 June 2024 $	Year ended 30 June 2023 $
Board fees:		
Board chair	234,833	223,650
Non-executive director	119,700	114,000
Board committee fees:		
Audit and Risk Management Committee		
Chair	34,230	32,600
Member	17,115	16,300
People, Performance and Culture Committee		
Chair	24,045	22,900
Member	12,337	11,750
Regulatory Sub-Committee (per meeting)		
Chair	–	–
Member	2,400	2,400

Notes:

1 The Board chair receives Board chair fees only. Other directors receive committee fees in addition to their Board fees. There was a 5% increase in director and committee base fees in the year to 30 June 2024.
2 Directors do not participate in a bonus or profit-sharing plan, do not receive compensation in share options, and do not have superannuation or any other scheme entitlements or retirement benefits.
3 Directors were paid $2,400 per meeting of the Regulatory Sub-Committee. There was one meeting in FY24. The Regulatory Sub-Committee was disestablished in FY24.
4 Directors may be paid an additional daily rate of $2,400 for additional work as determined and approved by our chair and where the payment is within the total fee pool available. There were no such fees paid in the year to 30 June 2024.

Fees paid to Directors (in their capacity as such) in the year ended 30 June 2024

Director	Total fees $	Board fees	ARMC	PPCC	Regulatory Sub-Committee
Mark Cross	234,833	234,833	–	–	–
Sue Bailey	134,438	119,700	–	12,338	2,400
Miriam Dean	134,438	119,700	–	12,338	2,400
Will Irving	139,215	119,700	17,115	–	2,400
Murray Jordan	146,145	119,700	–	24,045	2,400
Kate Jorgensen	156,330	119,700	34,230	–	2,400
Jack Matthews	139,215	119,700	17,115	–	2,400
	1,084,613	**953,033**	**68,460**	**48,720**	**14,400**

Notes:

1 Amounts are gross and exclude GST (where applicable).
2 Mark Cross was appointed as chair, effective 26 October 2022. As a result, he received Board Chair fees only from that date.
3 Directors did not receive any fees or other benefits for additional work during the year ended 30 June 2024.
4 Directors are entitled to be reimbursed for travel and incidental expenses incurred in performance of their duties in addition to the above fees.
5 The total fee pool available to directors is $1,169,042.
6 The Regulatory Sub-Committee was disestablished during the year ended 30 June 2024.

Fee structure from 1 July 2024

Our PPCC reviews non-executive director remuneration annually based on criteria developed by that committee including internal benchmarking analysis. At the date of this Annual Report, a market review of Director fees is being carried out by PwC for the Board. The outcomes of this review will determine whether an increase to the fee pool (last increased in 2019) will be sought at the forthcoming Annual Shareholders' Meeting in October.

Risk management

(NZX Code Recommendations 6.1 & 6.2)

Like all businesses, we are exposed to a range of risks. Our risk management activities aim to ensure we identify, prioritise and manage key risks so we can execute our strategies and achieve our goals.

Risk management

(NZX Code Recommendation 6.1)

No business can thrive without taking on risk. Effective risk management is about informed risk taking and appropriate and active management of risks.

We seek to understand and respond to our current and future business environment, and to actively seek and robustly evaluate opportunities and initiatives which protect and achieve our business strategies. We strive to understand, meet and appropriately balance stakeholders' expectations to deliver value to shareholders and a sustainable environment for Chorus in the long term.

Our Board

Our Board is ultimately responsible for risk management governance:

- Annually setting risk appetite and determining principal risks;
- Participating in discussions concerning elements of risk including emerging and unforeseen risks;
- Approving and regularly reviewing our Managing Risk Policy and supporting framework;
- Promoting a culture of managing risk; and
- Through our ARMC, providing risk oversight and monitoring.

Risk appetite

Our risk appetite sets our tolerable levels of risk. It forms a dynamic link between strategy, target setting and risk management and sets boundaries for day-to-day decision making and reporting.

Risk management processes

Our Managing Risk Policy sets out how we manage our risks, including by:

- Having a single risk management framework;
- Providing the CEO and executive team with discretion to manage risk within the guidance provided in our framework;
- Balancing the level of control implemented to mitigate identified risks with our commitment to comply with external regulation and governance requirements and Chorus' value and growth aspirations; and
- Meeting good practice standards for risk management processes and related governance.

Principal risks

Principal risks are owned by relevant executives. This promotes integration into operations and executives planning and a culture of proactive risk management. Notwithstanding individual ownership, our CEO and executive hold collective responsibility for considering how risk and events interrelate and for managing our overall risk profile.

Principal risks are reported to our ARMC quarterly and, if necessary, also by exception. Principal Risk owners support the regular reporting from the Head of Risk, Internal Audit & Compliance by providing updates on the risks they own. Our ARMC reports to our Board.

Principal risks are assessed with each responsible executive and collectively with the executive team before being reported to the ARMC. This allows for constructive challenge and debate. Underlying risk assessment and monitoring practices are undertaken by each principal risk owner with assistance from our Risk, Internal Audit & Compliance team.

Our Board also receives management and other internal and external reporting over risk positions and our risk management operation (including from internal audit plans approved by the ARMC) through our overall governance framework.

Principal risks are our key risks to the achievement of our strategy. These are assessed on a risk profile identifying likelihood of occurrence and potential severity of impact. Current principal risk categories are identified via a comprehensive enterprise risk management framework encompassing financial and non-financial risks.
They include anticipating and responding to:

- Health, safety and wellbeing risks: Working to keep safe the people we owe duties to.
- Commercial and financial sustainability risks: Maintaining appropriate capital management and credit settings.
- Core services risks: Core service availability and network resilience.
- People and skills risks: Ensuring Chorus attains and retains employees with the capabilities to achieve its strategic objectives.
- Legal, regulatory and contractual risks: Working within the regulatory and legal environment.
- Stakeholder and customer confidence / reputation risks: Attaining and retaining a positive reputation with key stakeholders and customers.
- Innovation risks: Identify and pursue innovation and opportunities that will enhance Chorus.

Risk management continued

In addition to Principal Risks, the Chorus Board or ARMC regularly receive updates on, and discuss with the Executive:

- Unforeseen risks which are 'black swan' events which have not been otherwise identified through normal risk processes;
- Emerging risks which are risks that are known to some degree but are not likely to materialise or have an impact in the near term;
- Business unit risks which are risks to the achievement of functional area strategies. The risks are managed at the business unit level and reported to the ARMC if a material risk is out of risk tolerance level.

Chorus' climate related risk and opportunity framework uses the same approach, principles, tolerances, impact and likelihood scales used in Chorus' enterprise-wide risk management processes, and in line with the risk management policy endorsed by the Chorus Board.

Our climate-related risks and opportunities (as well as Chorus' other climate-related disclosures) are available in our Climate Statements available at **company.chorus.co.nz/sustainability.**

(NZX Code Recommendation 6.2)

Reporting on our management of health and safety risks is included in our Sustainability Report at **company.chorus.co.nz/sustainability.**

Auditors

(NZX Code Recommendations 7.1–7.3)

External auditor

(NZX Code Recommendation 7.1)

Our Board and ARMC monitor the ongoing independence and quality of our external auditor (KPMG). Our ARMC also meets with our external auditor without management present at least once per year. Our ARMC charter and External Auditor Independence Policy amongst other things:

- Prohibit the provision of certain non-audit services by our external auditor;
- Require ARMC approval of all audit and permitted non-audit services;
- Require our client services partner and lead/engagement partner to be rotated every five years (with a five year cooling off period) and other audit partners to be rotated every seven years (with a two year cooling off period);
- Require our ARMC to review our external auditor's fees half yearly (including the ratio of fees for audit vs. non-audit services); and
- Impose restrictions on the employment of former external audit personnel.

KPMG provided a limited assurance review of our Scope 1, 2 and 3 emissions inventory for the FY24 period for the purposes of our FY24 Climate Statements. In addition, KPMG has provided Regulatory audit and assurance work in relation to fibre regulation 2023/24.

KPMG did not provide any other non-audit assurance services in the year to 30 June 2024. Any additional non-audit services would be provided in accordance with our ARMC charter and External Auditor Independence Policy. They should not affect KPMG's independence, including because:

- They are approved only where we are satisfied the services would not compromise KPMG's independence; and
- They do not involve KPMG acting in a managerial or decision-making capacity.

KPMG confirm their independence via independence declarations every six months.

(NZX Code Recommendation 7.2)

Our external auditors attend our ASM each year.

Internal audit

(NZX Code Recommendation 7.3)

We operate a co-sourced internal audit model with our Head of Risk, Internal Audit & Compliance and her team supported by external advisors PricewaterhouseCoopers to provide additional resource and specialist expertise as required.
The responsibilities of our internal audit function include:

- Assisting our ARMC and Board in their assessment of internal controls and risk management;
- Developing an internal audit plan for review and approval by the ARMC each year;
- Executing the plan and reporting progress against it, significant changes, results and issues identified; and
- Escalating issues as appropriate (including to our ARMC and/or Board chairs).

Our executive team and ARMC monitor key outstanding internal audit issues and recommendations as part of regular reporting and review, including the timeliness of resolution.

Our ARMC has direct and unrestricted access to our internal audit function. The ARMC or the Head of Risk, Internal Audit & Compliance can request a meeting without management present.

Our Head of Risk, Internal Audit & Compliance has a management reporting line to our General Counsel and a direct reporting line to our ARMC, attending every ARMC meeting.

Our ARMC reviews the remuneration and incentive arrangements of our Head of Risk, Internal Audit & Compliance and our Risk & Assurance Manager each year.

Shareholder rights and relations

(NZX Code Recommendations 8.1–8.3)

We are committed to fostering constructive and open relationships with shareholders:

- Communicating effectively with them;
- Giving ready access to balanced and understandable information;
- Making it easy for shareholders to participate in general meetings; and
- Maintaining an up to date website providing information about our business.

Our investor relations programme is designed to further facilitate two-way communication with shareholders, provide them and other market participants with an understanding of our business, governance and performance and an opportunity to express their views. As part of this programme we enable investors and other interested parties to ask questions and obtain information. We meet with investors and analysts and undertake formal investor presentations. Our annual and half year results presentations are made available to all investors via webcast.

Our website

(NZX Code Recommendation 8.1)

Our key financial, operational and governance information is available at **company.chorus.co.nz/investors.**

Annual shareholder's meeting

(NZX Code Recommendations 8.2 & 8.3)

Since 2020 we have encouraged shareholder participation in the annual shareholders meeting by providing a webcast to enable shareholders to watch proceedings online, as well as vote and ask questions.

We enable shareholders to vote by proxy ahead of meetings without having to physically attend or participate in those meetings and adopt the one share one vote principle, conducting voting at shareholder meetings by poll.

We consider that shareholders should be entitled to vote on decisions which would change the essential nature of our business.

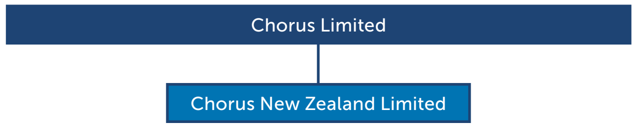
Shareholders are also able to ask questions of, and express their views in respect of, our Board, management and auditors (including via appointed proxies) at and before annual meetings.

We encourage shareholders to communicate with us and our share registrar electronically, including by providing email communication channels and online contact details and instructions on our website.

Additional disclosures

Group structure

As at 30 June 2024, Chorus Limited has one wholly owned subsidiary: Chorus New Zealand Limited (CNZL).



Chorus Limited is the entity listed on the NZX and ASX. It is also the borrowing entity under the group's main financing arrangements and the entity which has partnered with the Crown for the UFB build.

CNZL undertakes (and is the contracting entity for) Chorus' operating activities and is the guarantor of Chorus Limited's borrowing. CNZL also employs all Chorus people. CNZL has its own constitution but its Board is the same as the Chorus Limited Board.

Disclosures in respect of CNZL are set out in the "Subsidiaries" section on page 94.

Indemnities and insurance

Chorus indemnifies directors under our constitution for liabilities and costs they may incur for their acts or omissions as directors (including costs and expenses of defending actions for actual or alleged liability) to the maximum extent permitted by law. We have also entered into deeds of indemnity with each director under which:

- Chorus indemnifies the director for liabilities incurred in their capacity as a director and as officers of other Chorus companies.
- Directors are permitted to access company records while directors and after they cease to hold office (subject to certain conditions).

Deeds of indemnity have also been entered into on similar terms with certain senior employees for liabilities and costs they may incur for their acts or omissions as employees, directors of subsidiaries or as directors of non-Chorus companies in which Chorus holds interests.

We have a directors' and officers' liability insurance policy in place covering directors and senior employees for liability arising from their acts or omissions in their capacity as directors or employees on commercial terms. The policy does not cover dishonest, fraudulent, malicious or wilful acts or omissions.

Additional disclosures continued

Director changes

There were no director changes in the year to 30 June 2024. Murray Jordan has decided to retire as a director, effective as at 30 September 2024.

Director restrictions

No person who is an 'associated person' of a telecommunications services provider in New Zealand may be appointed or hold office as a director. NZX has granted a waiver to allow this restriction to be included in our constitution.

Securities and security holders

Ordinary shares

Chorus Limited's shares are quoted on the NZX and on the ASX and trade under the 'CNU' ticker. There were 433,887,294 ordinary shares on issue at 30 June 2024. Each share confers on its holder the right to attend and vote at a shareholder meeting (including the right to cast one vote on a poll on any resolution).

Constitutional ownership restrictions

As part of the establishment of Chorus we inherited an obligation to obtain Crown approval prior to any person:

- Having a relevant interest in 10% or more of our shares; or
- Other than a New Zealand national, having a relevant interest in more than 49.9% of our shares.

On each request the Crown has provided approval, currently:

- L1 Capital Pty Ltd can hold a relevant interest in up to 15% of our shares.
- AMP Capital Holdings Limited can hold a relevant interest in up to 15% of our shares, and
- UniSuper Limited can hold a relevant interest in up to 20% of our shares.

If our Board or the Crown determines there are reasonable grounds for believing a person has a relevant interest in our shares in excess of the ownership restrictions, our Board may, after following certain procedures, prohibit the exercise of voting rights (in which case the voting rights vest in our chair) and may force the sale of shares. Our Board may also decline to register a transfer of shares if it reasonably believes the transfer would breach the ownership restrictions.

NZX has granted waivers allowing our constitution to include the power of forfeiture, the restrictions on transferability of shares and our Board's power to prohibit the exercise of voting rights relating to these ownership restrictions. ASX has also granted a waiver in respect of the refusal to register a transfer of shares which is or may be in breach of the ownership restrictions.

Shareholder distribution as at 30 June 2024

Holding	Number of holders	Total number of shares held	% of shares issued
1 to 999	9,977	4,074,857	0.94
1,000 to 4,999	6,238	14,563,239	3.36
5,000 to 9,999	1,730	11,466,916	2.64
10,000 to 99,999	1,260	26,072,511	6.01
100,000 and over	80	377,709,771	87.05
Total	19,285	433,887,294	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $1,000.00 parcel at $7.6900 per unit	131	629	35,823

Substantial holders

As at 30 June 2024, we have received substantial product holder notices from shareholders as follows:

	Notices received as at 30 June 2024	
	Number of ordinary shares held	% of shares on issue
UniSuper Limited	57,893,644	13.34%
L1 Capital Pty Ltd	45,287,235	10.44%

Additional disclosures continued

Twenty largest shareholders as at 30 June 2024

Rank	Holder name	Holding	%
1	Citicorp Nominees Pty Limited	55,484,447	12.79
2	BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	46,245,717	10.66
3	JP Morgan Nominees Australia Limited	45,350,473	10.45
4	HSBC Custody Nominees (Australia) Limited	40,659,253	9.37
5	BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	25,469,431	5.87
6	BNP Paribas Noms Pty Ltd	14,940,991	3.44
7	Citibank Nominees (New Zealand) Limited – NZCSD <CNOM90>	12,902,156	2.97
8	Accident Compensation Corporation – NZCSD <ACCI40>	12,613,884	2.91
9	HSBC Nominees (New Zealand) Limited – NZCSD <HKBN90>	12,413,659	2.86
10	Custodial Services Limited <A/C 4>	9,019,101	2.08
11	Forsyth Barr Custodians Limited <1-Custody>	8,863,471	2.04
12	New Zealand Depository Nominee Limited <A/C 1 Cash Account>	8,859,032	2.04
13	ANZ Wholesale Australasian Share Fund – NZCSD <PNAS90>	8,067,850	1.86
14	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	7,888,438	1.82
15	Tea Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	7,664,684	1.77
16	JBWere (NZ) Nominees Limited <NZ Resident A/C>	7,059,704	1.63
17	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited – NZCSD <SUPR40>	5,023,907	1.16
18	FNZ Custodians Limited	4,788,352	1.10
19	Simplicity Nominees Limited – NZCSD	4,486,249	1.03
20	National Nominees Limited	4,161,277	0.96
Total Top 20 Holders Of Ordinary Shares		341,962,076	78.81
Total Remaining Holders Balance		91,925,218	21.19

Twenty largest bondholders (December 2027) as at 30 June 2024

Rank	Holder name	Holding	%
1	Custodial Services Limited <A/C 4>	60,832,000	30.42
2	FNZ Custodians Limited	25,402,000	12.70
3	Tea Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	17,881,000	8.94
4	BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	15,324,000	7.66
5	Forsyth Barr Custodians Limited <1-Custody>	14,167,000	7.08
6	HSBC Nominees (New Zealand) Limited – NZCSD <HKBN90>	8,600,000	4.30
7	Pin Twenty Limited <Kintyre A/C>	7,000,000	3.50
8	JBWere (NZ) Nominees Limited <NR USA A/C>	4,720,000	2.36
9	FNZ Custodians Limited <DTA Non Resident A/C>	4,446,000	2.22
10	JBWere (NZ) Nominees Limited <NZ Resident A/C>	4,322,000	2.16
11	Investment Custodial Services Limited <A/C C>	3,187,000	1.59
12	Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	2,176,000	1.09
13	HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD <HKBN45>	2,000,000	1.00
14	Forsyth Barr Custodians Limited <Account 1 E>	1,778,000	0.89
15	Adminis Custodial Nominees Limited	1,545,000	0.77
16	Custodial Services Limited <A/C 12>	1,529,000	0.76
17	ANZ Wholesale NZ Fixed Interest Fund – NZCSD	1,499,000	0.75
18	JBWere (NZ) Nominees Limited <NR USA AIL A/C>	1,400,000	0.70
19	NZX WT Nominees Limited <Cash Account>	1,327,000	0.66
20	FNZ Custodians Limited <DRP NZ A/C>	1,115,000	0.56
Total Top 20 Holders Of 1.98% Fixed Rate Bonds 02/12/2027		180,250,000	90.13
Total Remaining Holders Balance		19,750,000	9.88

Additional disclosures continued

Twenty largest bondholders (December 2028) as at 30 June 2024

Rank	Holder name	Holding	%
1	Custodial Services Limited <A/C 4>	109,584,000	21.92
2	Forsyth Barr Custodians Limited <1-Custody>	92,154,000	18.43
3	JBWere (NZ) Nominees Limited <NZ Resident A/C>	40,985,000	8.20
4	HSBC Nominees (New Zealand) Limited O/A Euroclear Bank – NZCSD <HKBN95>	30,359,000	6.07
5	FNZ Custodians Limited	26,946,000	5.39
6	Tea Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	24,034,000	4.81
7	BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	17,686,000	3.54
8	Citibank Nominees (New Zealand) Limited – NZCSD <CNOM90>	15,074,000	3.01
9	JBWere (NZ) Nominees Limited <Res Inst A/C>	15,000,000	3.00
10	Forsyth Barr Custodians Limited <Account 1 E>	9,623,000	1.92
11	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	9,187,000	1.84
12	ANZ Bank New Zealand Limited – NZCSD <NBNZ40>	5,817,000	1.16
13	JBWere (NZ) Nominees Limited <44625 A/C>	4,600,000	0.92
14	HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD <HKBN45>	4,250,000	0.85
15	JBWere (NZ) Nominees Limited <44626 A/C>	4,000,000	0.80
16	Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	3,570,000	0.71
17	JBWere (NZ) Nominees Limited <NR USA A/C>	3,334,000	0.67
18	RGTKMT Investments Limited	3,000,000	0.60
19	FNZ Custodians Limited <DTA Non Resident A/C>	2,988,000	0.60
20	NZX WT Nominees Limited <Cash Account>	2,640,000	0.53
Total Top 20 Holders Of 6.38% Fixed Rate Bonds 06/12/2028		424,831,000	84.97
Total Remaining Holders Balance		75,169,000	15.03

Twenty largest bondholders (December 2030) as at 30 June 2024

Rank	Holder name	Holding	%
1	Custodial Services Limited <A/C 4>	46,157,000	23.08
2	FNZ Custodians Limited	19,753,000	9.88
3	Accident Compensation Corporation – NZCSD <ACCI40>	17,500,000	8.75
4	Tea Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	16,537,000	8.27
5	ANZ Bank New Zealand Limited – NZCSD <NBNZ40>	16,509,000	8.25
6	BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	12,727,000	6.36
7	Forsyth Barr Custodians Limited <1-Custody>	9,772,000	4.89
8	HSBC Nominees (New Zealand) Limited – NZCSD <HKBN90>	9,561,000	4.78
9	Citibank Nominees (New Zealand) Limited – NZCSD <CNOM90>	7,204,000	3.60
10	NZPT Custodians (Grosvenor) Limited – NZCSD <NZPG40>	5,100,000	2.55
11	HSBC Nominees (New Zealand) Limited O/A Euroclear Bank – NZCSD <HKBN95>	5,000,000	2.50
12	CML Shares Limited	2,800,000	1.40
13	FNZ Custodians Limited <DTA Non Resident A/C>	2,326,000	1.16
14	Forsyth Barr Custodians Limited <Account 1 E>	2,083,000	1.04
15	Investment Custodial Services Limited <A/C C>	2,072,000	1.04
16	JBWere (NZ) Nominees Limited <NZ Resident A/C>	1,858,000	0.93
17	ANZ Wholesale NZ Fixed Interest Fund – NZCSD	1,735,000	0.87
18	Mint Nominees Limited – NZCSD <NZP440>	1,647,000	0.82
19	Queen Street Nominees Acf Pie Funds – NZCSD	1,500,000	0.75
20	Forsyth Barr Custodians Limited <Account 1 Nrl>	1,155,000	0.58
Total Top 20 Holders Of 2.51% Fixed Rate Bonds 02/12/2030		182,996,000	91.50
Total Remaining Holders Balance		17,004,000	8.50

Additional disclosures continued

Debt listings

Chorus Limited has the following bonds on issue:

- $200 million bonds traded on the NZX debt market (the NZDX) maturing December 2027;
- $500 million bonds traded on the NZX debt market maturing December 2028;
- $200 million bonds traded on the NZX debt market maturing December 2030;
- EUR 209 million EMTNs traded on the ASX maturing October 2023;
- EUR 300 million EMTNs traded on the ASX, maturing December 2026;
- EUR 500 million EMTNs traded on the ASX, maturing September 2029; and
- AUD 300 million wholesale AMTNs, maturing 18 September 2030.

NZX bondholder distribution as at 30 June 2024

December 2027 maturity

Holding	Number of holders	Total number of bonds held	% of bonds issued
1–5,000	9	45,000	0.02
5,000 to 9,999	10	69,000	0.03
10,000 to 99,999	139	3,959,000	1.98
100,000 and over	63	195,927,000	97.96
Total	221	200,000,000	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $1,000.00 parcel at $0.8900 per unit	1,124	0	0

December 2028 maturity

Holding	Number of holders	Total number of bonds held	% of bonds issued
1–5,000	51	255,000	0.05
5,000 to 9,999	25	203,000	0.04
10,000 to 99,999	963	28,724,000	5.74
100,000 and over	161	470,818,000	94.16
Total	1,200	500,000,000	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $1,000.00 parcel at $1.0500 per unit	953	0	0

American depositary receipts

American Depositary Shares, each representing five shares and evidenced by American Depositary Receipts, are not listed but are traded on the over-the-counter market in the United States under the ticker 'CHRYY' with Bank of New York Mellon as depositary bank. As at 30 June 2024 Chorus had 849,198 ADRs on issue.

December 2030 maturity

Holding	Number of holders	Total number of bonds held	% of bonds issued
1–5,000	9	45,000	0.02
5,000 to 9,999	6	49,000	0.02
10,000 to 99,999	224	6,506,000	3.25
100,000 and over	48	193,400,000	96.70
Total	287	200,000,000	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $1,000.00 parcel at $0.8400 per unit	1,191	0	0

Unquoted securities

Crown Infrastructure Partners (CIP) Securities

The terms of issue for the CIP1 and CIP2 securities are set out in the subscription agreements between Chorus Limited and CIP. These terms are summarised in note [6] of our consolidated financial statements and on our website at **company.chorus.co.nz/reports**.

Security	Number issued in the year ended 30 June 2024	Total on issue at 30 June 2024	Holder	Percentage held
CIP1 equity securities	–	462,052,071	CIP	100%
CIP1 debt securities	–	462,052,071	CIP	100%
CIP1 equity warrants	744,902	16,407,227	CIP	100%
CIP2 equity securities	–	306,423,177	CIP	100%
CIP2 debt securities	–	104,852,093	CIP	100%

Additional disclosures continued

Other disclosures

New NZX listing rules

NZX updated its listing rules from 24 May 2024.

NZX waivers

On 28 March 2019 Chorus applied for the continuation of existing and still required waivers and rulings. On 3 April 2020 a waiver from NZX listing rule 2.3.2, 4.1.1, 4.1.2, 4.2.1, 4.14, 6.6.1, 8.1.5 and a ruling from NZX on listing rule 4.9.1 were granted.

A summary of all waivers relied on by Chorus in the 12 months ending 30 June 2024 is available on our website at **company.chorus.co.nz/investors/services/your-shareholding**

Non-standard designation

NZX has attached a 'non-standard' designation to Chorus Limited because of the ownership restrictions in our constitution (described above).

ASX disclosures

Chorus Limited and its subsidiaries are incorporated in New Zealand. Chorus has a 'foreign exempt' listing on ASX, meaning our primary obligation is to comply with the NZX listing rules (as our home exchange).

Chorus Limited is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (including substantial shareholdings and takeovers).

Our constitution contains limitations on the acquisition of securities, as described above.

For the purposes of ASX listing rule 1.15.3 Chorus Limited continues to comply with the NZX listing rules.

Registration as a foreign company

Chorus Limited has registered with the Australian Securities and Investments Commission as a foreign company and has been issued an Australian Registered Body Number (ARBN) of 152 485 848.

Net tangible assets per security

As at 30 June 2024, consolidated net tangible assets per share was $1.23 (30 June 2023: $1.60).

Net tangible assets per share is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS.

Revenue from ordinary activities and net profit

In the year ended 30 June 2024:

- Revenue from ordinary activities increased 3.1% to $1,010 million (30 June 2023: $980 million); and
- Profit from ordinary activities after tax, and net profit, attributable to shareholders decreased 136% to a loss of [$9] million (30 June 2023: $25 million).

Subsidiaries

Chorus New Zealand Limited (CNZL)

Directors as at 30 June 2024: Mark Cross, Miriam Dean, Murray Jordan, Jack Matthews, Sue Bailey, Kate Jorgensen, Will Irving.

Current CNZL directors are also Chorus Limited directors and do not receive any remuneration in their capacity as CNZL directors.

Other subsidiaries

Chorus Limited has no other subsidiaries.

Glossary

AMTN	Australian Medium Term Notes.
Backbone network	Fibre cabling and other shared network elements required either in the common areas of multi-dwelling units to connect individual apartments/offices, or to serve premises located along rights of way.
Backhaul	The portion of the network that links local exchanges to other exchanges or retail service provider networks.
Baseband	A technology neutral voice input service that can be bundled with a broadband product or provided on a standalone basis.
Board	Chorus Limited's Board of Directors.
Chorus	Chorus Limited and it's subsidiary Chorus New Zealand Limited.
CIP	Crown Infrastructure Partners, the Government organisation that manages New Zealand's rollout of Ultra-Fast Broadband infrastructure.
Commission	Commerce Commission – the independent Crown entity whose responsibilities include overseeing the regulation of the telecommunications sector.
Constitution	Chorus Limited's Constitution.
Direct fibre access	Also known as 'dark' fibre, a fibre service that provides a point to point fibre connection and can be used to deliver backhaul connections to mobile sites.
Director	A director of Chorus Limited.
EBITDA	Earnings before interest, income tax, depreciation and amortisation.
EMTN	European Medium Term Notes.
FY	Financial year – twelve months ended 30 June. e.g. FY24 is from 1 July 2023 to 30 June 2024.
Gbps	Gigabits per second. A measure of the average rate of data transfer.
Gigabit	The equivalent of 1 billion bits. Gigabit Ethernet provides data transfer rates of about 1 gigabit per second.
GPON	Gigabit Passive Optical Network.
IT	Information Technology.
Layer 2	The data link layer, including broadband electronics, within the Open Systems Interconnection model. Layer 1 is the physical cables and co-location space.
Mbps	Megabits per second – a measure of the average rate of data transfer.
NZ IFRS	International Financial Reporting Standards – the rules that the financial statements have to be prepared by.
P2P	Where two parties or devices are connected point-to-point via fibre.
Petabyte	One million gigabytes (GB), which is a measure of data volume.
RAB	Regulatory Asset Base refers to the value of total investment by a regulated utility in the assets which will generate revenues over time.
RBI	Rural Broadband Initiative – refers to the Government programme to improve and enhance broadband coverage in rural areas between 2011 and 2016.
Share	Means an ordinary share in Chorus.
TSO	Telecommunications Services Obligation – a universal service obligation under which Chorus must maintain certain coverage and service on the copper network.
TSR	Total shareholder return.
UFB	Ultra-Fast Broadband refers to the Government programme to build a fibre to the premises network. UFB1 refers to the original phase of the rollout to 75% of New Zealanders. UFB2 and UFB2+ were subsequent phases announced in 2017.
VDSL	Very High Speed Digital Subscriber Line – a copper-based technology that provides a better broadband connection than ADSL.

Disclaimer

This annual report:

- May contain forward looking statements. These statements are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond Chorus' control, and which may cause actual results to differ materially from those expressed in the statements contained in this annual report.
- Includes statements relating to past performance. These should not be regarded as reliable indicators of future performance.
- Is current at its release date. Except as required by law or the NZX and ASX listing rules, Chorus is not under any obligation to update this annual report or the information in it at any time, whether as a result of new information, future events or otherwise.
- Contains non-GAAP financial measures, including EBITDA. These measures may differ from similarly titled measures used by other companies because they are not defined by GAAP. Although Chorus considers those measures provide useful information they should not be used in substitution for, or isolation of, Chorus' audited financial statements.
- May contain information from third parties Chorus believes reliable. However, no representations or warranties are made as to the accuracy or completeness of such information.
- Should be read in the wider context of material previously published by Chorus and released through the NZX and ASX.
- Does not constitute investment advice or an offer or invitation to purchase Chorus securities.

Directory

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P: International calls +1 201 680 6825
E: shrrelations@cpushareownerservices.com
https://www-us.computershare.com/investor

CHORUS

ARBN 152 485 848

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Updated as at June 2023

Results for announcement to the market		
Name of issuer	Chorus Limited	
Reporting Period	12 months to 30 June 2024	
Previous Reporting Period	12 months to 30 June 2023	
Currency	New Zealand Dollars	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$1,010,000	+3.1%
Total Revenue	$1,010,000	+3.1%
Net profit/(loss) from continuing operations	-$9,000	-136%
Total net profit/(loss)	-$9,000	-136%
Interim/Final Dividend		
Amount per Quoted Equity Security	$0.28500000	
Imputed amount per Quoted Equity Security	$0.00000000	
Record Date	17 September 2024	
Dividend Payment Date	8 October 2024	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$1.23	$1.60
A brief explanation of any of the figures above necessary to enable the figures to be understood	This announcement should be read in conjunction with the attached annual report, audited financial statements for the year ended 30 June 2024 contained in that report, media release and investor presentation.	
Authority for this announcement		
Name of person authorised to make this announcement	Katrina Smidt Acting Chief Financial Officer	
Contact person for this announcement	Brett Jackson Investor Relations Manager	
Contact phone number	+64 4 896 4039	
Contact email address	Brett.Jackson@chorus.co.nz	
Date of release through MAP	26/08/2024	

Audited financial statements accompany this announcement.

Distribution Notice

Updated as at June 2023

Please note: all cash amounts in this form should be provided to 8 decimal places, including zeros (ie 0.01001000)

<table>
<tr><th colspan="5">Section 1: Issuer information</th></tr>
<tr><td>Name of issuer</td><td colspan="4">Chorus Limited</td></tr>
<tr><td>Financial product name/description</td><td colspan="4">Ordinary shares</td></tr>
<tr><td>NZX ticker code</td><td colspan="4">CNU</td></tr>
<tr><td>ISIN (If unknown, check on NZX website)</td><td colspan="4">NZCNUE0001S2</td></tr>
<tr><td rowspan="3">Type of distribution
(Please mark with an X in the relevant box/es)</td><td>Full Year</td><td>X</td><td>~~Quarterly~~</td><td></td></tr>
<tr><td>~~Half Year~~</td><td></td><td>~~Special~~</td><td></td></tr>
<tr><td>~~DRP applies~~</td><td></td><td colspan="2"></td></tr>
<tr><td>Record date</td><td colspan="4">17/09/2024</td></tr>
<tr><td>Ex-Date (one business day before the Record Date)</td><td colspan="4">16/09/2024</td></tr>
<tr><td>Payment date (and allotment date for DRP)</td><td colspan="4">8/10/2024</td></tr>
<tr><td>Total monies associated with the distribution[1]</td><td colspan="4">$123,657,879</td></tr>
<tr><td>Source of distribution (for example, retained earnings)</td><td colspan="4">Retained earnings</td></tr>
<tr><td>Currency</td><td colspan="4">NZD</td></tr>
<tr><th colspan="5">Section 2: Distribution amounts per financial product</th></tr>
<tr><td>Gross distribution[2]</td><td colspan="4">$0.28500000</td></tr>
<tr><td>Gross taxable amount [3]</td><td colspan="4">$0.28500000</td></tr>
<tr><td>Total cash distribution[4]</td><td colspan="4">$0.28500000</td></tr>
<tr><td>Excluded amount (applicable to listed PIEs)</td><td colspan="4">$0.00000000</td></tr>
<tr><td>Supplementary distribution amount</td><td colspan="4">$0.00000000</td></tr>
<tr><th colspan="5">Section 3: Imputation credits and Resident Withholding Tax[5]</th></tr>
<tr><td rowspan="3">Is the distribution imputed</td><td colspan="4">~~Fully imputed~~</td></tr>
<tr><td colspan="4">~~Partial imputation~~</td></tr>
<tr><td colspan="4">No imputation</td></tr>
</table>

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).

[3] "Gross taxable amount" is the gross distribution minus any excluded income.

[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.

[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

If fully or partially imputed, please state imputation rate as % applied[6]	N/A	
Imputation tax credits per financial product	N/A	
Resident Withholding Tax per financial product	0.09405000	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	N/A	
Start date and end date for determining market price for DRP	N/A	N/A
Date strike price to be announced (if not available at this time)	N/A	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	N/A	
DRP strike price per financial product	N/A	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	N/A	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Katrina Smidt Acting Chief Financial Officer	
Contact person for this announcement	Brett Jackson Investor Relations Manager	
Contact phone number	+64 27 488 7808 +64 4 896 4039	
Contact email address	Brett.Jackson@chorus.co.nz	
Date of release through MAP	26/08/2024	

[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.

CHORUS

Sustainability Report 2024

For the 12 months ended 30 June 2024

This report has not been independently verified.
Please also see the Important note on page 35 of this report.

Chorus has also released its first Climate Statements https://company.chorus.co.nz/sustainability, prepared under the new climate-related disclosures regime, with limited assurance gained for our FY24 Green House Gas Inventory.

Message from Mark Cross and Kate Jorgensen

The past year has been significant for Chorus, marked by both progress and challenges. Our journey towards achieving our sustainability goals has been ongoing, focusing on environmental, social, and governance (ESG) principles. While we are proud of our accomplishments, we acknowledge that there is still much to do.

In FY24, our sustainability strategy revolved around three key areas: Thriving Environment (climate mitigation, climate adaptation), Sustainable Digital Futures (supporting digital equity across Aotearoa), and Thriving People (diversity, equity and inclusion). These areas are not just buzzwords for us; they guide our actions and policies.

This year we've published our first Climate Statements https://company.chorus.co.nz/sustainability containing our climate-related disclosures for FY24, prepared under the new Aotearoa New Zealand climate-related disclosures regime. Fibre networks provide more energy efficient digital infrastructure than copper because they transmit data via light over large distances, offering additional environmental benefits.[1]

In 2022, the World Broadband Association noted that fixed broadband service providers will play a key role in reducing the environmental impact of the telecommunications sector, particularly fibre-to-the-home (FTTH) networks.[2]

One of our primary environmental goals is to reduce our carbon footprint. This year, we concentrated on lowering our electricity consumption and exploring ways to generate renewable energy.[3]

In addition to our emissions reduction and renewable energy initiatives, we are working on enhancing our climate adaptation strategies. We understand the importance of building resilience against climate change impacts. We are developing our business planning and asset management processes with climate considerations in mind, seeking to prepare Chorus for the challenges of a changing climate.

Digital inclusion remains a cornerstone of our social sustainability efforts. This year, we have supported programmes to bridge the digital divide. These initiatives go towards helping more people across Aotearoa, regardless of ethnicity, gender, age, or location, to access and benefit from the digital world. Our work has illuminated the affordability gap in connectivity, and we are committed to playing our part in closing this gap.

One of our key programmes has been working with local organisations to support digital literacy in under-served communities. This effort helps show individuals how to navigate the online world safely and effectively. Chorus also advocates for improved connectivity in rural areas outside today's fibre footprint; we want to ensure that all New Zealanders can participate fully in the digital age.

Our commitment to diversity, equity, and inclusion (DE&I) has been recognised this year. We were a winner in the HRNZ 2024 Awards, a winner in the Newmarket Business Association awards and a finalist in the Deloitte Top 200 Awards. These accolades reflect our work and focus on creating a more inclusive workplace. However, we know there is still more to do, and true inclusivity requires continuous effort and vigilance.

1 Assessing the emissions footprint of the fibre networks relative to other fixed broadband options in NZ. https://assets.ctfassets.net/7urik9yedtqc/629sLjWrhQWrbqOuU8JlKc/17b61d7c556852f52f18f92ff7bfaa65/Broadband_Emissions_Footprint_Report_2021_-_Broadband_Emissions_Footprint_Report.pdf.
2 World Broadband Association, 'Importance of Environmental Sustainability in Telecom Service Providers' Strategy', 2022. https://worldbroadbandassociation.com/wp-content/uploads/2022/09/Print_2609_WBBA-Environmental-Sustainability.pdf.
3 Subject to trial findings and capital management/business plan approval.

We strive to create an environment where everyone feels valued and can contribute to their full potential. We have policies and programmes in place which have been designed to support this goal, promoting a culture of respect, and understanding. This is not just about meeting targets; it's about fostering a workplace where diversity thrives, and all voices are heard.

Chorus has a sustainability governance structure that helps ensure sustainability is overseen at the highest levels of the organisation and embedded throughout everyday operations. Our corporate governance documents, including our Sustainability Policy, Diversity, Equity and Inclusion Policy, Code of Ethics, Health & Safety Policy and Managing Risk policy, are available at; https://company.chorus.co.nz/governance.

Connecting New Zealanders is at the heart of what we do. This connection is not just about providing internet services; it's about enabling people to live, learn, work, and play sustainably. Our community engagement efforts reflect this commitment. As you'll see in this report, we support various initiatives that help people understand and utilise the benefits of digital connectivity.

As we move forward, we will continue to work towards building a sustainable future for all New Zealanders. We will continue to enhance our climate strategies and support digital inclusion initiatives. Our commitment to diversity and inclusion will remain strong, as we continue to work towards creating a workplace and services reflect the diverse communities we serve.

We recognise that our journey is far from over. Sustainability is a continuous process requiring constant adaptation and improvement. We have set meaningful targets and are committed to meeting them, not just for today but for future generations.

In conclusion, we would like to thank our dedicated team, partners, and communities for their support and collaboration. Together, we can create a sustainable future where people and the planet thrive.

Mark Cross
Chair

Kate Jorgensen
Chair Audit & Risk Management Committee

CHORUS

Sustainability Overview 2024

Chorus overview

Chorus is New Zealand's largest fixed line telecommunications network operator providing wholesale telecommunications services to broadband retailers.

Our fibre network offers individuals, communities, and businesses access to high-speed, reliable, and world-class fibre broadband.

At 30 June 2024:

846
EMPLOYEES WORKING FOR CHORUS

1,150
TECHNICIANS WORKING ON CHORUS' BEHALF

71.4%
FIBRE UPTAKE

1,084,000
FIBRE CONNECTIONS

157,000
COPPER CONNECTIONS

7,974
PETABYTES OF DATA CARRIED ON OUR NETWORK

Recycling
93% OF TOTAL WASTE DIVERTED FROM LANDFILL IN FY24

3% Reduction
IN ELECTRICITY USE IN FY24 (AGAINST FY23)
FY24 (75.1 GWH)
FY23 (77.4 GWH)
FY22 (81 GWH)

Renewable energy
SIX EXCHANGES SELECTED FOR SOLAR TRIAL

39% Reduction
IN SCOPE 1 & 2 EMISSIONS AGAINST BASE YEAR FY20

2,800+ students
SUPPORTED WITH FREE CONNECTIONS BY CHORUS VIA THE MINISTRY OF EDUCATION FREE CONNECTION INITIATIVE

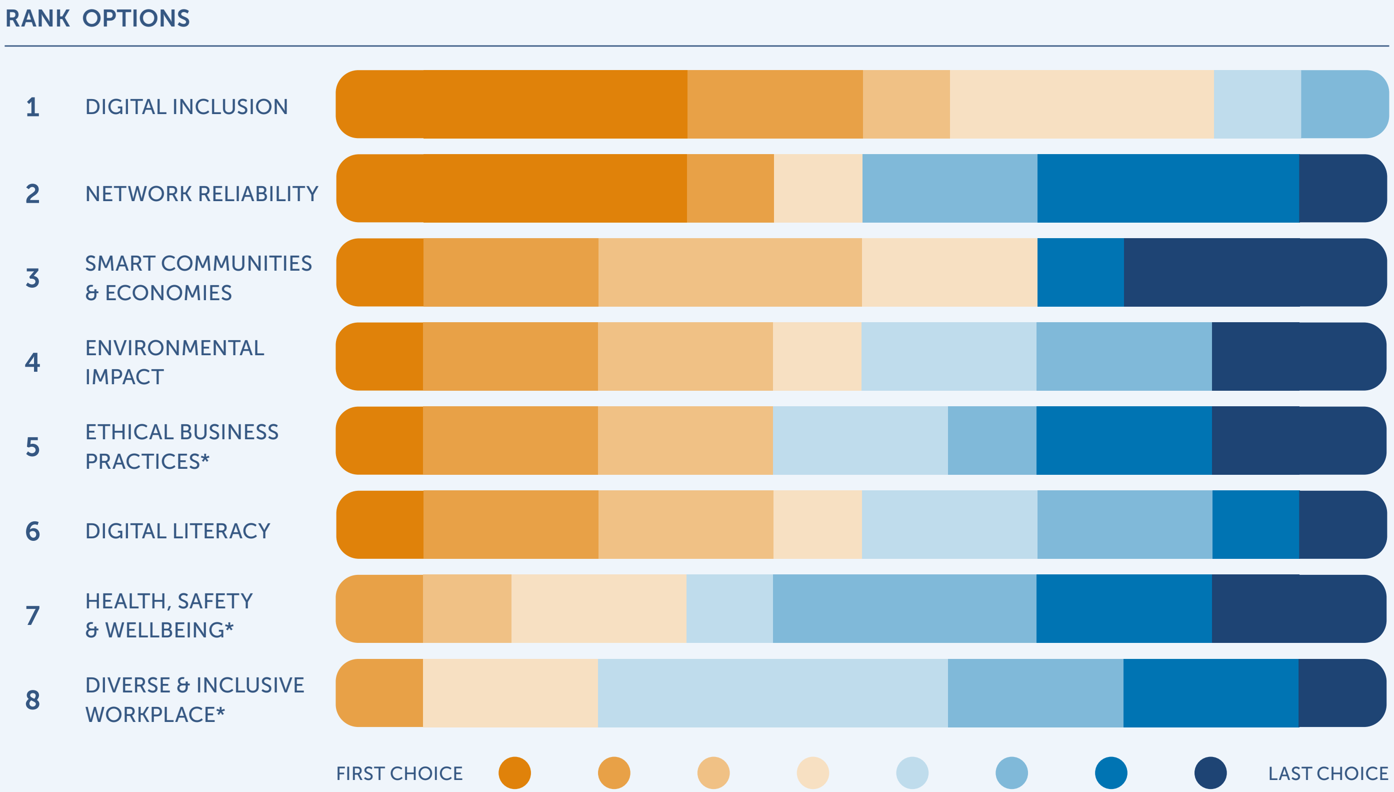
28% of Chorus
PEOPLE USED THEIR VOLUNTEER DAY TO SUPPORT COMMUNITIES UP FROM 21% IN FY23

Materiality assessment

Our focus on Sustainability is guided by our purpose, by Kaitiakitanga (environmental guardianship) and Manaakitanga (acts of giving and caring for).

Over the last four years, we have worked with external consultants, most recently in 2022, to validate our sustainability approach and run materiality assessments with stakeholders[4] to ensure we focus on what makes business sense while supporting important initiatives for Aotearoa New Zealand. We asked stakeholders in 2022 to rank a list of material topics in terms of Chorus' ability to create value.

The results of our materiality assessment helped us refine our areas of focus for our sustainability strategy and align to our three pillars; Thriving environment (environmental impact and, network reliability and smart communities), Sustainable Digital Futures (digital inclusion and literacy) and Thriving People (ethical business practice, health, safety & wellbeing, diversity, equity and inclusion).



* Ethical business practices; diverse and inclusive workplace; health, safety and wellbeing were lower on the priority list for stakeholders referenced in the external report as business as usual topics that must be done.

4 Stakeholders contacted in the 2022 materiality assessment included Investors, Board, sub-group of Chorus employees, 750 public and 400 small medium businesses and a representatives of the commerce commision, government, enerprise busnesses, retail service providers, local fibre companies, Māori Spectrum Group, Crown Infrastructure Partners and consumer groups.

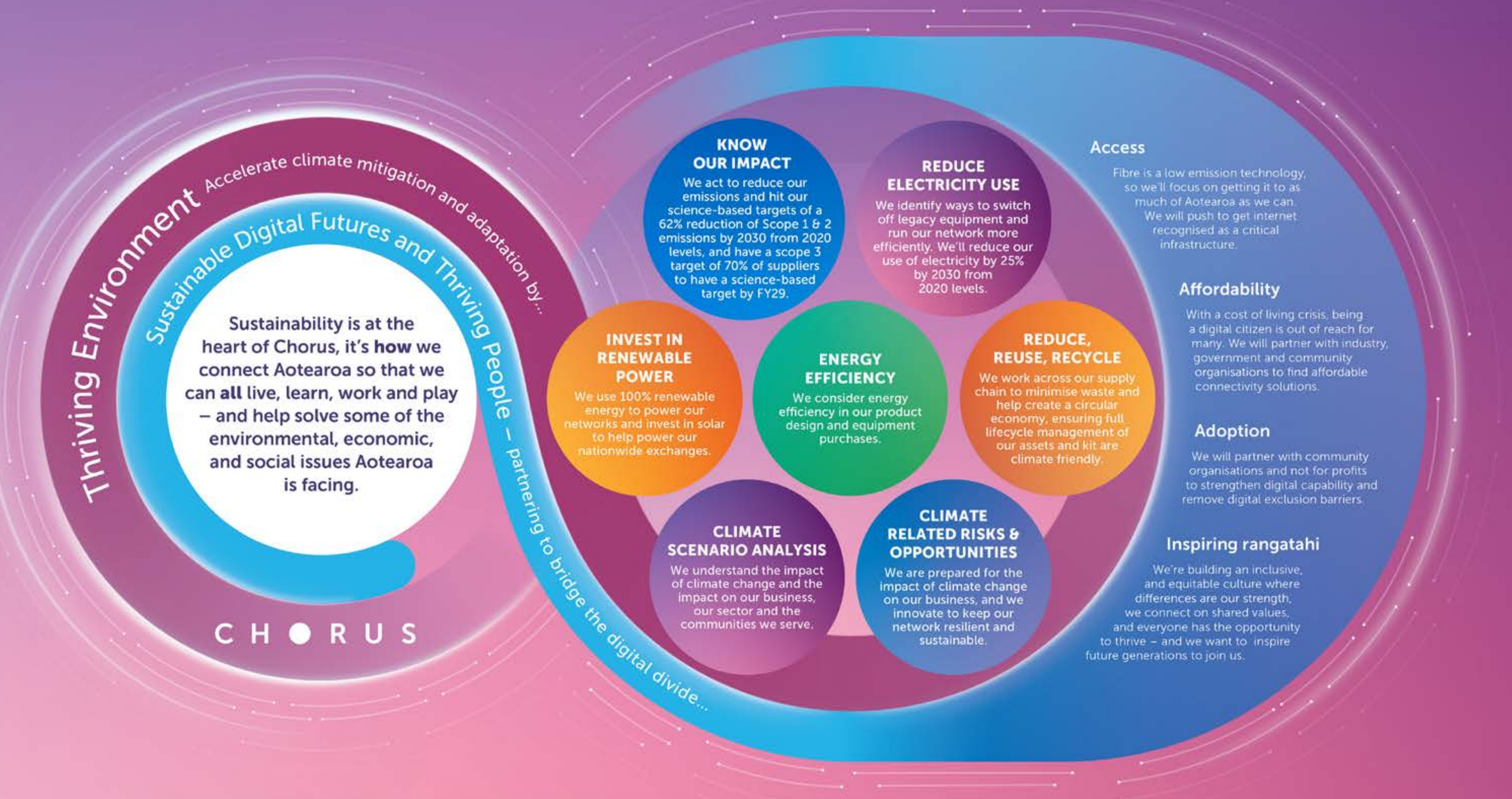
Chorus' FY24 business strategy

In FY24, sustainability was integrated into our business strategy with three key areas of focus representing our commitment to improving Chorus' environmental, social, and governance performance: Thriving Environment (Climate mitigation, climate adaptation); Sustainable Digital Futures (supporting digital equity across New Zealand) and Thriving People (Diversity, Equity & Inclusion).

Our purpose in FY24 was to 'Connect Aotearoa so that we can all live, learn, work and play'. This helps guide how Chorus invests and innovates to deliver connectivity services for Aotearoa to help enable the environmental, digital, and social transformation ahead.

Chorus' FY24 sustainability strategy

Our commitment to improving environmental and social impact.



While the three pillars of our Sustainability strategy are enduring, the activities within them will evolve over time to ensure we continue to be responsive to a changing operating environment and the needs of our stakeholders. Our Sustainability strategy sits alongside our Diversity, Equity and Inclusion Strategy.

Achievement – FY24 overview

The results below represent a snapshot of our progress in FY24 across our sustainability initiatives. More detail is set out in the individual sections of this Report (Thriving Environment, Building Resilience, Sustainable Digital Futures and Thriving People) below.

Thriving Environment

1. **39% Reduction**
in Scope 1 & 2 emissions in the years since our base year of FY20.

2. **3% Reduction**
in electricity use in FY24 (against FY23)
FY24 (75.1 GwH)
FY23 (77.4 GwH)
FY22 (81 GwH).

3. **Renewable energy**
Six exchanges selected for solar trial.

4. **Recycling**
93% of total waste diverted from landfill in FY24.

Building Resilience
(includes Health & Safety)

1. **Achieved**
Business Continuity Maturity (BCM) PwC Capability model rating of 3 'defined'.

2. **SafePlus**
'Leading' rating achieved.

3. **100% score**
Joint Audit Co-operation (JAC) Audit for our corporate social responsibility approach.

4. **H&S low injury rates**
Well below industry benchmarks.

Sustainable Digital Futures

1. **2,800+ students**
Supported by Chorus via the Ministry of Education free connection initiative.

2. **100 people**
Graduated from the Hapori Connect digital skills programme.

3. **854 seniors**
Supported with tech queries at the Digital Senior Hubs.

4. **28% take up of employee volunteer days**
Up from 21% in FY23.

Thriving People

1. **Winner D,E & I Awards**
HRNZ Awards 2024 and the Newmarket Business Association Awards. Finalist Deloitte Top 200 Awards 2023.

2. **40:40:20**
Gender ratio achieved at Board, and Executive level.

3. **Advanced Category**
of the Gender Tick achieved along with gold level Pride Pledge and Accessibility Tick accreditation.

4. **Top 5-10% employee score**
Technology industry benchmark for employee engagement in the pillars of Wellbeing and D,E&I.

5. **31% participation**
in the Te Ao Māori online programme. 201 people participated in additional Te Ao Māori wānanga / knowledge sessions.

Te taiao puāwai
Thriving environment

Our focus is to understand our environmental impact, identify climate-related risks and opportunities that apply to our business and find ways to reduce our emissions. We're also preparing for what's to come, using climate change scenarios to understand the current and future impacts of climate change, and help us adapt for the future.

Thriving Environment overview

This is Chorus' first reporting period under the mandatory climate-related disclosures (CRD) regime. This 'Thriving environment' section of our Sustainability Report provides a snapshot of our key environmental progress.

Please refer to our Climate Statements at https://company.chorus.co.nz/sustainability for our CRD for FY24 prepared in accordance with the requirements of the Aotearoa New Zealand Climate Standards.

Climate-related sector scenario analysis and Chorus' climate-related risks and opportunities

In June 2023, New Zealand's Telecommunications Forum (TCF) established a Climate Change working group. This development saw members of the New Zealand telecommunications sector, including Chorus representatives, come together to better understand the plausible climate scenarios that we could face as a sector. Tonkin & Taylor was engaged to provide expertise and facilitate this scenario analysis programme which spanned across most of FY24. Chorus has used the analysis work arising from this programme (including specific climate scenario narratives adapted to our business as an infrastructure provider of fixed-line networks) to deepen our assessment of Chorus' resilience to climate-related risks and opportunities in FY24.

Chorus' climate-related risk and opportunity framework uses the same, approach, principles, tolerances, impact and likelihood scales used in Chorus' enterprise-wide risk management processes, and in line with the risk management policy endorsed by the Chorus Board. We have consolidated all climate-related risks and opportunities into a single risk and opportunities register so we can manage these holistically. Business owners are assigned to each risk who endeavour to manage and mitigate that risk.

An overview of Chorus' FY24 climate-related risk management framework and our identified risks and opportunities (both physical and transitional), possible impacts, and risk mitigation to address those risks is set out in our Climate Statements.

Emissions targets & reduction progress

Our targets are science-aligned*, following guidance from the Science Based Targets Initiative (SBTi) for the Information Communications Technology (ICT) sector.

Science-aligned target*

62%
Scope 1 & 2 emissions reduction
(based on FY20 base year emissions levels) by FY30

Progress against target

39%
Scope 1 & 2 emissions reduction against the FY20 base year

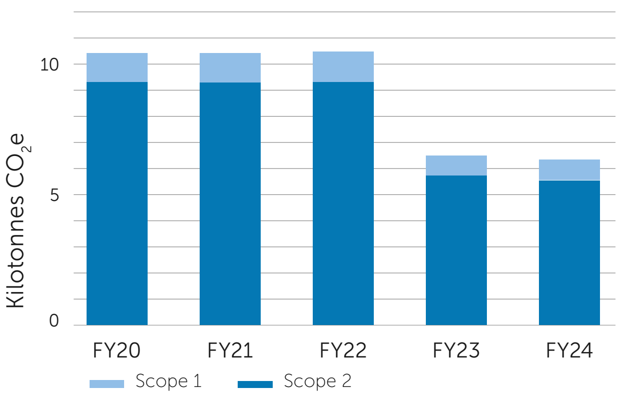
Our focus for FY24 has been on reducing our electricity use and exploring opportunities to invest in renewables.

In FY24 we achieved a 3% reduction in electricity against FY23, mainly due to our copper withdrawal programme and upgrading or removing legacy network equipment.

We also completed a solar feasibility assessment and report, which has led to the solar PV programme for six of our exchanges with build expected to start in FY25.

Figure 1:

Scope 1 & 2 emissions reduction from FY20 base year



Science-aligned target

70%
of suppliers by spend will have a SBTi target by FY29

Progress against target

30%
of suppliers by spend with a SBTi target

We continue to work closely with suppliers to understand their environmental and broader sustainability commitments, including through our contractual arrangements and ongoing engagements with key suppliers.

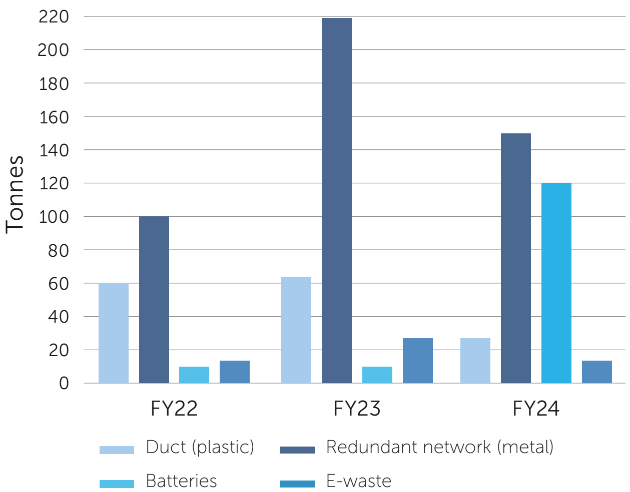
A more detailed view of our climate targets and supporting metrics and targets can be found in our FY24 Climate Statements. https://company.chorus.co.nz/sustainability.

* Science-aligned as our two targets are with SBTi for validation and are currently listed on SBTi's website as 'Targets Set'.

Waste reduction

Figure 2:

Waste across our organisation FY22 - FY24 (recycled)



287 Total waste (tonnes) FY22

368 Total waste (tonnes) FY23

339 Total waste (tonnes) FY24

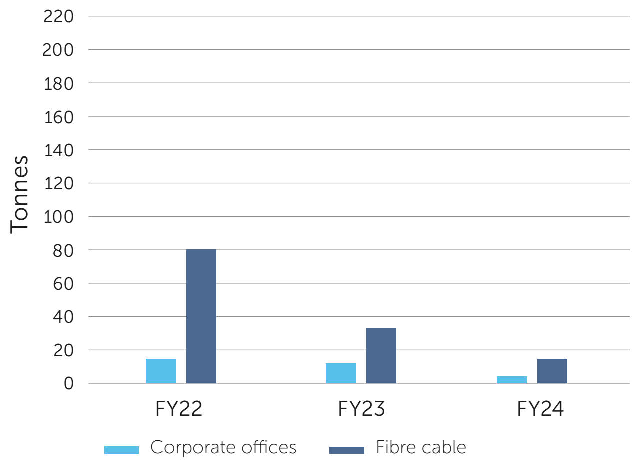
67% Total waste recycled FY22

87% Total waste recycled FY23

93% Total waste recycled FY24

Figure 3:

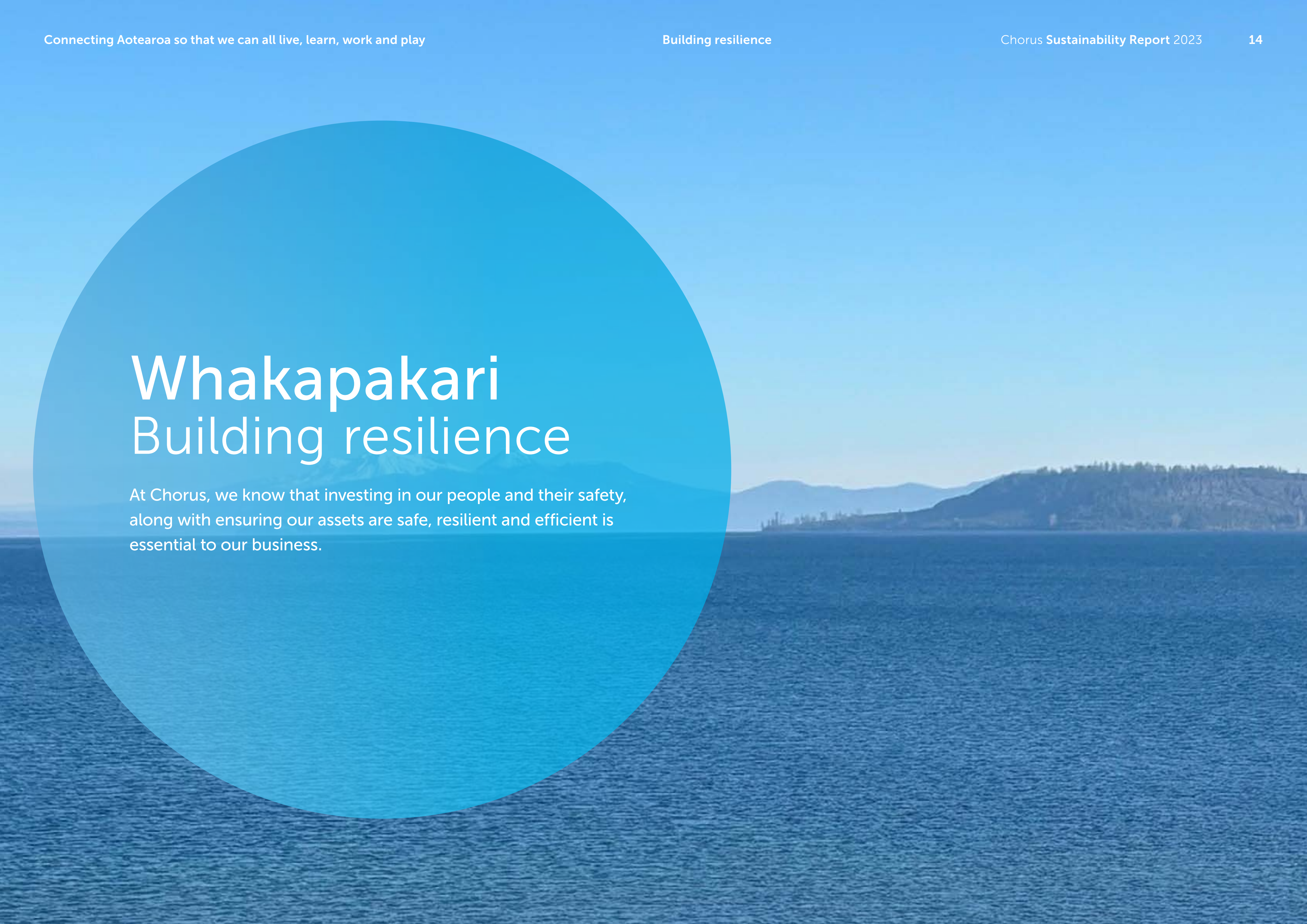
Waste across our organisation FY22 - FY24 (landfill)



FY24 saw:

- Lower duct (plastic) and fibre cable recycling volumes as a result of lower build volumes, with the completion of UFB2/2+ in FY23.
- An uplift in battery recycling due to Chorus' battery replacement activity.
- Lower metal & E-waste recycling volumes compared to previous years, due to steady removal of redundant Chorus equipment in exchanges.

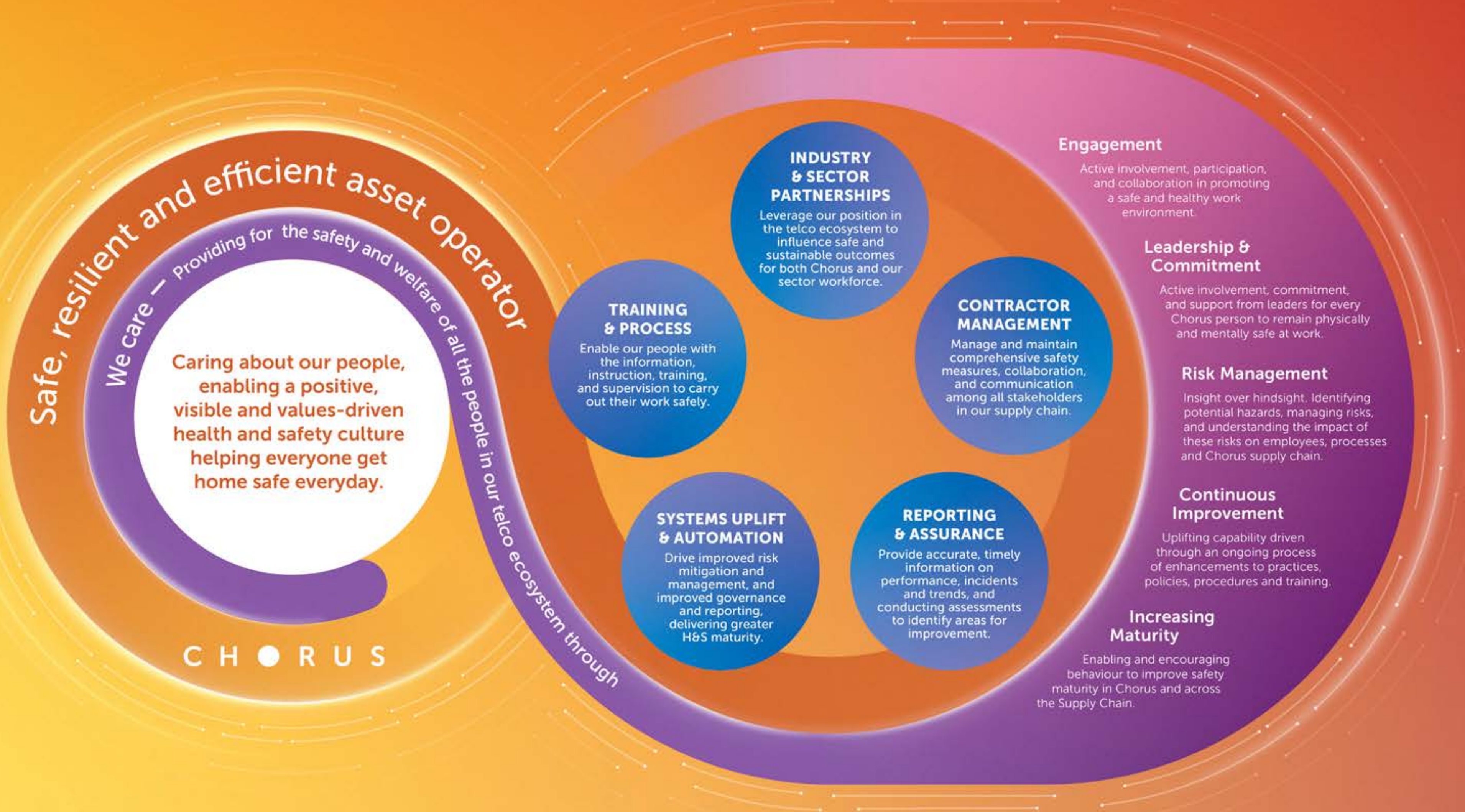
Plastic duct is collected so that it can be made into pellets and reused for new plastic ducting. E-waste ready for collection to be recycled.



Whakapakari
Building resilience

At Chorus, we know that investing in our people and their safety, along with ensuring our assets are safe, resilient and efficient is essential to our business.

Building resilience



Network reliability

The OECD[5] has said the shift to a post-pandemic digital future requires high-quality broadband networks characterised by high speeds, high reliability and low latency. It's little wonder that the OECD reports an accelerating international shift to fibre networks, with fibre being the dominant fixed network technology in December 2023. Of total fixed broadband subscriptions on OECD countries, 42.5% were on fibre with cable falling to 29.6% and copper falling to 20.3%.

For the year to 30 June 2024, fibre comprised 87% of our total fixed line connections and fibre broadband uptake grew to just over 71% of addresses passed, up from 69% at the end of FY23. Average monthly data usage on fibre was 623 gigabytes in June 2024, above the peaks last seen during COVID lockdowns in 2021. The proportion of fibre users consuming more than 1 terabyte of data (1,000GB) a month lifted to 16%.

Fibre's capability relative to other technologies is clear when you consider the scale of data growth it has absorbed. Total data traffic on our combined fibre and copper network has grown 12% in the last two years, from 7,140 petabytes (PB) in FY22 to 7,974 PB in FY24. Within that total, the proportion carried by our fibre network has grown from 87% to 94%. Despite this growth, fibre has greater electricity efficiency relative to other technologies such as copper, meaning we've been able to reduce our overall electricity consumption and lower our emissions.

We recognise our network's essential role in customers' daily lives and businesses. We monitor our network 24/7 and have disaster response plans to help maintain or restore service in an emergency. Our employees and service company technicians often go the extra mile to keep communities connected during extreme weather or natural disasters.

We report fibre performance measures to the Commerce Commission. This includes two standards measuring network availability in 23 geographic regions based on downtime in the Layer 1 (physical) and Layer 2[6] (electronic) parts of the network. Figure 4 shows this data for fault restoration and unplanned downtime in FY24 at an aggregated national level. Another quality standard reported to the Commission measures national port utilisation to ensure network capacity is meeting demand.

Figure 4:

Fibre fault data: FY23 – FY24*

Fibre network	Faults per 100 connections		Average monthly unplanned downtime in minutes	
	FY23	FY24	FY23	FY24
Layer 1	2.47	3.06	32.52	27.74
Layer 2 (includes premises electronics)	1.1	1.22	12.17	10.68

* excludes force majeure events and Chorus network in other local fibre company areas.

Environmental management

As the owner of nationwide exchange sites and an extensive fixed line network throughout urban and rural Aotearoa, we take practical steps to avoid environmental breaches.[7]

For FY24, we had no material environmental breaches.

Our environmental framework requires that we, and our suppliers, ensure our physical and operational work complies with all relevant local and central government legislation, including the National Environmental Standards for Telecommunications Facilities; the Health and Safety at Work Act NZ; the Resource Management Act; and the Heritage New Zealand Pouhere Taonga Act.

We have about 70 network sites on Department of Conservation (DOC) land, typically transmitter links on hilltops or mountains. Some of these remote sites are being retired as new technologies, that better meet the needs of rural customers, become available.

We have an in-house Environmental Management System that allows us to manage network build and other physical works projects. We engage with a range of local Māori organisations and Heritage New Zealand to ensure cultural impacts are mitigated, particularly where we are building network in culturally sensitive areas.

5 Source OECD 2024 - https://www.oecd.org/en/data/insights/statistical-releases/2024/07/future-proof-broadband-access-technologies-are-gaining-ground-for-both-fixed-and-mobile-networks-across-the-oecd-in-2023.html https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/broadband-statistics/data/1-3-fixed-and-mobile-subscriptions-by-technology.xls
6 Definitions for Layer 1, Layer 2 and other technical terms are set out in the Glossary.
7 An environmental breach is an event that is a departure from standard operating conditions that can or does have an impact on human health or the environment (e.g. diesel spillage that pollutes the surrounding land).

Network resilience

Our network is designed to limit the customer impact of service outages through a range of practices including:

- physical duplication, or redundancy, within parts of the network to protect against equipment, cable or power system element failure.
- geographic separation of critical network elements
- developing the network in a way that limits the scale of any individual network failures.
- network practices to reduce the likelihood of accidental damage or network failure.

Chorus continues to make substantial investment in the resilience of its network through the rollout of fibre to premises and we've begun withdrawing copper network in areas where fibre is available. Other projects for FY24 included the design and build of mobile exchange on wheels (MEOW) units. The MEOWs were developed in the wake of last year's Auckland floods and Cyclone Gabrielle. In the event of a natural disaster, these units could potentially be on site to help replace a destroyed exchange within a day or two. With the ability to run on mains power or their own generator, they can support up to 25,000 fibre connections.

As a member of the Telecommunications Forum emergency response working group, Chorus is part of Government conversations (local and national) and sector initiatives focused on network resilience.

In FY24, Chorus also reviewed its resiliency strategy, focusing on the considerations we need to make when designing systems and networks along with ensuring that we are testing and measuring operational reliability.

Our FY23 assessment of flooding risk for our network assets continues to support our future asset management plans, along with the knowledge gained from extreme weather events. We are, for example, considering ways to make river crossings more resilient and how alternative technology may be used to provide added diversity to key fibre routes. For more information on Chorus's current climate-related impacts, refer to our FY24 Climate Statements at https://company.chorus.co.nz/sustainability.

Cyclone Gabrielle also highlighted the interdependence between telco networks, and other infrastructure, such as electricity and roads, in a natural disaster. The Telecommunications Forum's proposals for disaster preparedness and emergency management include improved understanding of other infrastructure's resilience and planning.

Earthquakes remain the primary focus for our resiliency planning. Historically, earthquake damage has tended to be limited to local copper cables, with the fibre cabling tending to have more flexibility or slack, and damage to exchange buildings has been minimal. We have an ongoing programme to strengthen critical network sites for earthquakes. Seismologists are using our West Coast fibre network to analyse the South Island's Alpine Fault and gather data to help model possible seismological scenario. This first-of-its-kind study will help inform local communities and organisations and help them to plan for future essential utility resiliency.

Our insurance programme covers all risks (subject to standard exclusions) of physical damage and business interruption for above-ground assets. Specific cover is provided for earthquake damage to underground cables in Auckland, Hamilton, Wellington and Dunedin.

We undertake probability-based loss estimate modelling to ensure adequate policy limits covering material damage and business interruption.

Business Continuity Planning

Chorus continues to enhance its business continuity management (BCM) to effectively prepare for and recover from disruptive events such as climate-related extreme weather events, natural disasters, cyber-attacks, and other emergencies. Our strategy involves identifying potential risks to critical business functions, developing plans to mitigate the impact of these risks and rigorously testing these plans. In FY24, following Cyclone Gabrielle, we conducted a post event review where we were able to identify that Fibre service restoration took just six days in some areas.

In FY23, Chorus engaged an external consultant, to support an uplift of our internal Resilience Programme. We are now in the second year of a four-year internal BCM programme and will progressively mature over time by implementing the practices we have developed and by further integration of BCM into business-as-usual activities.

In FY24, PwC reviewed our BCM practices using their BCM Capability model and confirmed we are operating at a '3 – Defined' maturity level. We are investing in key capabilities to progress towards a positive maturity level of 3.5.[8] This provides comprehensive view of critical business functions, dependencies, and recovery timeframes, with tailored recovery strategies for each business unit.

Keeping people healthy and safe

The health, safety and wellbeing of our staff and field workforce are paramount and has been a foundational part of the way we run our business. This includes our direct employees and people working on our behalf to build, connect and maintain our network. Our health and safety (H&S) focus extends to anyone in, or in the vicinity of, our workplaces.

In FY24, our focus on H&S has supported our resiliency strategy through continued investment in critical controls, such as vehicle telematics that help to monitor and modify Chorus driver behaviours, capability training for driving, and manhole proactive management programme, all designed to limit harm to our field workforce and members of the public.

We implemented a new H&S reporting and management initiative in FY24. The initiative supports swift and effective incident responses, robust reporting, and deep insights into incident trends to proactively address safety concerns.

20,000
safety inspections completed
FY24

6 million
hours worked, only 8 minor recordable injuries
FY24

Critical H&S Risk Management Framework

In addition to our Business Continuity Planning, we have a core team that manages our critical H&S risks for our staff and field workforce. Critical risks are those where the potential for serious harm is high, so we implement an additional layer of management to ensure that we have taken all measures we have identified to minimise that risk.

Approved by executive leadership and aligned with the Board's H&S risk tolerance, our framework puts in place systems to minimise the potential for our H&S to be compromised for business objectives. Key H&S performance measures are integrated into leadership targets, with overall targets monitored by the H&S Executive Steering Group, chaired by the CEO. This group meets monthly and receives insights on H&S critical risks, including incidents and status of controls, providing confidence that risks are managed effectively. A summary of the insights is also presented to the Board at their scheduled meetings.

In FY24, we reviewed our top ten critical H&S risks (vehicle accident, violence and aggression, mental health, asbestos, confined space, service contacts, manholes and utility covers, moving objects, traffic management and working at height). The risk review process includes discussions with our people and supply chain to ensure that proper controls have been identified and implemented to limit the potential likelihood and impact.

8 PwC's BCM Maturity Model provides an indicative current state view of Chorus' BCM Capability Maturity on a scale of 1 to 5.

Joint Audit Co-operation (JAC) assessment

In FY24, Chorus voluntarily participated in a JAC assessment for one of its customers. JAC is an association of telecom operators aiming to verify, assess and develop the corporate social responsibility (CSR) frameworks of its main suppliers. The assessment was broad, looking at a range of areas including Labour requirements, Health & safety, Environment, Ethics & anti-corruption, Measurement & continuous improvement and Key performance indicators. Chorus received a 100% score with no issues, underscoring our strong focus on sustainability and safety.

SafePlus maturity assessment

In FY24 Chorus completed an independent H&S SafePlus[9] assessment of our performance against good practice health and safety requirements. We achieved a 'leading' result due to our risk management maturity (ability to identify, assess and control risks effectively). This shows H&S is integrated into our core business activities, demonstrating a strong sense of corporate social responsibility (CSR), and commitment beyond legislative H&S requirements.

Health & Safety injury rates

The volume of work performed, including our service companies, totalled 6 million hours for FY24. This is a reduction of 100k hours from the 6.1 million hours reported in FY23, resulting from decreasing connection activity and the end of the UFB rollout programme.

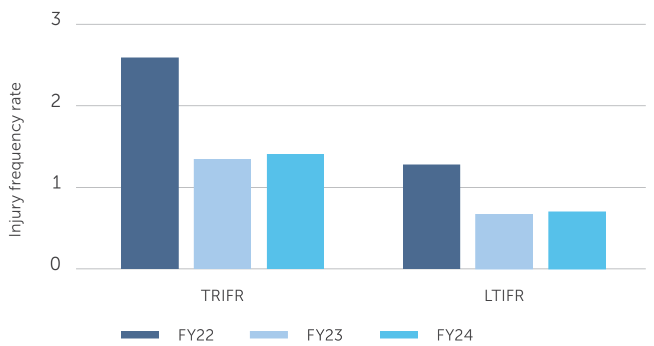
The Total Recordable Injury Frequency Rate (TRIFR) remained stable at 1.33 in FY24, compared to 1.30 in FY23. The number of recordable injuries to our people for FY24 was eight - the number in FY23 was also eight. The observed injuries included strains, sprains, and lacerations caused by manual handling activities, as well as slips, trips, falls, and vehicle accidents.

These trends were consistent with previous years. There were no fatalities. The Lost Time Injury Frequency Rate (LTIFR) also remained stable at 0.67 at the end of FY24, compared to 0.65 in FY23.

Our Health and Safety Policy is available online. https://company.chorus.co.nz/about/governance.

Figure 5:

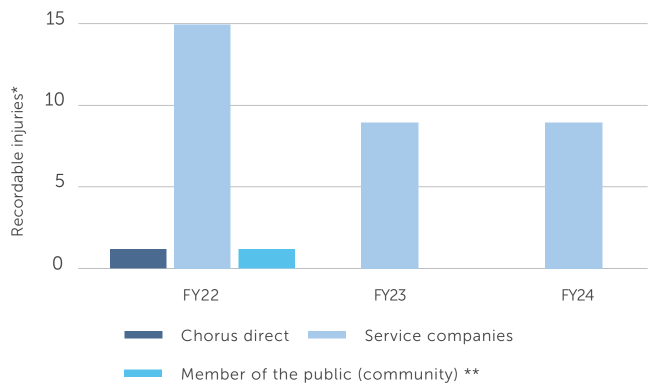
Injury frequency rates FY22–FY24



LTIFR: number of lost time injuries + medical treatment injuries + restricted work injuries per million hours worked.

Figure 6:

Actual recordable injuries* FY22–FY24



* Recordable injuries are medical treatment, lost time or restricted work injuries

** Member of the public (community) injuries reflect those sustained by slips and trips on Chorus infrastructure e.g. utility covers, which are remediated as quickly as possible.

9 Find out more about SafePlus - https://www.worksafe.govt.nz/managing-health-and-safety/businesses/safeplus/

Cybersecurity & Privacy

Privacy

We don't sell telecommunications services directly to customers or bill them directly. This means we hold less personal information than the retailers who use our network to provide services to their customers.

We protect and manage personal information in line with the requirements of the New Zealand Privacy Act 2020 and the Telecommunications Information Privacy Code 2020 that sets out additional rules for our sector.

Our privacy policy covers how people can raise concerns or make requests, such as access, correction, or deletion of personal information – https://www.chorus.co.nz/terms-and-conditions/our-privacy-policy.

We take our privacy obligations seriously and have a group of subject matter experts across our business who are responsible for keeping privacy policies and related staff training up to date to help ensure our obligations are front of mind whenever we deal with personal information.

Our Privacy Officer is responsible for implementing our privacy framework within our wider risk management framework. They promote awareness of our privacy systems and processes and escalate matters to the Executive team if required.

FY24 privacy initiatives

A roadmap for further enhancements to our privacy framework includes:

- a refreshed privacy policy to clarify how we collect, use and share personal information,
- a new employee website with resources such as privacy guidelines, policies on information management, and training videos,
- a new privacy training module for employees and contractors, to be completed annually,
- a new internal privacy breach reporting tool and process to clarify how we address and mitigate breaches,
- a process to identify and assess privacy risks for product and marketing decisions,
- bi-annual privacy reports to the Chorus Board.

Cybersecurity

The Audit and Risk Management Committee receives cybersecurity reports from our Chief Technology Officer every six months, with interim updates as required. These are reported back to the Board.

We have detailed policies, processes, and registers to ensure cybersecurity is addressed through technology selection, network delivery practices, and ongoing operations and protection of our IT systems. Access controls and encryption are applied to systems identified as containing sensitive information.

Our Principal Security Officer tests our security incident responses and liaises with the National Cyber Security Centre on advanced cyber threats. We undertake regular reviews, including annual external audits, and ad-hoc reviews, to provide assurance and feedback on our assessments and controls. Analysis of cyber-attacks against other businesses inform our approach.

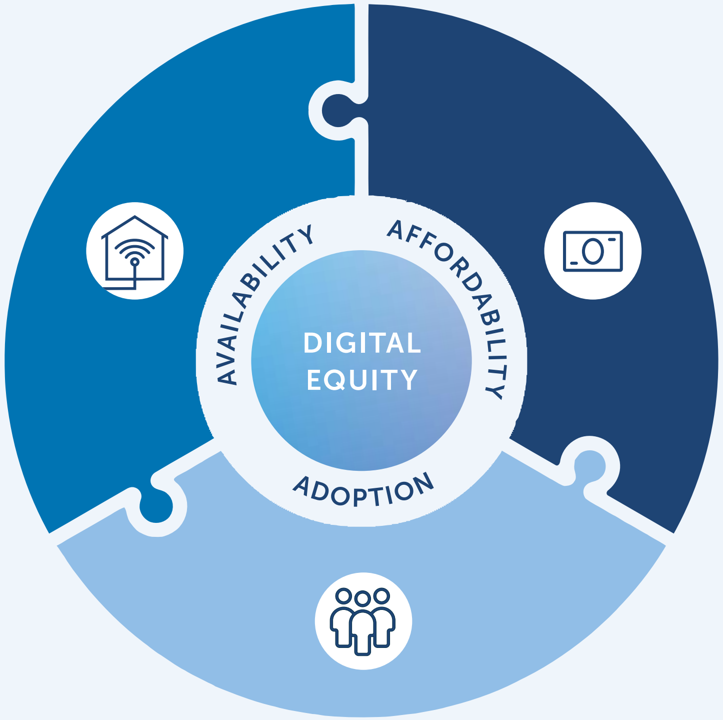
We provide annual training to anyone who accesses our information systems, including contractors, on issues such as phishing and malware. Our contracted suppliers are required to meet our information security standards and we have insurance for key cybersecurity risks. We undertake incident exercises and vulnerability audits, including with external parties, in parallel with internal real-time scanning of our systems.

Toa hangarau
Sustainable Digital Futures

We're committed to positive social impact by working with others to strive for digital equity across Aotearoa.

Availability, affordability & adoption

Chorus is an active supporter of DECA (Digital Equity Coalition for Aotearoa), a network of organisations dedicated to achieving digital equality for all New Zealanders. The digital divide in Aotearoa has several obstacles, such as availability, affordability, and adoption.



Availability: Better connectivity for all

Chorus believes in connectivity services for more of Aotearoa, so all New Zealanders can access the digital world regardless of their location.

In FY24 Chorus announced:

- a programme to deliver fibre to close to 10,000 homes and businesses in 59 communities
- It's ambition to explore extending our fibre network to more of the country beyond the 87%
- It's intent to provide a more reliable network via copper network retirement

Affordability

With a cost-of-living crisis, being a digital citizen is financially out of reach for many. We partner with organisations to find affordable connectivity solutions.

- Delivery programmes for digitally excluded households
- Working with government to deliver internet for those in need
- Public Housing Tenants programme for eligibility
- Digital Equity Strategy pricing programme

Adoption

Chorus is partnering with others to help bridge the digital divide and has partnered with organisations with a key focus in this area.

In FY24 our partnerships included Katoa Connect (formerly 2020 Trust), Digital Seniors and NetSafe.

Affordability

Digital Equity Strategy and product proposition

Chorus took part in the Ministry of Education initiative to provide free internet for students whose families did not have a connection during the COVID pandemic. 3,000 households (2,843 on a Chorus connection) were on the free connection MOE initiative throughout FY24.

The next iteration of support has moved from a free service to a household contribution model[10], with Manaiakalani Education Trust acting as the intermediary from 1 July 2024 to 30 June 2025. Manaiakalani are engaging with households to confirm eligibility and whether they want to opt into the new initiative.

Our contribution has been to release the Digital Equity (Education) Broadband Package 2024, a fibre and copper low price wholesale offer to Retail Service Providers with a maximum retail price cap for these households.

We took the findings from the DECA Affordable Connectivity Report to frame up what the pricing levels of a fibre broadband connection could be for digitally excluded households and this supported our pricing structure for our Digital Equity (Education) Broadband Package 2024.

In FY25 we will begin the development of a proof-of-concept pilot with a broader equity product with public housing tenants.

10 Household contribution model relates to the price a household pays per week for their internet connection to the Manaiakalani Education Trust. Connection prices range from $4 per week for fibre/copper connections (Chorus offer currently in place), but other connections types like fixed wireless, rural broadband and satellite vary.

Adoption

Volunteering

Our flexible working framework extended into volunteering in FY24. After feedback from our people about the existing volunteer programme, a new framework was launched in March 2024. These changes included splitting the 8 hours staff receive for volunteering into smaller chunks, allowing operational teams to volunteer outside of work hours, removing the barrier of only volunteering for non-profits and charities and lastly, giving time in lieu to people who volunteer at a Chorus event outside of work hours.

Since re-launching there has been increased engagement, ending the year with 28% of kaimahi using some or all of their 8 hours. The goal is to increase this number in FY25 and expand our engagement with our partnerships.

1,670 Volunteer hours in FY24

28% Chorus people used volunteer hours in FY24

Our people can use their 8 hours volunteer leave in their local community.

Adoption continued

Digital Seniors

In FY24, we started a new partnership with Digital Seniors, a non-profit that provides one-on-one tech support to seniors in trusted local spaces. Launched in the Wairarapa in 2018, Chorus is supporting the growth of Digital Seniors in Auckland and since partnering opened hubs in Whangaparaoa and moved into East Auckland. Although tech support is what brings seniors into the hubs, the coaches who work with them often discover that the senior has additional needs and connect them with other community support organisations, providing them with holistic support and care.

Via our volunteer programme, Digital Seniors have organised pop up hubs for our staff to attend, including four of our executives, giving us an opportunity to coach and give back to our partnership and the local community.

This year Digital Seniors are hosting their first Digital Seniors Tech expo on the North Shore in Auckland. We've supported them with their marketing plan and will be attending as a partner in November.

622
0800# Support calls in FY24

2,747
Registered seniors in FY24

1,666
Senior visits in FY24

Katoa Connect

After a successful pilot in FY23, Katoa Connect delivered the Hapori Community Connect programme to the next cohort of students in Te Tai Tokerau.

We identified three at risk communities (Kaitaia, Kaikohe and Kaipara Harbour), which either lack stable or reliable internet connections, or have limited access to foundational digital skills training. Māori learners are given priority for this programme and in FY24, 93 Māori and 7 Pasifika students successfully graduated, completing the 20-hour programme and receiving a Chromebook and a $30 internet subsidy for 12 months.

93%*
of learners want basic skills

91%*
of learners want to be safe online

93%*
of learners want social connection and more

* The Hapori Connect programme ran throughout FY24, with graduation taking place in May 2024. Statistics are from the post programme feedback.

The Get Set Up for Safety toolkit was launched with an in person event with coaches from Digital Seniors in attendance.

Netsafe

In February, through Netsafe we launched *Get Set Up for Safety*, a free tool kit of resources and videos designed for seniors to stay safe online.

Feedback has been positive with almost 9,000 *Get Set Up for Safety* pamphlets in English and Te Reo Māori distributed to almost 65 community and public organisations across New Zealand.

These resources are also available online through the *Get Set Up for Safety* hub. The toolkit covers a range of topics including safe online shopping and banking, how to spot a scam, social media settings and safety, secure your devices, user-friendly device settings and a glossary explanation of commonly used technology terms.

Personal case studies

Digital Seniors – Hannah

Our Head of Sustainability, Hannah, spent time with a handful of people during a Digital Seniors pop up hub, including the gentleman pictured below who was keen to get some tips for smart phone navigation, but one particular interaction stayed with her. Hannah helped a woman...who wanted to upgrade her old phone to a smartphone but was hesitant because it contained pictures of her father that she had been trying to copy over for four years.

"It was an emotional moment, after we transferred the photos of her dad off her phone and onto her tablet. She was excited by using technology but just needed a helping hand to build her confidence."

588
Digital Senior hubs in FY24

69
Digital Senior volunteers in FY24

Volunteering – Paveena

Chorus kaimahi, Paveena, volunteered with Christchurch City Council this year – creating a mural on a fence.

"I love the hub page and I've been following the videos - they're super inspiring! That's what led us to participate in the volunteer day and motivated me to reach out to CCC to join in on this graffiti work to support the community. It's like a ripple effect; after this event, my husband has also started volunteering."

Katoa Connect – Vanessa

A recent graduate, Vanessa enrolled to build confidence in using a Chromebook, admitting she is from the blackboard generation and fearful of making mistakes or breaking anything.

"I'm more confident now and the course has helped me tremendously. I'm using my new skills for ongoing business projects."

100
Students graduated in FY24

93
Māori Students

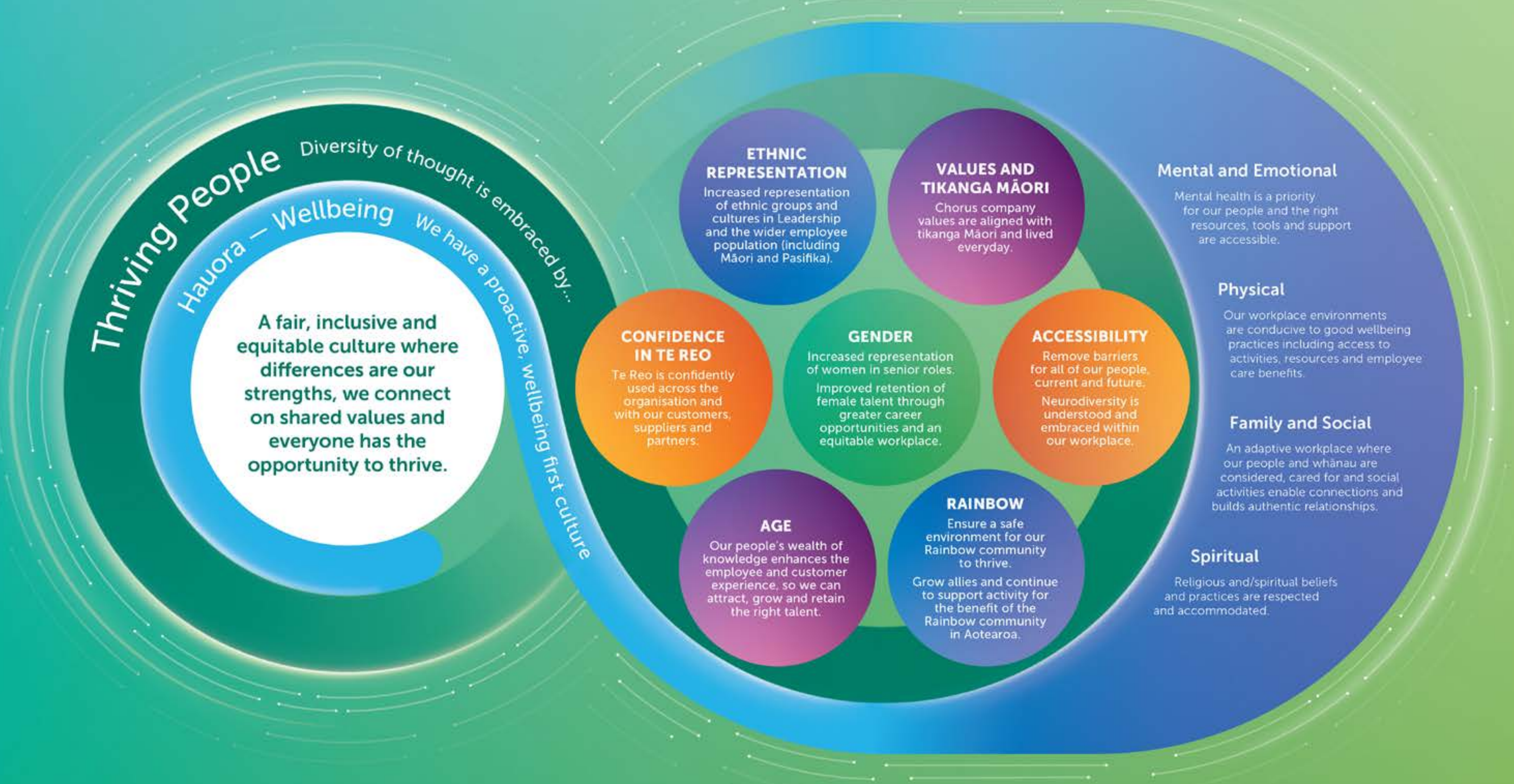
7
Pasifika Students

Nga iwi whai hua
Thriving people

Champions of safe, fair and inclusive workplaces.

Diversity, Equity and Inclusion

Thriving People, diversity of thought and wellbeing are all central to Chorus' Diversity, Equity & Inclusion (D,E&I) strategy*, launched at the start of FY23.



* The D,E&I strategy contains key performance indicators for Chorus' Thriving People pillar.

Chorus employee overview

846
Total number permanent and fixed-term employees, consistent with FY23

Employee engagement
8.6 out of 10
PEAKON METHODOLOGY[11]

Engagement result
ACHIEVED TOP 10%
INTERNATIONAL 'TECHNOLOGY' COMPANY BENCHMARK

Figure 7:

Employee turnover rates - FY22 – FY24

Employee turnover rate	FY22	FY23	FY24
Voluntary	14.4%	9.6%	**4.4%[15]**
Total turnover rate	15.3%	10.1%	**9.3%**
Positions filled by internal candidates	54.0%	46.0%	**58%**

Figure 8:

eNPS[12] - three year view FY22 – FY24

Employee engagement[12]	FY22	FY23	FY24
Total (out of 10)	8.5	8.7	**8.6**
Employee net promoter score (eNPS)	+64	+70	**+65**
Participation rate	85%	86%	**85%**

Figure 9:

Employee learning investment - FY22 – FY24

Training & development	FY22	FY23	FY24
Average hours per FTE	5 hours	8 hours	**19.7 hours[13]**
Average spend per FTE	$693	$1,012	**$692[14]**

11 Chorus Engagement Survey data is provided by Peakon who provide a technology sector benchmark for comparison.
12 eNPS means employee Net Promoter Score. Net promoter scores can range from -100 to +100 and are calculated by subtracting the percentage of detractors (0-6 engagement score) from the percentage of promoters (9-10 engagement score).
13 The increase in learning hours in FY24 is due to a combination of improved reporting and enhanced learning opportunities.
14 Although hours of learning are up, cost is not, this is due to the fact that we have utilised internal resources to deliver learning ourselves and we will continue to do so wherever possible.
15 In FY24 Chorus made changes to our operating model and organisational structure which resulted in a higher % of involuntary turnover.

Diversity, Equity & Inclusion

Our strategy was developed in consultation with a diverse group of people across the business, using the Aotearoa Inclusivity Matrix (AIM) as the framework and employee data points for input. AIM is an evidence-based framework developed for NZ workplaces that identifies the maturity of their D,E&I measures across seven components.[16] It provides a basis for workplaces to understand their current capabilities, identify areas for improvement and create a roadmap for transformation.

We use AIM as a measure of progress against our D,E&I objectives in addition to other overall organisational objectives, like specific demographic measures. As of 30 April 2024, we achieved a top 5% of the technology industry benchmark for Chorus' Engagement Survey drivers of diversity and inclusiveness, and were within the top 10% of the technology industry benchmark for Chorus' Engagement Survey driver of non-discrimination. We report on our measures to the People Performance and Culture Committee annually.

Progress with our D,E&I strategy has been acknowledged externally with a win in the D,E&I category of the HRNZ awards 2024, a finalist in the Deloitte Top 200 awards 2023 and a win in the Newmarket Business Association awards August 2023.

Gender

Chorus has achieved the Global Women recommended target of a 40:40:20[17] gender ratio at Executive, Board and overall employee level. We continue to work towards this goal in our senior and people leader community. Organisational re-design completed in late 2023 created new and different pathways and in senior role applications, the success rate for females was 50% compared to 37.5% for males. Female voluntary turnover has continued to decrease. Our total gender pay gap has reduced to –18.4% (as of 30 April 2024) from -19% (as of 30 April 2023). A gender equity plan is underway which we hope will help address gender imbalance, and this alongside other initiatives will help to further reduce the gender pay gap.

Figure 10:

Gender by role - FY22 - FY24 (as of 30 April 2024)

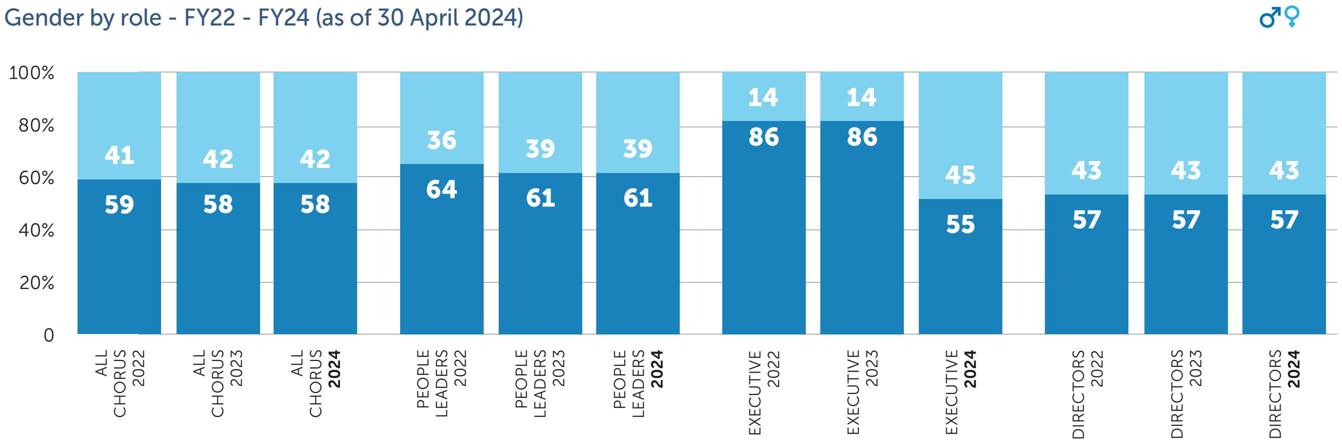
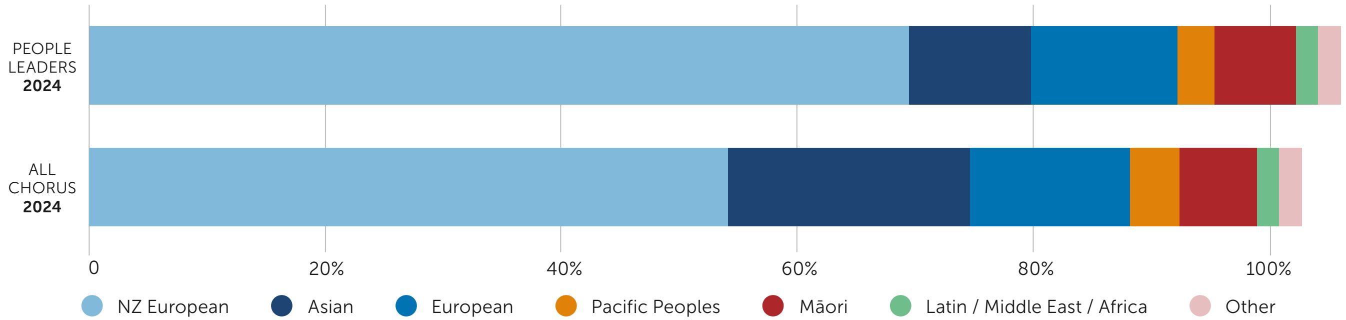


Figure 11:

Ethnicity by role 2024



NOTE - these two % columns don't add to 100%. This is because our people can chose up to three ethnicities that they identify as, so where someone has more than one they are represented in each of their ethnicities, but over the total headcount. This is consistent with how we report ethnicity splits elsewhere.

Ethnic representation: Chorus has 99% of our employee population's ethnicity data. Chorus seeks to grow diverse leadership population with internal development and education programmes, sponsorship and mentoring.

16 The seven components that form part of a strategic approach to D,E&I can be found on the Diversity Works NZ website - https://mynetwork.diversityworksnz.org.nz/resources/aotearoa-inclusivity-matrix/aim-framework-and-assessment-tools
17 40:40:20 ratio is about aiming for diversity of gender in workplace leadership, be it senior leadership teams or on the Board. It refers to 40% men, 40% women, 20% of any gender. https://globalwomen.org.nz/diverse-boards/what-is-404020

Accessibility

Interest and awareness of accessibility has gained momentum in the last year, resulting in notable progress with accessibility plan actions. Many teams including our talent acquisition team, customer experience team, social media and internal communications team have completed relevant training and we've invested in improvements to our company website. An accessibility network has been created, Te Āhei Whanui, (The Enable Community) with two executive sponsors and Chorus continues to sponsor the New Zealand Disability Employers Conference.

Confidence in Te Reo and Values

We've expanded our online Te Ao Māori programme to include monthly wānanga, Te Reo coaching for executive and senior stakeholders as well as educational wānanga for Matariki and Te Wiki o te Reo Māori week. Further Te Tiriti o Waitangi wānanga/knowledge sessions have taken place in all four Chorus office locations. Chorus will continue to work on our evolving Te Ao Māori journey and intends to develop a broader Te Ao Māori strategy.

Age

Our people's knowledge enhances the employee and customer experience, so we can attract, grow and retain the right talent. An example of this is the Business Analyst Development programme which provides structured learning along with coaching and mentoring by Principal Business Analysts, to enable employees to transition into another career path within Chorus.

Wellbeing

Hauora is the Te Ao Māori view of wellbeing and our holistic approach is modelled on the four pillars of Te Whare Tapa Whā – Mental and Emotional, Physical, Family, Spiritual. We achieved our measure of being in the top 5% of the technology industry benchmark for the wellbeing drivers in Chorus' Engagement Survey[18]. Employees are provided two wellbeing days each year. Wellbeing support services such as Habit Health, EAP, special leave, flexible working practices and resources were provided and regularly promoted in FY24. Monthly webinars covering a variety of wellbeing topics were well attended and local office activities such as massages on site, walking groups, tai chi and fruit supplies were well utilised. Chorus subsidises flu vaccinations.

18 Company level results have an external industry benchmark consisting of scores from all companies running the Peakon survey.

Ethical supply chain

We want to have sustainable and valuable supplier relationships.

Given the rapid change within our industry, we focus on building enduring relationships with our suppliers that deliver value to both parties and encourage innovation. We consider a range of criteria when evaluating potential suppliers, including environment, health and safety, worker welfare and corporate reputation. We encourage our suppliers to go beyond legal compliance, drawing on internationally recognised standards, where applicable to advance social, labour and business ethics. We do this primarily through regular and consistent engagement, and through weighted evaluation criteria in tenders or market exercises. Our commercial team administers our Supplier Code of Practice, which is incorporated into our supplier contracts, and has governance oversight from the Board.

See https://company.chorus.co.nz/about/contracts-and-agreements/suppliers.

Modern Slavery Statement

Our supply chains span around 1,150 direct suppliers representing approximately $810 million in procurement spend in FY24. Most of our direct supplier spend is in Aotearoa.

We source a range of goods and services internationally, primarily from suppliers in Europe, North America, and Asia with a New Zealand presence. Beyond our service company partners, we have surveyed key suppliers to better understand their risks and responses to modern slavery.

In FY24, Chorus focused on managing the reducing workforce requirements as fibre installation and maintenance needs reduce.

To support this, we surveyed technicians and sub-contractors on health and safety and employment conditions. These surveys led to action plans to improve conditions and communications. Further information can be found in Chorus' Modern Slavery Statement.

We audited the worker welfare programme within Chorus and at our service companies to ensure that the programmes are operating effectively. We reviewed technician onboarding procedures to satisfy ourselves migrant workers in our ecosystem were properly inducted into the work force and their employment was consistent with the employment law and their visa conditions. We have supported service companies and new migrants into New Zealand and continued monitoring for exploitation.

A small number of complaints were received and dealt with by Chorus, service companies or specialist investigators. Chorus takes such complaints seriously. Three companies were required to undertake remedial action and three companies were removed from further work on the our network.

Our latest Modern Slavery Statement is available at: https://company.chorus.co.nz/about/governance.

Worker welfare

We also manage modern slavery risks during the procurement lifecycle including during the tendering process, supplier selection, pre-qualification and strong contract terms and conditions. This is supported by an ongoing worker welfare programme and audit regime focused on our field workforce to assess supplier performance.

We expect our suppliers to share our commitment that everyone is treated fairly. We work closely with our service company partners, to maintain our network, meet the demand for fibre connections and deliver a good customer experience.

The aim is to make worker welfare an everyday part of our business, like health and safety. From our Ethical Voice survey to technicians, through our online portal and independent whistle-blower process, our worker welfare team monitors our contractor and subcontractor field workforce within Aotearoa.

Our cross-business governance team oversees any investigation of actual or potential work mistreatment and oversees the service companies' worker welfare programmes. Our worker welfare policy requires us to notify relevant regulatory authorities if we identify exploitation and, where appropriate, ban companies from working on our network.

See: https://worker-welfare.chorus.co.nz.

Stakeholder and community

Stakeholder and investor relations

The rollout and ongoing maintenance of our fibre network has entailed an extensive stakeholder engagement programme at all levels of government, local councils, and other stakeholders.

We monitor customer satisfaction through surveys on fault restoration and connecting homes with an existing fibre box. These measures are linked to organisational objectives for remuneration purposes. We also use independent customer surveys to assess broadband satisfaction and the public's perception of Chorus.

Our investor relations programme facilitates two-way communication with investors and other market participants about our business, governance, and performance. Our annual and half-year results presentations are available to all investors via webcast, as is our annual meeting.

The Australasian Investor Relations Association awarded Chorus 'Best Investor Relations by a New Zealand Company' in 2024 (and 2022). The award is based on voting by equities analysts and fund managers.

Community relations

In FY24 our Community Relations team worked closely with local councils, government agencies and community groups, with key highlights in FY24 being;

- Engaged with 50 local councils to get around 200 murals on our cabinets and exchange buildings, enhancing our streets, creating work for local artists, and lifting their profile while at the same time playing our part in working to reduce graffiti vandalism. These included eight Rainbow themed murals.
- Partnered with community and business groups such as the Beautification Trust; Creative Bay of Plenty and Creative Northland; Business Associations in Parnell, Wiri and Papakura; graffiti teams in Auckland, Wellington, and Christchurch; Art Trusts, Rural Women and Federated Farmers.
- Delivered 10 Shine the Light events in towns and communities around Aotearoa. These face-to-face events run in communities to promote fibre uptake and help build community goodwill, identify digital skills needs and help us understand the barriers people have to connect to the digital world.
- Delivered 23 Shed the Lights in areas where we are extending our fibre network to another 10,000 premises.
- Hosted a stand at the Local Government NZ conference, where we engaged with Mayors, Councillors, Chief Executives, and other stakeholders.

200
New murals applied by local artists in FY24

50
Local councils working with us to decorate cabinets in FY24

33
Shed and Shine the Light events delivered around the motu in FY24

Code of Ethics

Our directors and employees are expected to act honestly and with high standards of personal integrity. Our codes of ethics set the expected minimum standards for professional conduct. They also facilitate behaviours and decisions consistent with our values, business goals and legal and policy obligations.

Annual training is provided to our directors and employees, including part-time workers and contractors. Our people are encouraged to report unethical behaviour and are asked annually to register any potential conflicts of interest. This process is subject to internal audit, and all reported breaches are investigated.

Bribery and gifts

Acceptance of bribes, or gifts and other benefits which could be perceived as influencing decisions, are prohibited under our code of ethics. Our Gifts and Entertainment policy applies to all directors, employees, and contractors. Gifts and entertainment over $150 require approval and internal reporting. Chorus is not involved in any ongoing bribery and corruption cases, and no fines or settlements were incurred for anti-competitive business practices in FY24. Our Supplier Code of Conduct requires our suppliers to comply with laws relating to anti-bribery and corruption. This includes bribery, abuse of power, extortion, fraud, deception, collusion, cartels, and embezzlement.

Anti-bullying, harassment, and discrimination

We're committed to a psychologically and physically safe working environment, and we take a zero-tolerance approach to bullying, harassment, and discrimination. All new starters take 'A respectful, safe, and inclusive workplace' training as part of their induction. Our policy reflects legislation, such as the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993, prohibiting discrimination and protecting the right to freedom of expression.

Whistleblowing and fraud

The Protected Disclosures (Protection of Whistle-blowers) Act 2022 provides enhanced legislative protection for employees who notify an appropriate authority about serious wrongdoing in, or by, an organisation. We encourage confidential reporting of serious misconduct or wrongdoing and suspected fraud or corruption. We have a number of internal reporting channels with anonymous reporting available via a dedicated whistle-blower email address and phone number monitored by PwC. All reporting channels are available to all employees and subcontractors. In addition, there is a dedicated email address available for reporting suspected fraud.

We did not receive any reports of serious instances of unethical behaviour by our employees in the year to 30 June 2024.

Glossary

Board	Chorus Limited's Board of Directors.
Chorus' Engagement Survey	Chorus engagement survey data is provided by Peakon who provide a technology sector benchmark for comparison.
CRD	Climate-Related Disclosures.
Emissions	Emission sources are categorised by scope to manage risks and impacts of double counting. There are three scopes in greenhouse gas reporting.
FY	Financial year – twelve months ended 30 June. FY24 is from 1 July 2023 to 30 June 2024.
Gpbs	Gigabits per second - measure of the average rate of data transfer.
Layer 1	The physical cables and co-location space for the network (the passive network infrastructure).
Layer 2	The data link layer, including broadband electronics, for the network.
Mbps	Megabits per second – a measure of the average rate of data transfer.
PB	A petabyte is equivalent to 1,024 gigabytes
SBTi	Science Based Target initiative.
Scope 1	Direct emissions from sources that are owned or controlled by a company.
Scope 2	Indirect emissions from the generation of purchased electricity consumed by a company.
Scope 3	Indirect emissions from the value chain of a company.
Solar PV	A photovoltaic (PV) cell, commonly called a solar cell, is a non mechanical device that converts sunlight directly into electricity.
UFB	Ultra-Fast Broadband.

Important note

Climate and sustainability-related information

This report relates to Chorus Limited and its wholly owned subsidiary (and operating company) Chorus New Zealand Limited (hereinafter referred to as "Chorus", "we", "us", "our") unless otherwise noted in the report.

This report contains climate change and sustainability-related statements that are based on data, methodologies, assessments and judgements that are subject to significant uncertainty, limitations and assumptions, and which may change. While Chorus has sought to provide accurate information in respect of the reporting period ended 30 June 2024, we caution reliance being placed on information in this report, which may be necessarily less reliable than Chorus' other public reporting. The climate-related and other sustainability-related strategy, analysis and data (including from third parties and our supply chain) may be incomplete, inconsistent, unreliable or unavailable, and we may have needed to rely on assumptions, estimates or proxies instead. Except as required by law, Chorus does not, and does not undertake any obligation to, independently verify such third party information.

Our approach to the disclosures included in this report differs from our approach to the disclosures we include in other reports. Inclusion of matters in this report does not necessarily indicate those matters are material for the purposes of complying with any applicable regulations or other reporting framework, even where we use the word "material" or "materiality" in this report.

Forward-looking statements

This report also contains forward-looking statements, including with respect to climate-related and other sustainability-related strategy, analysis, data, impacts, targets, forecasts and projections, as well as Chorus' business plans and operations, future operating environment and market conditions, which may not eventuate as predicted. The risks and opportunities described here may not eventuate or may be more or less significant than anticipated. There are many factors that could cause Chorus' actual results, performance or achievement of climate-related and other sustainability-related metrics (including targets) to differ materially from that described, including economic and technological viability, as well as climatic, government, customer, and market factors outside of Chorus' control. We similarly caution reliance being placed on such statements, which are necessarily subject to significant risk, uncertainty and assumptions. We have based our statements and opinions on reasonable information known to us at the time of publication, but these may change including for reasons beyond Chorus' control.

We reserve the right to update those statements in future, as the quality and completeness of inputs and information improves, and our organisational strategy evolves.

Chorus gives no representation, guarantee, warranty or assurance that actual outcomes or performance will occur in line with forward-looking statements, and accepts no liability for any loss arising from use of information contained in this report. Nothing in this report should be interpreted as capital growth, earnings or any other legal, financial, tax or other advice or guidance. For detailed information on our financial performance, please refer to our Annual Report.

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CHORUS

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CHORUS

Climate Statements
FY24

Climate-Related Disclosures (CRD) under Part 7A of the FMCA

Foreword

Chorus is pleased to release our first Climate Statements, containing our climate-related disclosures (CRD) for FY24, prepared in accordance with the requirements of the Aotearoa New Zealand Climate Standards.[1]

The Climate Statements reflect our ongoing commitment to sustainability and transparency. We welcome the new CRD regime as a step forward. The disclosures required under the regime are crucial for building momentum and ensuring accountability as New Zealand transitions to a low-emissions, climate-resilient future. New Zealand is leading the way with this CRD regime, and it is encouraging to see global commitment to match our efforts is underway.

The telecommunications sector has a role to play in climate mitigation and adaptation, as more businesses, individuals and communities look to technology to help reduce emissions and adapt to a more uncertain climate.

Fibre networks provide more energy efficient digital infrastructure than copper because they transmit data via light over large distances, offering additional environmental benefits.[2] In 2022, the World Broadband Association noted that fixed broadband service providers will play a key role in reducing the environmental impact of the telecommunications sector, particularly fibre-to-the-home (FTTH) networks.[3] Chorus' withdrawal of copper services and transition to an all-fibre network remains a key part of our Emissions Reduction Plan.

Chorus is mindful of the importance of maintaining a strategic focus on both climate mitigation and adaptation. Chorus' ability to identify and act on the risks and opportunities that climate change may bring is integral to the future resilience of our business.

We have had a sustainability strategy and have reported voluntarily[4] for the last three years, using the TCFD framework.[5] This year we are stepping into the mandatory disclosure regime and have invested in making sure we meet the disclosure needs of our primary users through the development of these Climate Statements. Although we are well on our way with our sustainability journey, we recognise that there is still more for us to do. Sustainability is a continuous process requiring constant adaptation and improvement. We are committed to making meaningful progress, not just for today but for future generations.

Mark Cross
Chair

Kate Jorgensen
Chair Audit & Risk Management Committee

1 See Statement of compliance below.
2 Sapere Report, '**Assessing the emissions footprint of the fibre networks relative to other fixed broadband options in NZ**', 2021, at 4.1.
3 World Broadband Association, '**Importance of Environmental Sustainability in Telecom Service Providers' Strategy**', 2022.
4 Chorus, Sustainability, **https://company.chorus.co.nz/sustainability**
5 Task Force on Climate-Related Financial Disclosures, **https://www.fsb-tcfd.org/**

1. Introduction

1.1 Introduction

Chorus is New Zealand's largest fixed line telecommunications network operator providing wholesale telecommunications services to broadband retailers. Our fibre network offers individuals, communities, and businesses access to high-speed, reliable, and world-class fibre broadband.

This report contains Chorus' first Climate Statements under the new mandatory reporting regime for financial year 1 July 2023–30 June 2024 (FY24) and relates to Chorus Limited and its wholly owned subsidiary (and operating company) Chorus New Zealand Limited (together, Chorus). The scope of reporting entity is consistent with Chorus' FY24 financial statements.

The Climate Statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 (FMCA), and the Aotearoa New Zealand Climate Standards 1, 2 and 3 across the four key thematic areas of Governance, Strategy, Risk Management and Metrics & Targets.[6]

Through our disclosures, we seek to provide primary users with a better understanding of how Chorus identifies, assesses and manages the physical and transitional climate-related risks and opportunities that may affect Chorus over the short, medium and long term, as well as our approach to addressing the resulting impacts. The disclosures are designed to help primary users make decisions about investing in Chorus. Primary users are defined in the Climate Standards[7] as existing and potential investors, lenders and other creditors.[8]

Statement of compliance

Adoption provisions

Chorus has elected to use the following adoption provisions available under NZ CS 2:

— Adoption Provision 1 (paragraphs 10–11 of NZ CS 2) – Current financial impacts
— Adoption Provision 2 (paragraphs 12–14 of NZ CS 2) – Anticipated financial impacts
— Adoption Provision 3 (paragraphs 15–16 of NZ CS 2) – Transition planning (noting that Chorus has described its progress towards developing the transition plan aspects of its strategy, as required by NZ CS 2)
— Adoption Provisions 6 and 7 (paragraphs 20–22 of NZ CS 2) – Comparatives for metrics, and analysis of trends

Chorus' climate-related disclosures otherwise comply with the mandatory requirements of the Aotearoa New Zealand Climate Standards issued by the External Reporting Board. The table below contains a summary of where key disclosures can be found.

Table 1. Table of disclosures

NZ CS 1 requirement	Reference
Governance	
Identity of governance body responsible for oversight of climate-related risks and opportunities – para 7(a)	Section 2.1 – page 7
Governance body oversight – para 7(b) and 8(a), (b), (c) and (d)	Section 2.1 – pages 7-10
Management's role – para 7(c), 9(a), (b) and (c)	Section 2.2 – page 11
Strategy	
Current physical and transition impacts – para 12(a)	Section 3.1 – page 13
Current financial impacts – para 12(b) and (c)	Adoption relief
Scenario analysis undertaken – para 13	Section 3.2 – pages 14-16
Climate-related risks and opportunities – para 14(a), (b) and (c)	Section 3.3 – pages 17-20
Anticipated impacts – para 15(a)	Table 5 – page 18-20
Anticipated financial impacts – para 15 (b), (c) and (d)	Adoption relief
Transition planning – current business model and strategy – para 16(a)	Section 3.3 and 3.4 – pages 21-24
Transition planning – transition plan aspects of strategy and extent of alignment with internal capital deployment – para 16 (b) and (c)	Adoption relief, but progress described in section 3.4 – pages 23-24 as required by NZ CS 2 para 16
Risk management	
Processes for identifying, assessing and managing climate-related risks – para 18(a), and 19 (a), (b), (c), (d) and (e)	Section 4.1-4.4 – pages 26-30
Integration into overall risk management processes – para 18(b)	Section 4.1 – pages 26-28
Metrics & targets	
Metric categories (GHG emissions) – para 22(a) and (b)	Section 5.2 – see Table 6 (pages 35-37), Table 7 (page 38) and Table 8 and 9 (page 39)
Metrics categories (Other) – paras 22(c) to (h), and para 21(b) and (c)	Section 5.2 – pages 39-41
Targets – para 23(a) to (e)	Section 5.1 – pages 32-33
GHG Emissions – para 24 (a) to (d)	Section 5.2 – page 34

6 In relation to NZ CS 2, we have relied on certain 'adoption provisions' this year, as outlined in the Statement of compliance.
7 XRB, Aotearoa New Zealand Climate Standard 1.
8 For the purposes of these Climate Statements, Chorus considers its primary users to include our existing and potential shareholders or debtholders, Chorus' bank lending group, credit ratings agencies, Crown Infrastructure Partners (as the holder of equity and debt securities), and our insurers.

Introduction continued

Important note

Climate-related information

This report contains statements that are based on data, methodologies, assessments and judgements that are subject to significant uncertainty, limitations and assumptions, and which may change. While Chorus has sought to provide accurate information in respect of the reporting period ended 30 June 2024, we caution reliance being placed on information in this report, which may be necessarily less reliable than Chorus' other public reporting. The climate-related data and other inputs we have used (including from third parties and our supply chain) may be incomplete, inconsistent, unreliable or unavailable, and we may have needed to rely on assumptions, estimates or proxies instead. Similarly, climate modelling and scenarios are emerging methodologies that rely on significant assumption and judgements and may not reliably predict future events.

Forward-looking statements

This report also contains forward-looking statements, including with respect to climate-related scenarios, impacts, targets and ambitions, forecasts and projections, as well as Chorus' business plans and operations, future operating environment and market conditions, which may not eventuate as predicted. The risks and opportunities described here may not eventuate or may be more or less significant than anticipated. There are many factors that could cause Chorus' actual results, performance or achievement of climate-related metrics (including targets) to differ materially from that described, including economic and technological viability, as well as climatic, government, consumer, and market factors outside of Chorus' control. We similarly caution reliance being placed on such statements, which are necessarily subject to significant risk, uncertainty and assumptions. We have based our statements and opinions on reasonable information known to us at the time of publication, but these may change including for reasons beyond Chorus' control. We reserve the right to update those statements in future, as the quality and completeness of inputs and information improves, and our organisational strategy evolves. This note should be read with the specific limitations, dependencies, uncertainties set out below, in particular sections 3.2-3.4, 5.1 and 5.2.

Chorus gives no representation, guarantee, warranty or assurance that actual outcomes or performance will occur in line with forward-looking statements, and accepts no liability for any loss arising from use of information contained in this report. Nothing in this report should be interpreted as capital growth, earnings or any other legal, financial, tax or other advice or guidance.
For detailed information on our financial performance, please refer to our Annual Report.

Publication Date: 26 August 2024

2. Governance

Chorus' Board and Audit & Risk Management Committee (ARMC) oversee our climate response, underpinned by governance arrangements that seek to maintain accountability for climate risks and opportunities across the business.

2.1 Governance body oversight of climate risks and opportunities

Identity of the governance body and governance body oversight

Our Board is ultimately responsible for setting Chorus' strategy, risk management and governance frameworks. This includes governance of sustainability (incorporating climate-related risks and opportunities). The Board operates under a written Charter[9] outlining the roles and responsibilities of the Board and setting out the relationship between the Board and management. The Board also delegates certain functions to Board Committees to assist and advise the Board on specific matters set out in the respective Committee Charters. The Board's specific responsibilities with respect to sustainability governance include:

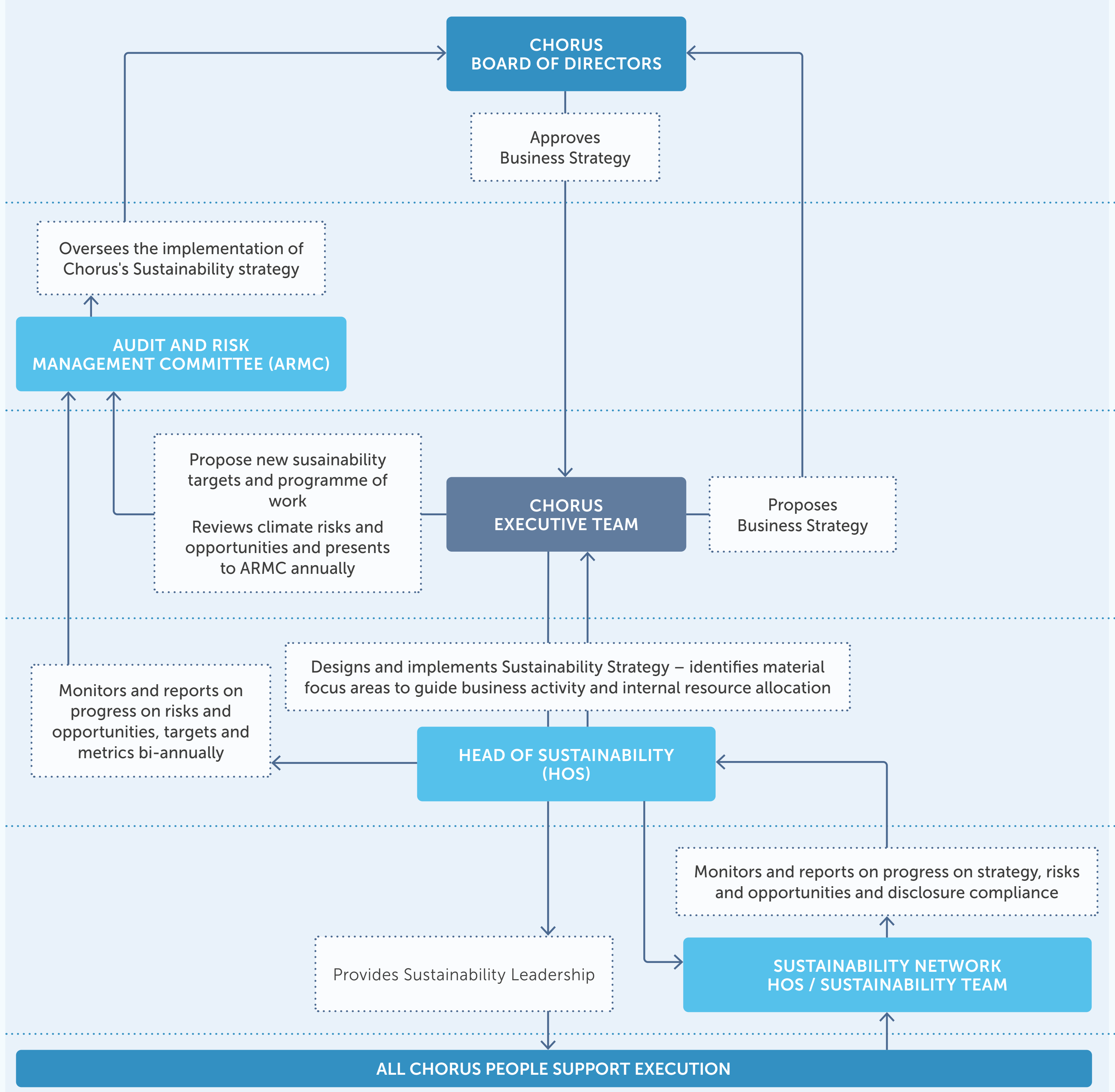
- monitoring the effectiveness of Chorus' sustainability governance policies and practices including satisfying itself that an appropriate framework exists for information to be reported by management to the Board,
- approving Chorus' sustainability strategy,[10] and
- overseeing the social, ethical, and environmental impact of Chorus' activities.[11]

The Board delegated oversight of Chorus' climate-related risks and opportunities, including overseeing and monitoring progress in the implementation of Chorus' climate strategy and the preparation of CRD to Chorus' ARMC, a sub-committee of the Board, in February 2023. Prior to this appointment, the ARMC had been overseeing Chorus' climate progress and reporting as part of its broader audit and risk management responsibilities. The work of the ARMC underpins the Board's strategic oversight of Chorus' sustainability performance.

9 Chorus Board approved policy, **Board Charter**, April 2024
10 These responsibilities reflect amendments made to the Chorus board Charter in December 2022, after Chorus' current sustainability strategy was developed. Since the Charter update, any new sustainability strategy or substantive updates to our existing strategy must be approved by the Board – this has not been required to date.
11 Chorus Board approved policy, **Board Charter**, April 2024 (Para 5 – 'Governance and Sustainability').

Table 2. Chorus' governance structure

The following figure shows Chorus' governance structure for the oversight and management of Chorus' sustainability framework and strategy that applied in FY24, including with respect to Chorus' climate strategy and climate-related risks and opportunities:



Organisation Chart and Information flow	Regularly (monthly to quarterly)	Annually / Bi-Annually	As required
CHORUS BOARD OF DIRECTORS	• As part of its broader leadership and oversight role, oversees the social, ethical and environmental impact of Chorus' activities.	• Reviews sustainability progress (including targets) (bi-annually).	• Sets the business strategy.
AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC)	• Oversees and monitors progress in the implementation of Chorus' sustainability strategy and compliance with the CRD regime.	• Reviews climate-related risks and opportunities (annually). • Reviews our climate-related disclosures compliance and recommends climate statement for approval by Board (annually).	
CHORUS EXECUTIVE TEAM	• Provides sustainability leadership within Chorus.	• Monitors progress against the sustainability strategy (bi-annually). • Reviews any new sustainability targets proposed by the Head of Sustainability (annually). • Reviews climate related risks and opportunities. • Receives a general sustainability progress report (bi-annually).	• Proposes the business strategy for board endorsement. • Reviews any new sustainability targets proposed by the Head of Sustainability. • CEO reviews Sustainability Policy.
HEAD OF SUSTAINABILITY (HOS)	• Designs and implements the sustainability strategy.	• Reports on sustainability progress to Executive, ARMC and Board (bi-annually).	• Proposes sustainability strategy, targets, goals and programmes of work to CEO and executive team. • Communicates sustainability strategy and progress with key stakeholders. • Reviews sustainability policy.
SUSTAINABILITY NETWORK HOS / SUSTAINABILITY TEAM	• Work across Chorus to improve sustainability performance and integrate sustainability initiatives into the business. • Develops and communicates quarterly emission reduction dashboards to senior leaders (executive members and their direct reports). • Provide input into sustainability programmes and activities to help us progress towards our targets.	• Reviews the climate-related risks and opportunities register (bi-annually).	• Inputs into the Chorus sustainability strategy and targets as required.
ALL CHORUS PEOPLE SUPPORT EXECUTION	Support execution of sustainability priorities and consider sustainability impacts in decision making, where applicable.		

Governance body oversight of climate risks and opportunities continued

Chorus underwent an organisation restructure, which became effective in Q2 of FY24.[12] As a result, some aspects of our internal governance, management and reporting procedures have been updated over this time.

Climate reporting processes and frequency – governance body

Chorus has a dedicated climate-related risks and opportunities register.[13] This is reviewed and updated every six months by the Sustainability team. In FY24, the register was reviewed and updated in December 2023 and May 2024. The Executive team usually reviews those climate-related risks and opportunities annually, with a high-level overview provided to the ARMC for noting either as part of our risk and assurance updates or as a specific climate/sustainability related update.

In FY24, the ARMC received two updates regarding the climate-related risks and opportunities as well as updates on a number of other climate-related workstreams. The ARMC meets four times a year (including in FY24), with all directors welcome to attend.

A broader sustainability update is provided to the Board at least bi-annually by the Head of Sustainability. Two such updates were provided in FY24. The Board also approved the process for the preparation of our CRD, received advice from external advisers in relation to that process, and reviewed and approved these Climate Statements.

Climate skills and competencies

Chorus uses a skills matrix to ensure its Board and, by extension, the ARMC, has an appropriate range of skills and competencies to govern Chorus and to identify any areas for upskilling. Skills and competencies that Chorus considers relevant to ensuring appropriate oversight of climate-related risks and opportunities for the Chorus business include financial and legal expertise, governance, regulatory and infrastructure experience. Given the increasing focus on climate change management, the Board continues to build its sustainability and climate expertise through ongoing education, climate-related training sessions with external experts, as well as receiving and discussing sustainability updates with the Sustainability Team. This is in addition to the Board's broader skills and competencies across related disciplines including governance, regulation and infrastructure.

In FY24, climate-related Board education focused on the requirements of the new CRD regime. Chorus also conducted an Internal Audit to assess our readiness against the Climate Standards, the findings of which were presented to the ARMC in February 2024 with an action plan to address opportunities for improvement. Sustainability/climate governance attributes are also now a consideration when recruiting new directors.

Consideration of climate-related risks and opportunities in Chorus' strategy

The Chorus Board sets our overall strategy.[14] In FY24, climate-related considerations sat under the 'Thriving Environment' pillar of our organisational strategy. Our strategic priorities under the Thriving Environment pillar are set out in section 3.3 – page 22, below.

Key commitments we have made in working towards a thriving environment are set out in our Sustainability Policy, which is approved by our Board.[15] These include: implementing and maintaining an emissions data and reporting system, disclosing our annual GHG emissions, identifying and innovating to create a sustainable value chain, and reducing waste, energy, and emissions.

The Sustainability Team also prepares a sustainability strategy, with help from the strategy and enterprise performance team, as part of Chorus' overall strategy. This involves reviewing our current settings and international trends, as well as reaching out to stakeholders to discuss their views in the sustainability space. As part of the strategy development, climate-related risks and opportunities also help inform our Emissions Reduction Plan and business considerations for new capital requests and financial planning rounds, predominately as part of physical network and asset management planning. The Board and ARMC receive updates on progress against the sustainability strategy.

12 Media Release, May 2023 – New Operating model announcement https://company.chorus.co.nz/media/releases/chorus-announces-operating-model-and-executive-team-changes
13 Refer to section 3.3 below 'Climate-related risks and opportunities'.
14 Chorus' strategy continues to evolve, and is updated periodically. This report is focused on our FY24 strategy, in line with NZ CS 1 requirements.
15 Chorus, Sustainability Policy, April 2024.

Governance body oversight of climate risks and opportunities continued

Setting and overseeing climate metrics and targets

Our current climate targets were designed by the Head of Sustainability, approved by the CEO and noted by the Board. These are the building blocks for our sustainability strategy, Emissions Reduction Plan, and climate-related workplans. Our current climate-related targets are:

— **Science-aligned target:** Reduce 62% scope 1 and 2 emissions (based on FY20 tonnes CO_2e emissions levels) by FY30.

— **Science-aligned target:** 70% of our suppliers, by spend, have a science-based target in place by FY29.

Monitoring progress against the targets and recording metric data is delegated to the Head of Sustainability and our in-house Sustainability Team. The Head of Sustainability reports to the Board every six months setting out the approved targets, progress against those targets and any focus areas for the coming six-month period. The Head of Sustainability also reports to the ARMC periodically, providing updates on climate-related workstreams including metrics and targets.

Some members of our Executive have KPIs linked to the execution of our sustainability strategy (for example, our Chief Corporate & Regulatory Officer). The CEO and all Executives have a strategy execution KPI, of which implementation of our sustainability plan and reducing emissions is one measure. As part of this, Executives have a specific electricity use reduction target for each financial year. These KPIs are taken into account along with other KPIs when assessing Executive performance and remuneration.

The Chorus Board oversees achievement of metrics and targets through Board reports from the ARMC, sustainability updates, and the annual performance review process for the CEO (as the individual primarily responsible for implementing Chorus' strategy). The CEO's performance is reviewed by the People, Performance and Culture Committee each year, which makes recommendations to the Board in respect of key performance objectives.

2.2 Management's role

Chorus management's role in assessing and managing climate risks and opportunities

The Board delegates management responsibility for Chorus' risks and implementing Chorus' strategy to the CEO.[16] The CEO further assigns responsibility to relevant members of the Executive. The Executive and their teams are given appropriate guidelines for the day-to-day management of risk, including climate risk where applicable, through Chorus' Managing Risk Policy[17] and Sustainability Policy. See further details of Chorus' climate risk management framework in section 4 below.

Delegation of climate-related responsibilities within Chorus

As above, our CEO has overall management responsibility for Chorus' treatment of climate-related risks and opportunities, supported primarily by the Chief Corporate & Regulatory Officer (the Executive sponsor of the sustainability strategy and supporting programmes of work), the Head of Sustainability and the Head of Risk, Internal Audit and Compliance (RIAC).

The Head of Sustainability leads the internal Sustainability team, coordinates the sustainability strategy, climate targets and programmes of work, as well as reporting to the Executive, ARMC and Board on sustainability progress, including key climate and energy efficiency initiatives. The Sustainability team works across Chorus within a cross-functional 'sustainability network' that aims to improve sustainability performance and integrate sustainability considerations into day-to-day business planning and strategy, risk management, processes and culture.

An outline of key sustainability roles and responsibilities within Chorus can be found in the Governance Structure Chart in table 2.

The Head of RIAC is responsible for enterprise-wide risk assessment and management, including the incorporation of risks into Chorus' risk register and reporting to the CEO, Executive and ARMC. Risks are assigned to relevant members of the Executive. For example, operational risks related to climate change are identified within our risk management framework, particularly regarding core service availability and network resilience. The Chief Technology Officer is responsible for operational risks related to our nationwide physical network. Mitigation measures include planning for network deployment and protection, as well as ongoing maintenance and fault management.

The Chief Corporate & Regulatory Officer and Head of Sustainability share the climate-related risks and opportunities with the ARMC annually, and broader sustainability updates are provided to the ARMC and Board at least bi-annually.

Climate reporting processes and frequency – management

Our Executive members review the management of climate-related risks and opportunities assigned to their areas of the business annually, as well as ensuring key decisions take risk factors into account and are consistent with the Board's risk appetite.

The Head of RIAC convenes our Risk & Compliance Executive Steering Group at least quarterly. This Steering Group is chaired by the CEO, and facilitates Executive review of risk, compliance, internal audit, fraud and certain other non-financial papers (including sustainability-related) presented to the ARMC or Board. The climate-related risks and opportunities will generally be reviewed by the full Executive annually, with a high-level overview provided to the ARMC. The Head of Sustainability also updates the Executive half yearly on progress against our agreed sustainability targets and discusses new strategy initiatives ahead of those being presented to the ARMC.

Sustainability and climate considerations are also embedded into different operational workstreams at Chorus, such as our 'initiative-to-market' process which includes assessing any sustainability impacts associated with new initiatives.

16 Chorus, **Board Charter**, April 2024.
17 Chorus, **Managing Risk Policy**, May 2023

3. Strategy

'Thriving environment' was a strategic focus for our business in FY24, as the New Zealand economy transitions towards a low-carbon climate resilient future. We continue to monitor climate risks, impacts and opportunities and explore ways to build resilience capability across our business and operations.

3.1 Current climate-related impacts

In FY23, climate-related weather events tested the resilience of the Chorus network.[18] Cyclone Gabrielle led to the widespread loss of electricity and the subsequent loss of telecommunications services in the Gisborne, Wairoa and East Cape regions. Service interruptions were significant, largely due to power outages and multiple fibre breaks. However, physical damage to Chorus' core fibre network was reasonably limited – no Chorus exchange buildings were damaged. In response to service impacts, Chorus responded rapidly, including, in the most extreme cases, by laying temporary fibre cable by helicopter to restore services. Other restoration activities included fibre cable and network equipment replacement, and site infrastructure repairs (e.g. cabinets).

The cyclone and associated flooding across the North Island in 2023 also tested the resilience of our copper network, which is more susceptible to water damage than the fibre network. This is because the copper network relies on powered equipment in suburban streets to transmit signals, whereas fibre is a passive network with data transmitted via light. Copper network customers were up to 10 times more likely to lose service than those on fibre, with longer restoration times.

Chorus did not suffer any significant network interruptions from extreme weather events in FY24. However, FY24 did require additional capex expenditure for further fibre and copper network restoration activities as a result of Cyclone Gabrielle.[19] Chorus also experienced increased property insurance premiums for FY24, and considers this may be, in part, related to climate-related extreme weather events such as Cyclone Gabrielle and other regional flooding.

Based on our analysis of climate-related risks in FY24, the operational risk created by extreme weather remains our main physical climate-related risk over the short to medium term (0–15 years). In FY23, post Cyclone Gabrielle, Chorus contributed to a telecommunications industry plan, led by the New Zealand Telecommunications Forum, to identify opportunities for enhanced network resilience and collaboration with government.[20] In FY24 this working group continued, alongside Chorus' ongoing programme of network resilience projects. Further information on Chorus' current climate-related impacts is contained in Table 5 below.

Chorus' climate change impact assessment in FY23, network information and experience from past extreme weather events inform our ongoing network planning and management practices. To manage transition risk, our Emissions Reduction Plan focuses on emissions reduction and energy efficiency opportunities. Our transition planning includes two core workstreams – copper network withdrawal and our Emissions Reduction Plan. Further information on our Emissions Reduction Plan is set out in section 3.4 below.

Over the last 18 months, Chorus has introduced environmental questions as part of new technology and product consideration processes.

18 While our CRD relates to FY24, Cyclone Gabrielle illustrated the potential for climate-related weather events to impact our network, and continued to have implications in FY24, as noted below.
19 As set out below, Cyclone Gabrielle resulted in a $7m EBITDA impact in FY23, and $3.3 million of new capital expenditure in FY24.
20 New Zealand Telecommunications Forum (TCF) – **Enhancing Resilience in Telecommunications** – industry plan and suggested areas for collaboration with government, May 2023.

3.2 Scenario analysis

Overview

Chorus continues to build capability as part of our climate scenario analysis. In 2019, Aon investigated potential climate change impacts from sea level rise on Chorus assets. In 2022, Aon built on its previous work by reassessing climate change impacts based on an updated asset portfolio and extended scope to consider coastal, pluvial, and fluvial flooding across two global emissions scenarios (to 2040 and 2090).

In FY23, we established our climate-related risks register, and later that year expanded the register to include climate-related opportunities. At the start of FY23 we published our first Emissions Reduction Plan,[21] which details how we intend to reach our target of reducing 62% of our scope 1 and 2 emissions by FY30 as against FY20 levels. These initiatives, and learnings from them, continued to inform our work in FY24. We continue to review and remodel the Emissions Reduction Plan as we refine our climate strategy. As part of our revision in FY24, we identified a small potential gap in the initiatives we are pursuing to reach our FY30 emissions reduction target, so have initiated an energy audit to help us identify further opportunities to reduce our emissions.

In June 2023, the Telecommunications Forum (TCF) established a Climate Change Working Group.[22] This development saw members of the New Zealand telecommunications sector come together to better understand the potential climate scenarios that we could face as a sector. Chorus' Head of Sustainability, Sustainability Team and Chorus' Principal Solution Architect, who is responsible for drafting Chorus' resiliency strategy, attended two full day workshops to bring their sector expertise to this engagement process and provide the inputs for the scenario development. The Head of Sustainability joined a smaller project management team and wider stakeholder group to support and oversee the work. Tonkin & Taylor was engaged to provide expertise and facilitate this scenario analysis programme, which spanned most of FY24. The main data sources used by Tonkin + Taylor, and the working group were the IPCC Shared Socioeconomic Pathways (SSPs) as a global data source and NIWAs representative concentration pathways (RCPs) as a New Zealand based data source. Given our input into the sector scenario analysis work programme, Chorus considers the scenarios are relevant and appropriate to deepen our assessment of Chorus' resilience to climate-related risks and opportunities (adapted to our business as an infrastructure provider of fixed-line networks). The Orderly Transition and Hot House World scenarios were chosen as they align with the 1.5C and >3C scenarios mandated by the New Zealand Climate Standards. Disorderly Transition was considered appropriate as a third scenario as it contains a mix of physical and transition impacts that test the resilience of Chorus' business model and strategy.

Shortlisted drivers,[23] being the key factors outside of Chorus' or the telecommunications sector's control that could have the greatest influence in shaping outcomes for our sector, were identified and mapped across three climate scenarios. A select number of drivers were chosen to be 'featured' or key to the scenario narrative, while others were 'supporting'.[24] Each of the narratives were presented in a timeline that stretches across the three timeframes established for the sector (see opposite).

The ARMC provided oversight of the scenario analysis process by having the opportunity to provide feedback on the draft Tonkin & Taylor report. The final Tonkin & Taylor report dated 15 July 2024 is available on the TCF website. The scenario analysis process was conducted externally, and separate to Chorus' strategy processes. However, its findings have continued to inform internal workstreams.

The three climate scenarios Chorus has adopted based on the telecommunications sector analysis are:

1. Scenario 1: Orderly Transition (Paris Agreement aligned transition scenario)
2. Scenario 2: Hot House World (high-warming scenario)
3. Scenario 3: Disorderly Transition (additional scenario).

The climate scenario narratives are summarised below.

Table 3. Telecommunications sector climate scenarios – summary of narratives

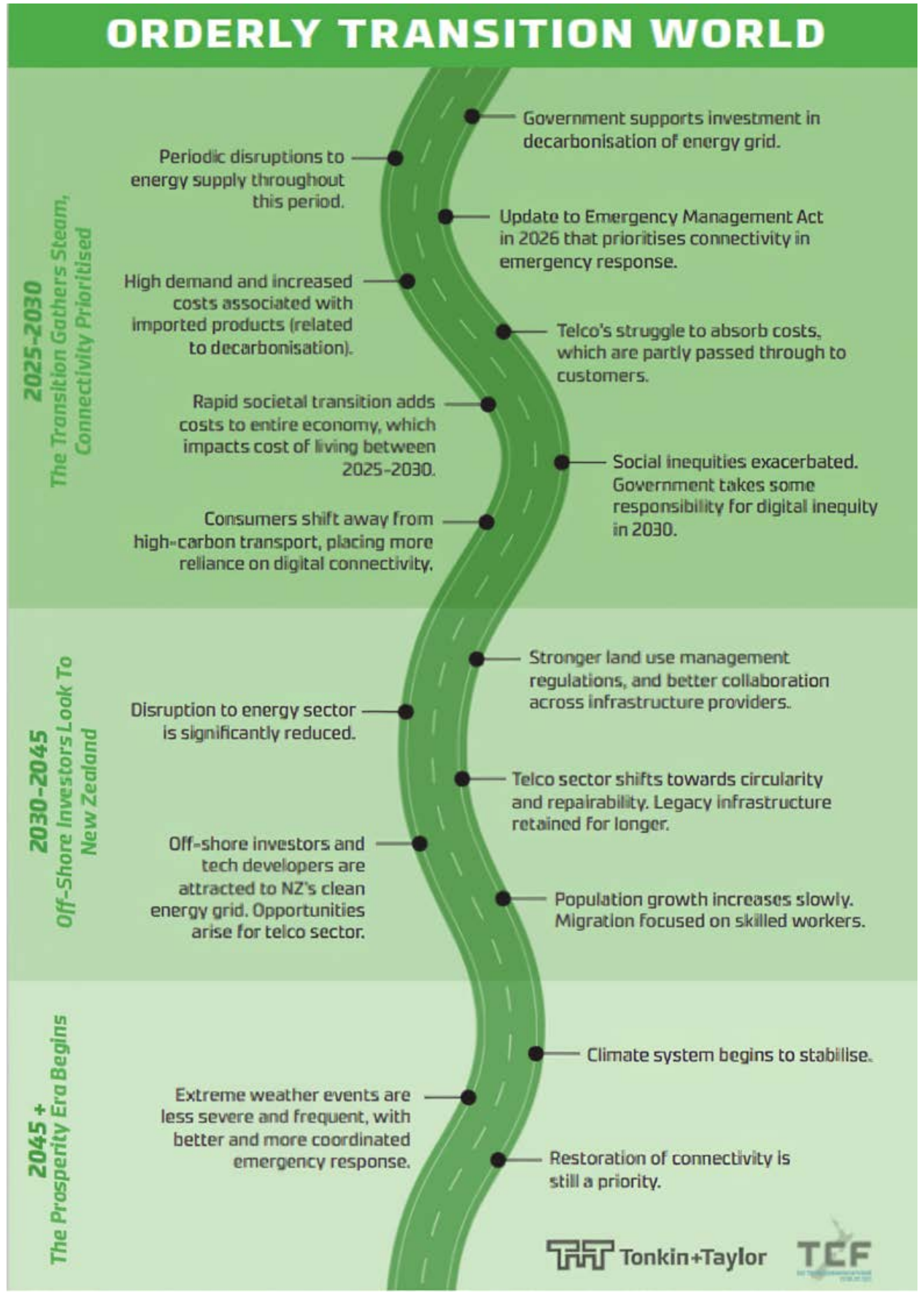
Orderly Transition	Hot House World	Disorderly Transition
Aotearoa New Zealand (NZ) and the world transitions to net zero by 2050 with strong policy and market changes clearly signalled by the government. Physical impacts from climate change are limited and align with the SSP1-1.9 scenario. Average global temperatures are limited to 1.5 degrees above preindustrial levels by 2050.	NZ and the world abandon net zero targets, and there is no national or global movement to reduce emissions. Existing policies are reversed, and fossil fuel use continues. Physical impacts from climate change are severe with annual average global temperatures rising to 2 degrees above pre-industrial levels by 2050 and 3.6 degrees by 2100 (in alignment with SSP3–7.0).	NZ and the developed world are delayed in their transition to net zero and continue to use fossil fuels over the short-term. This results in a steady increase in temperature and physical impacts in alignment with SSP2–4.5 (2 degrees by mid-century). By 2030, NZ and the developed world realise that urgent action is needed to reach net zero, which results in abrupt and poorly signalled policy and market changes.

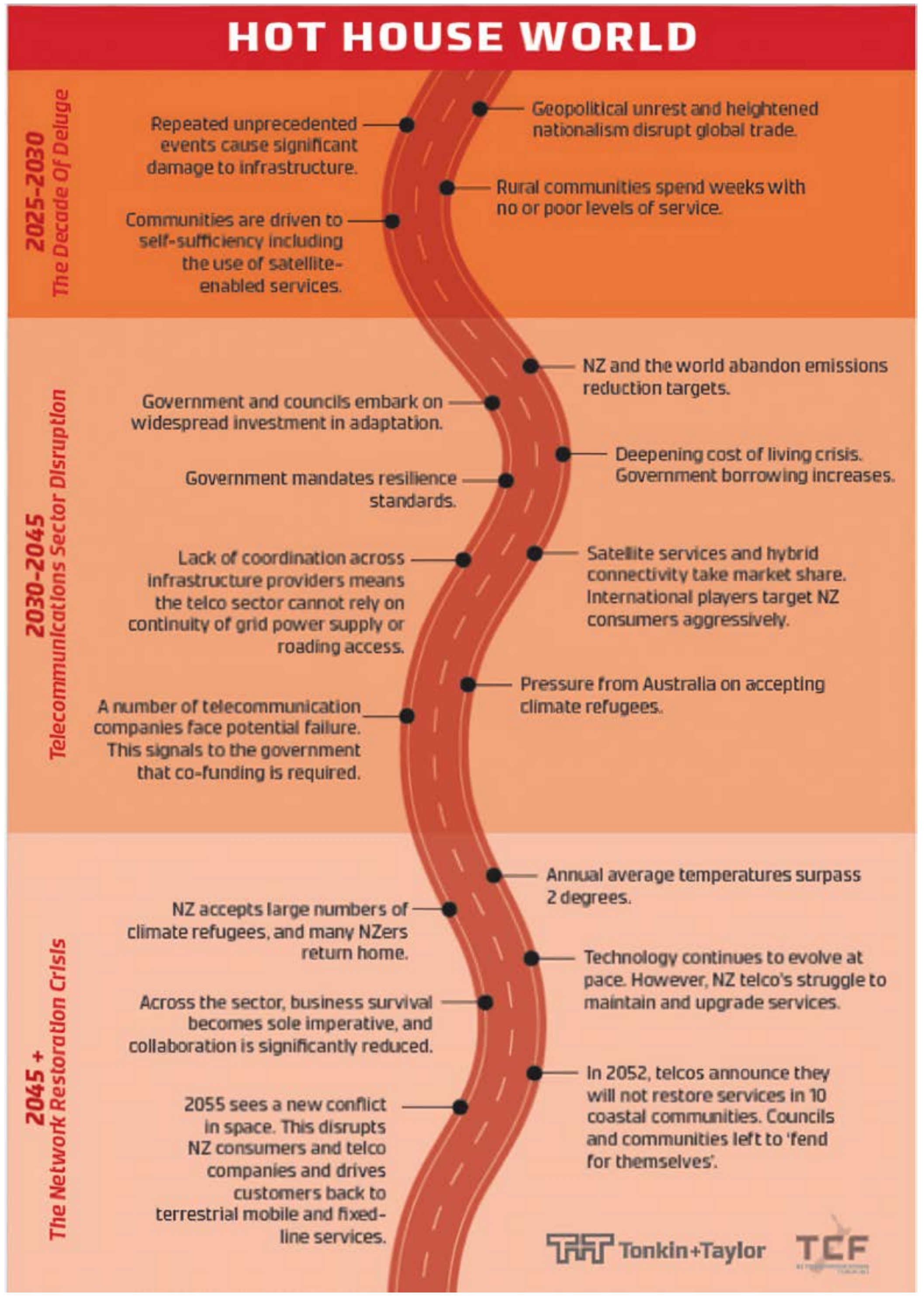
While the scenarios are considered plausible stories about conditions and events which may occur, they are not presented as predictions about what will occur given the significant uncertainty surrounding climate events and the extent to which global efforts to reduce GHG emissions will be successful. As such, scenario analysis is not a one-time process – Chorus intends to review and, if necessary, refresh its scenarios as part of periodic reporting cycles.

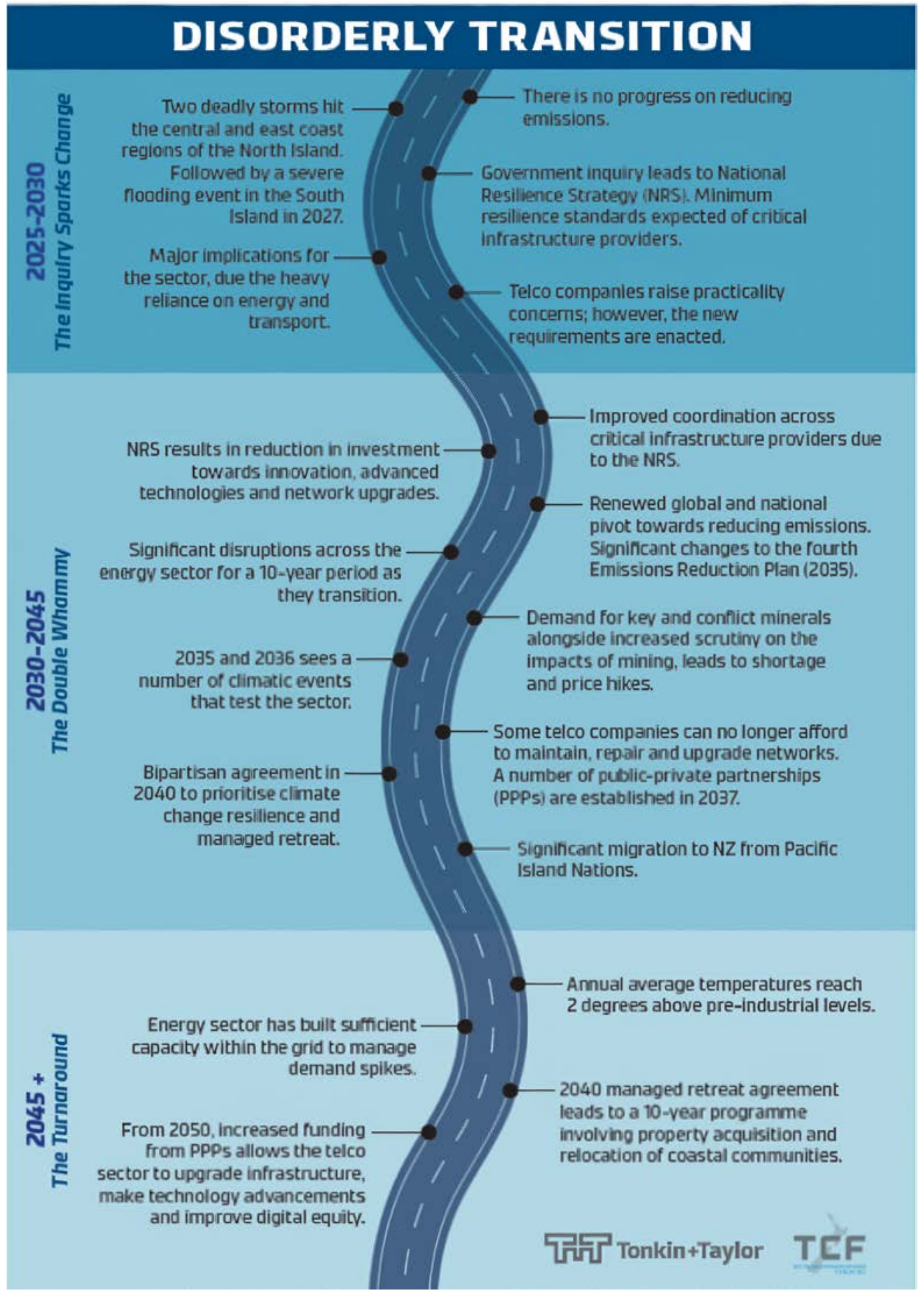
21 Chorus, **Sustainability Report 2022**, page 15
22 Telecommunications Forum (TCF), **Climate Change Working Group.**
23 TCF, **Telecommunications Sector Climate Change Scenarios | NZ Telecommunications Forum (tcf.org.nz)**, published 6 August 2024, page 20.
24 While carbon sequestration from afforestation and nature-based solutions were part of the underlying SSPs used to build the scenarios, they were not shortlisted drivers, and therefore not included in the sector scenarios

Scenario analysis continued

The pathway assumptions for each scenario are summarised below:







Source: Tonkin + Taylor, Telecommunications Forum (TCF, July 2024)

Scenario analysis continued

Given the final telecommunications sector scenario analysis report only became available in July 2024, Chorus has relied on the sector scenario archetypes in the Tonkin & Taylor report and has not undertaken any separate or additional modelling. When producing the Telecommunications Sector scenario analysis, the following international and national scenario parameters were considered:

Table 4. International and national scenario parameters

Category	Worlds		
	Orderly Transition	**Hot House World**	**Disorderly Transition**
Global climate and socio-economic parameters	SSP1-1.9 (IPCC)	SSP3-7.0 (IPCC)	SSP2-4.5 (IPCC)
NZ specific climate parameters	RCP 2.6 (NIWA[25] downscaled reporting)	RCP 8.5 (NIWA downscaled reporting)	RCP 4.5 (NIWA downscaled reporting)
NZ specific transition pathway parameters	'Tailwinds' (CCC)	'Current policy Reference' (CCC)	'Headwinds' (CCC)

Climate scenarios – time horizons

Chorus' time horizons, set out below, align with the telecommunications sector scenario analysis assessment. However, they may differ from other sectors due to the lifespan of telecommunication infrastructure and technology. The time horizons applied to the scenario analysis broadly align to aspects of Chorus' operational and strategic planning horizons and the typical duration of telecommunications asset lives and were also informed by international emissions reductions targets. The endpoint of our current scenario analysis is 2050.

1. Short-term (0 to 5 years: 2024–2029) – aligns to telecommunications organisations emissions reduction targets (including Chorus) and our regulatory proposal period)
2. Medium-term (5 to 15 years: 2029–2044) – aligns with Chorus' 10-year strategic planning horizon, along with average life of electronic network equipment
3. Long-term (15 to 30+ years: 2044+) – aligns with potential materialisation of physical risks, particularly infrastructure impacts and aligns to New Zealand's 2050 net zero ambition)

The draft sector scenario analysis was shared with climate change risk and opportunity owners across Chorus in FY24, and a workshop was held to consider which parts of the analysis were appropriate for the Chorus business. We also applied the different scenario analysis narratives to our climate-related risks and opportunities to consider whether they were still appropriate or required further refinement – see section 3.3 below. An update on the workshop outcomes was reported to the ARMC in May 2024. The sector scenario analysis is expected to inform our risk management approach and sustainability strategy over subsequent reporting years. The Sustainability team will use the final report to analyse any gaps in Chorus climate-related risks and opportunities in the early part of FY25, before reporting an updated assessment of Chorus' register to the ARMC.

25 Climate change scenarios for New Zealand | NIWA

3.3 Overview of risks and opportunities

Overview of climate-related risks and opportunities

In FY24, Chorus reviewed its assessment of climate-related risks and opportunities that could impact our business. As part of that review, we reconsidered existing risks together with their classification, and grouped key risks by thematic area. The results of this exercise are shown in Table 5 below. As part of our risk identification processes, each climate risk or opportunity is assigned a time horizon (short, medium, or long) based on when it is likely to materialise, which we also reconsidered in FY24 to align with the time horizons of the telecommunications sector scenario analysis.

Time horizons and link to Chorus' strategic planning and capital deployment plans

Our time horizons for assessing climate risks and opportunities were re-evaluated in FY24 as follows:

1. Short-term (0 to 5 years: 2024–2029) – aligns to telecommunications organisations emissions reduction targets (including Chorus) and our regulatory proposal period
2. Medium-term (5 to 15 years: 2029–2044) – aligns with Chorus' 10-year strategic planning horizon, along with average life of electronic network equipment
3. Long-term (15 to 30+ years: 2044+) – aligns with potential materialisation of physical risks, particularly infrastructure impacts and also aligns to New Zealand's 2050 net zero ambition)

These time horizons align to the telecommunications sector scenario analysis and Chorus' Transition Roadmap (refer to section 3.4 'Transition Planning' below). They also align to aspects of Chorus' operational and strategic planning horizons, as above.

Climate-related risks and opportunities

The new CRD reporting framework delineates climate-related risks into two core categories: physical and transitional.

Physical risks are those relating to the physical impacts of climate change, including via temperature, rainfall, storms, extreme weather events, and sea-level rise. Transition risks are those related to the transition to a fair and equitable, low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

Based on our analysis of climate-related risks in FY24, the main physical risks to the Chorus business and operations stem from possible weather events and their impacts on our network. The main transitional risks to our business are potential economic, social, and regulatory changes. This includes consequences and effects related to the ongoing global and local economic transition to a lower-carbon society, and regulatory constraints that may slow or limit our progress towards climate resilience – for example, if regulation restricts our ability to retire our copper network efficiently this could lead to additional electricity and maintenance costs.

Overview of risks and opportunities continued

The table below provides an overview of identified risks and opportunities specific to Chorus (both physical and transitional), anticipated impacts, and risk mitigation to address those risks.

Table 5. Chorus climate-related risks and opportunities

Risk	Summary of current and anticipated impacts	Key controls/mitigations	Type
Increase in frequency and intensity of extreme climate events including storms, extreme wind, rainfall and fire.	**Current impact:** We did not suffer any significant network interruption from extreme weather events in FY24. However, in FY23, Cyclone Gabrielle and the Auckland floods gave a real example of extreme weather event risk, which resulted in a $7m EBITDA impact[26] (however, all services were restored with no significant damage to any of our exchanges). **Anticipated impact:** Prolonged service disruption may have a detrimental financial and/or reputational impact, particularly where it impacts a large area or number of consumers (e.g. damage to key fibre routes or widespread loss of electricity). Significant damage may require replacement or relocation of assets. Extreme temperatures or cascading climate-related events affect our people's ability to work.	— A detailed climate risk analysis by Aon in FY23 (the Aon Report) identified potential exposure to sea-level rise, pluvial and fluvial flooding across a range of Chorus network assets. These findings have informed our asset management planning and were a consideration when preparing our FY24 10-year business plan (which also flowed through to our regulated fibre investment proposal to the Commerce Commission for 2025-2028). — Chorus will continue to use data, mapping, and insights to assess climate impact and build resilience across our network, prioritising fibre uptake and shutdown of copper because fibre is less susceptible to weather-related faults. — Ongoing investment programmes to enhance network resiliency (e.g. mobile exchanges on wheels, fibre backhaul upgrades, installing fibre on the downriver side of bridge crossings to increase robustness compared to having it on the upriver side).	**Type:** Physical **Time horizon:** Short to medium term
Insufficient electricity, generated through any means, could lead to demand outstripping supply or energy blackouts	**Current impact:** We have had power shortfall warnings this year, however no significant network-level impacts occurred. **Anticipated impact:** Energy rolling blackouts could occur, especially during peak energy use times which could affect the delivery of telecommunications services to our customers (retail service providers) and their end users. We could also see increased carbon emissions, rolling black-outs and increased electricity prices.	— Copper withdrawal and upgrading key network equipment will reduce our electricity use significantly over the next five years. — An energy audit has been initiated to understand and implement further energy efficiency opportunities across our network. — Chorus plans to install solar PV on some of our exchanges. This is a multi-year programme of work, with six sites confirmed for roof mounted solar PV build from FY25. — To help minimise increased carbon emissions, Chorus has selected its main electricity supplier, Ecotricity, in part because of its sustainability credentials of being Toitū climate positive certified.[27]	**Type:** Physical **Time horizon:** Short to medium term
Projected risk of damage to our network assets from sea-level rise or coastal flooding	**Current impact:** Nil **Anticipated impact:** Damage to cables or buildings could affect the delivery of telecommunications services to our customers (retail service providers) and their end users.	— The impact assessment in the Aon report screened key network assets. Findings have been incorporated into long-term asset management planning. — Chorus will continue to use data, mapping and insights to assess climate impact and build resilience across our network.	**Type:** Physical **Time horizon:** Long term
Supply chain disruption	**Current impact:** Nil **Anticipated impact:** Extreme weather events could disrupt supply channels, or telecommunication equipment could be hard to source due to material shortages particularly where there is reliance on international supplies.	— Completion of the UFB rollout programme has reduced Chorus' reliance on large volumes of equipment. — We continue to monitor and plan for potential supply chain disruptions.	**Type:** Physical **Time horizon:** Medium

26 **Chorus Annual Report 2023** – page 5 insert.
27 Toitū climate positive certification pushes climate leaders beyond neutrality to make a positive impact on society, on top of taking meaningful science-led action to decarbonise. **Ecotricity are Toitū climate positive certified | Ecotricity NZ**

Overview of risks and opportunities continued

Risk	Summary of current and anticipated impacts	Key controls/mitigations	Type
Insufficient priority and investment on climate mitigation and adaptation	**Current impact:** Chorus has an emissions reduction target for scope 1 and 2 emissions, along with a supporting Emissions Reduction Plan. Key activities include energy efficiency, energy reduction and switching to EV/Hybrid fleet. Investment to support Chorus achieving its target are already in the 10–year financial plan. Chorus has a resiliency strategy in development. **Anticipated impact:** Potential increase in unplanned capital spend for frequent and extensive service and network restoration activities. Regulatory framework could see insufficient allowance for weather related opex or asset investment.	— We are working to develop a climate-related capital deployment strategy, co-designed by our Finance and Sustainability teams. This is intended to help us scope the future investment required and record costs associated with climate-related activities.	**Type:** Transition **Time horizon:** Short to medium term
Government policy & regulation restricts our ability to act	**Current impact:** Minimal **Anticipated impact:** The Commerce Commission or the New Zealand government could limit our ability to invest in climate mitigation or adaptation, or mandate requirements that are unanticipated and/or problematic for our business. For example, if the Commerce Commission provides insufficient expenditure allowance for sufficient asset management practices, resilience and adaptation planning, this could result in us needing to deprioritise climate-resilience initiatives in favour of core activities, including to ensure we meet service quality standards. More broadly, Government could mandate 'over-investment' requirements where this is deemed necessary to provide climate futureproofing or avoid a disorderly transition scenario. Depending on the scale and timing of such requirements, and the extent of alignment to our existing strategy and investments, such requirements could result in a low return, and redirect focus from core activities.	— Chorus monitors proposed legislative and policy changes that might impact our business, and inputs into relevant legislative and other processes (e.g. MBIE's Electricity Demand and Generation, National Adaptation Plan and National Emissions Reduction Plan, and recent 'Enhancing telecommunications regulatory and funding framework' consultation) — We have strong relationships with most policymakers and Government stakeholders. Timeframes for significant regulatory change are typically long, meaning we have time to respond. We monitor, and attempt to influence, any broader policy and regulatory developments that could affect our business and pursuit of climate-resilience initiatives. — Through our regulatory engagement processes with the Commerce Commission, we work to forecast and secure appropriate expenditure allowances.	**Type:** Transition **Time horizon:** Commerce Commission expenditure allowance constraints – short term Broader legislative and policy changes – medium to long term
Social cohesion erodes	**Current impact:** Minimal **Anticipated impact:** Physical or transitional climate impacts could widen the digital divide for low socio-economic communities and reduce access to telecommunications services. The need for managed retreat from certain low-lying areas could exacerbate inequality.	— Chorus has recruited a Digital Equity lead in FY24 to focus on equity products and services. — Chorus has a programme of work, with charitable partnerships, that focus on digital inclusion, to help bridge the digital divide. — We continue to monitor this area (link to FY24 Sustainability Report).	**Type:** Transition **Time horizon:** Medium term

Overview of risks and opportunities continued

Opportunity category	Summary of current and anticipated opportunities	Key controls	Type
Renewable energy generation	**Current impact:** Electricity is our largest source of scope 1 and 2 carbon emissions (location-based method) at 5,474.35 tonnes-CO_2e in FY24. Continuation of supply is key to maintaining our services, and this was an issue during Cyclone Gabrielle, with national grid outages affecting our services. **Anticipated impact:** Generating our own renewable electricity and having the ability to potentially store electricity on-site could strengthen both our resilience and that of local communities in the event of extreme weather events and reduce operating costs for electricity.	— We have budget allocated to invest in solar PV for our exchange buildings with six pilot site builds planned from FY25. — We will continue to monitor for emissions reduction opportunities that may reduce our overall footprint.	**Type:** Opportunity – Transition and Physical **Time horizon:** Short to medium term

In assessing the materiality of climate-related risks and opportunities, we considered quantitative and qualitative factors and the potential relevance[28] of the information to primary user decision-making.

Climate-related risks and opportunities as an input to capital deployment

Chorus' climate-related risk and opportunities register helps inform our business consideration for new capital requests and financial planning rounds, predominately as part of physical network and asset management planning. For example, the findings in the FY23 Aon report were a consideration in Chorus' asset management planning and investment decisions when preparing our FY24 10–year business plan, which in turn flowed through to our RP2 proposal to the Commerce Commission.

In FY24, we updated the register to reflect the findings of the telecommunications sector scenario analysis as noted above. We have also started a programme of work to understand how climate-related risks and opportunities can form part of our consideration for new capital requests, and plan to further develop our climate-related capital deployment strategy ahead of future financial planning rounds.

28 Our assessment has been guided by the materiality provisions of NZ CS 3, and whether the information could be reasonably expected to influence the decisions that primary users make.

Overview of risks and opportunities continued

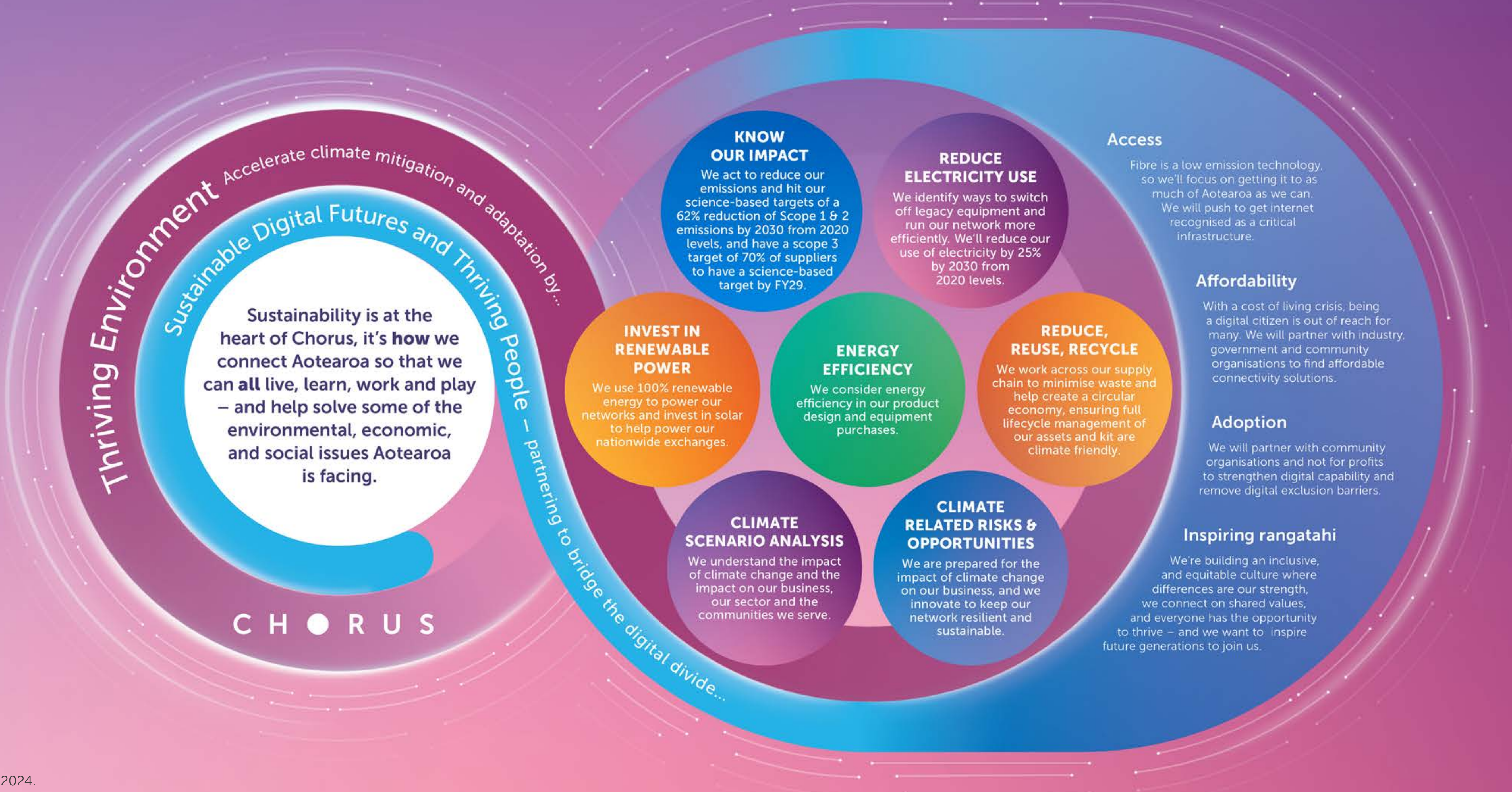
Strategic positioning during transition to low emissions economy

Chorus' FY24 business model/strategy is outlined as follows:

Overview of risks and opportunities continued

In FY24, sustainability (including climate-related considerations) was integrated into our business strategy with three pillars representing our commitment to improving environmental, social, and governance performance: Thriving Environment; Sustainable Digital Futures; and Thriving People. Our Sustainability Policy[29] sets out our overall strategic commitments as well as the roles and responsibilities of the various governance bodies within Chorus, from the Board to the wider sustainability network embedded across the business.

While the three pillars of our Sustainability strategy are enduring, the activities within them evolve over time to ensure we continue to be responsive to a changing operating environment and the needs of our stakeholders. Our current climate-related activities sit under the 'Thriving Environment' pillar as set out below:



3.4 Transition planning progress

Chorus continues to develop and embed transition planning into our business through a number of initiatives, including our Emissions Reduction Roadmap. While these have not been prepared as a standalone 'transition plan', we continue to progress this aspect of our strategy. The transition planning initiatives outlined below reflect actions Chorus is currently taking to manage climate-related risks and opportunities.

Transition Roadmap

Our transition roadmap (a guide towards achieving our science-aligned targets discussed in section 5) is described at a high-level below:

Publishing our emissions reduction plan

Our base year to measure our targets against is FY20 and a time to understand our impact.

At the start of FY23, we published our first Emissions Reduction Plan, which details how we intend to reach our target of reducing 62% of our scope 1 and 2 emissions by FY30.

For scope 3, our target is that 70% of our suppliers (by spend) will have a science-based target in place by FY29.

Further detail on these Targets is provided in the Metrics & Targets section below.

FY20 base year emissions (tonnes CO_2e)

Accelerating the action

Our milestones and progress

1. 100% climate-positive Toitū-certified electricity used to power our network from FY23 and still today.
2. Future Fit was introduced in FY23 to help our people understand and reduce their own carbon footprint. It continues to be available for our employees and actively promoted by our internal comms team.
3. Six exchanges are scheduled to have solar installed in a pilot programme from FY25.
4. We plan to switch our car fleet to EV or Hybrid by the end of FY27 with new EVs continuing to replace our fleet (most recently in FY23).
5. Copper network switch off and removal of legacy kit to lower electricity 15% planned by end of FY25. In FY24, we reduced our electricity usage a further 3% from FY23 levels.
6. Sustainability Forum with key suppliers with a focus on minimising waste, reducing emissions, and exploring innovation.

We aim to lower electricity consumption by 15% by the end of FY25 from a base year of FY20.

Energy management is a key part of how we operate, and to help achieve this we are exploring producing our own electricity from solar generation on certain exchange buildings, with trials starting from FY25 as noted above.

Scaling up

Our milestones

7. We're planning for 20–25% of our electricity use from solar generation on our exchanges by FY30, dependant on solar trials.
8. Energy management will be a key part of how we operate as we replace legacy metering with smart metering and improve electricity monitoring.
9. All plastic ducting will be reused and recycled across our network.

We aim to achieve our science-aligned targets:

- By FY30, our scope 1 and 2 emissions will be reduced by 62% (based on FY20 emissions levels).
- By FY29, 70% of our suppliers (by spend) will have a science-based target in place.

By FY30, we also plan to achieve a 25% reduction in our electricity use, measured against a base year of FY20*, and intend for all electricity to be 100% renewable where possible**.

* Between FY20 and FY24, Chorus has reduced electricity usage by approximately 6.5% (including 3% in the last financial year).

**In FY24, Chorus sourced 99% of its electricity from Toitū certified electricity provider, Ecotricity

Future focused

Our goal

We're aiming for renewable energy to power Chorus' network, which will be lean and energy efficient.

We're planning for broadband technology to be helping others to be net zero with the Internet of Things (IoT) and smart cities and locations.

Our future ambition:

By 2050, we aim to reach

net zero emissions

(across scope 1, 2 and 3), recognising the potential challenges we'll face.

(as described on p.24 below)

2020 2023 2024 2025 2026 2027 2028 2029 2030 2050

Transition planning progress continued

Our pathway forward

Chorus has a future ambition to be net zero, or as close as we can, by 2050. This long-term ambition was identified as part of the development of our Emissions Reduction Plan and is intended to align to the New Zealand government's domestic net zero carbon target, which it set in 2019.[30]

Our future focus will include consideration of whether we are ready to take this further and formalise a net zero target (including endorsement by our Board), including what a supporting transition plan and enabling activities would involve, having regard to emerging international and domestic guidance.[31]

We acknowledge that getting to net zero is challenging and would require significant action, coordination and partnership not just from Chorus but also multiple external stakeholders including Government, industry and across our supply chain. Our ability to achieve net zero – and some of the other milestones noted above – faces various limitations, risks and uncertainties. For example, they assume that Chorus' business model, strategy and scope of operations remains relatively static over time, and that financial investment in emissions reduction, climate-resilience and associated initiatives is enabled by Chorus' regulatory and financial framework including the Commerce Commission and our investors, with scope for offsets.

Our progress towards net zero, and several of the interim milestones outlined above, will also rely on the wider policy, technology, economic and regulatory settings in place over time, financial/ investor considerations, and collaboration with industry on emissions reduction opportunities. In respect of our scope 3 emissions, we are highly reliant on the ability of our suppliers to set and achieve emissions reduction targets, which in turn are subject to dependencies that are outside of Chorus' control. We are playing our part to help but recognise that this poses a risk to Chorus' ability to achieve our long-term ambition.

Emissions Reduction Plan

We have developed an Emissions Reduction Plan that focuses on opportunities to reduce carbon emissions and the energy costs associated with our network to achieve our target of reducing 62% of our scope 1 and 2 emissions by FY30 (based on FY20 emissions levels). We carry out regular modelling based on a range of assumptions to review those reduction opportunities and assess progress against our targets. Our senior leaders across the business (who report directly to the Executive team) receive a quarterly dashboard that updates our progress against our emissions reduction targets.

We also have a scope 3 target of having 70% of our suppliers (by spend) having a science-based target in place by FY29. Our targets are science-aligned, following guidance from the Science Based Targets Initiative (SBTi) for the Information Communications Technology (ICT) sector.[32] For more information regarding our targets, refer to section 5.2 'Climate-related Targets'.

Network electricity consumption accounts for most of our combined Scope 1 and 2 emissions, so we are reviewing our energy management as the primary focus to reduce those emissions. We also plan to trial solar generation on six of our exchanges, to gauge the effectiveness of self-generation and to help manage our energy use. We aim to reduce our use of electricity by 15% by end of FY25, and by 25% by FY30 (in each case from FY20 levels).

We are also identifying ways to switch off our legacy equipment, including the copper network where fibre is available. As well as a reduction in energy use, the shutdown of the copper network will reduce the number of assets exposed to damage from weather events – the fibre network is more resilient to water ingress than the copper network because fibre cables do not carry an electrical signal and fibre nodes in suburban streets do not contain electrical equipment.

Our commitment to fibre as a low-emissions technology

Fibre is inherently a low-emissions technology[33] compared to other broadband options such as copper, and Chorus is looking to extend its fibre footprint further,[34] contingent on commercial feasibility, market and regulatory developments.

Industry collaboration on transition planning

We are part of the Climate Leaders Coalition[35] (a CEO-led community of close to 90 organisations leading the response to climate change in New Zealand through collective, transparent and meaningful action on mitigation and adaptation) as part of our commitment to act and drive change.

As noted above, Chorus also forms part of the TCF's Climate Change Working Group and took part in its sector scenario analysis work to support understanding of plausible climate scenarios and implications for the industry.

Alignment with capital deployment and funding decision-making processes

We are working to develop a climate-related capital deployment strategy and endeavouring to ensure that climate-related risks and opportunities – both existing and new – are discussed at business area level by finance business partners during our 10–year business planning cycle. Energy efficiency is now part of our assessment of potential equipment purchases, and sustainability impacts are considered as part of our 'initiative-to-market' process, as noted above. Chorus is also investigating use of an internal carbon price (ICP) to further inform funding and investment decision making.

30 Climate Change Response (Zero Carbon) Amendment Act 2019. See also Ministry for the Environment, **Emissions reduction targets**.
31 For example, United Nations, Climate Action – High Level Expert Group, **"Integrity Matters: Net Zero Emissions Commitments of Non-State Entities"**. A decision to formalise a net zero target would require endorsement from our Board.
32 Science Based Target Initiative, Information and Communication Technology (ICT) sector specific guidance – **https://sciencebasedtargets.org/sectors/ict**
33 World Broadband Association, '**Importance of Environmental Sustainability in Telecom Service Providers' Strategy**', 2022; Sapere Report, 'Assessing the emissions footprint of the fibre networks relative to other fixed broadband options in NZ', 2021, at 4.1.
34 Chorus Media Release, 'Chorus extends Fibre', February 2024–**https://company.chorus.co.nz/media/releases/chorus-extends-fibre-to-10–000–homes-and-businesses**
35 Climate Leader Coalition snapshot report, Page 15 **https://climateleaderscoalition.org.nz/wp-content/uploads/2023/11/CLC-5th-Anniversary-Snapshot-Report.pdf**

4. Risk management

Chorus' climate-related risks are identified, assessed, and managed in alignment with Chorus' enterprise-wide risk framework.

4.1 Our risk management frameworks

Chorus' risk management frameworks allow us to proactively manage risks and embed management of, and accountability for, those risks in our day-to-day business operations and decision-making processes.[36] Our climate risk and opportunity framework is aligned to, and integrated into, Chorus' enterprise-wide risk framework which is managed by the Risk, Internal Audit and Compliance Function.[37]

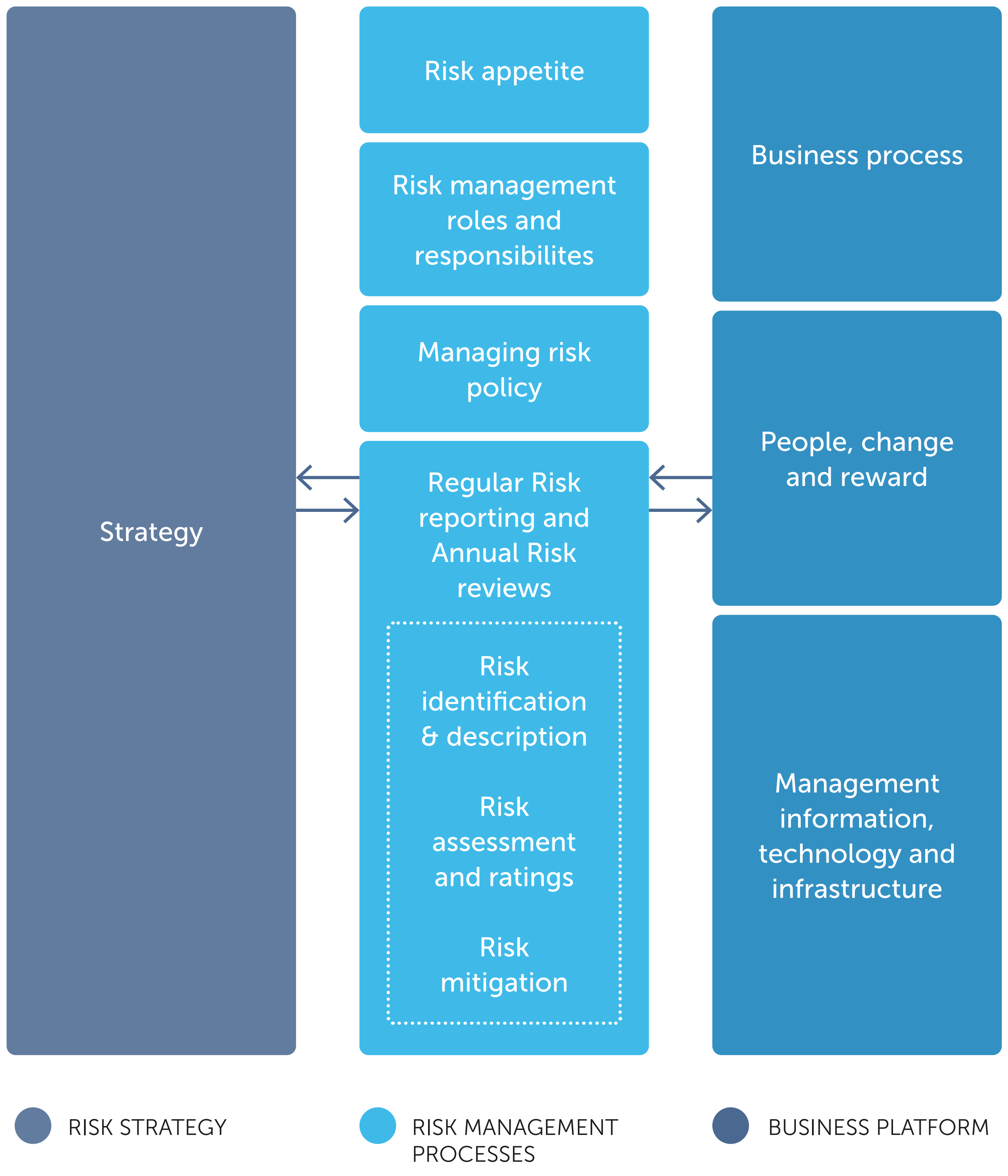
The climate risk and opportunity framework uses the same approach, principles, tolerances, impact and likelihood scales used in Chorus' broader risk management processes, and in line with the risk management policy endorsed by the Chorus Board.

Chorus Enterprise Risk Management Process

Enterprise risk management is a process, effected by Chorus' board of directors, management and teams, applied in strategy setting and across the enterprise, designed to identify potential elements – both risk and opportunity – that may impact Chorus' ability to achieve its objectives, and to manage within relevant risk appetites set by the Board.

The diagram below depicts our enterprise-wide risk management framework at a high level. This framework supports our Managing Risk Policy and is approved by our Board. It is used to identify potential risks to achieving Chorus' strategy and facilitate the management of those risks. Climate change is considered to be an issue that cuts across all business units and relevant to key aspects of our strategy (see section 3 above).

The Enterprise Risk Management Strategic Processes



36 See Chorus, **Managing Risk Policy**, dated May 2023.
37 Further information regarding Chorus' general risk management framework is contained in the 'Risk management' section of our financial statements.

4.2 Climate risk identification

Chorus' overall risk approach is shaped around four interlinking risk elements: Unforeseen and Emerging Risk; Principal Risk and Business Unit Risk, in line with our Managing Risk Policy. In FY24, climate change was classified and managed as both an 'Emerging Risk' and 'Principal Risk' under this framework.[38] However, in recent years, climate risks have been managed under a dedicated risk management framework, as noted above. This framework remains aligned to, and consistent with, Chorus' broader risk management framework, and uses similar processes to identify, assess and manage climate risks which are tracked in a dedicated climate risk and opportunity register (see above table 5 in section 3.3 which summarises key climate risks identified during FY24).

The diagram to the right depicts the key elements of Chorus' enterprise-wide risk management processes, which we adhere to in relation to climate risks. We follow the principals of ISO-31000 – Risk management across each core process.

Identifying climate-related risks – tools and methods

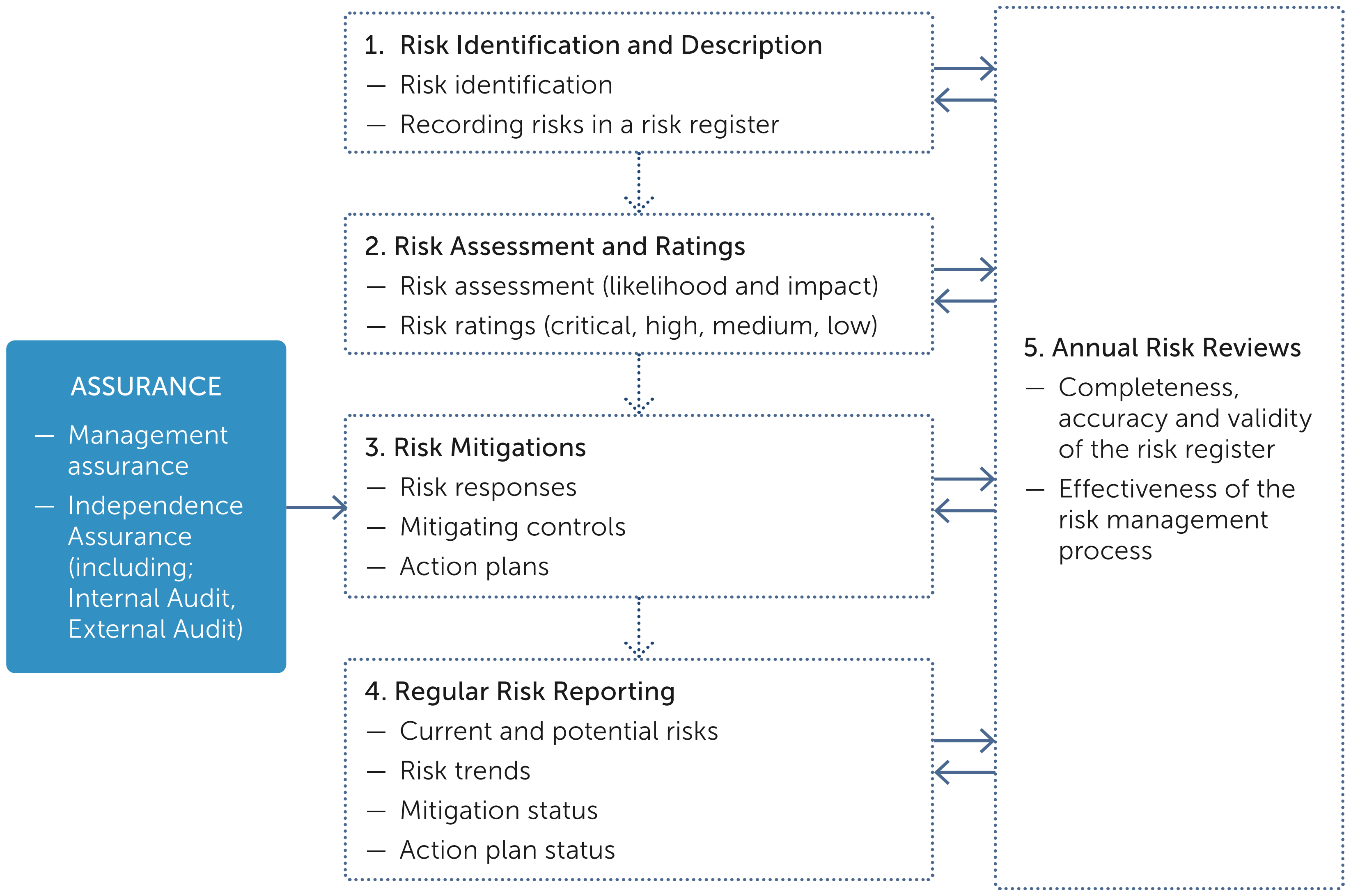
As above, Chorus has a climate-related risks and opportunities register which operates within our enterprise-wide risk management framework. This has been in place since FY23.

We hold workshops annually with representatives from across the business to identify any new risks and review the existing register. As part of this, we consider whether key risks and their classifications remain appropriate and endeavour to ensure lessons from recent events, reports or stakeholder feedback are taken into account and corresponding actions confirmed.

Climate risks are identified through a number of additional channels, including workshops, third party assessments, stakeholder feedback and involvement in sector-wide analysis, and 1–to-1 conversations with our people. Expert input from our third-party providers often involves GIS mapping and other tools to support their assessments.

Within the wider enterprise-risk management framework, the impacts of climate change continued to be identified as a 'Principal risk' and 'Emerging risk' in FY24. The ARMC receives quarterly reporting outlining how principal risks are being managed to assist in the achievement of strategy, risk drivers and areas for potential discussion.

The Risk and Control Environment



38 'Emerging Risks' reflect those which are known to some degree, but not likely to materialise or have an impact in the near term. 'Principal Risks' reflect key strategic or operational risks facing Chorus which are subject to annual Board review. See Chorus, **Managing Risk Policy**, dated May 2023.

Climate risk identification continued

Within the dedicated climate risk framework, we identify information including:

— Risk trigger – what causes the risk
— Implications/outcome – what could occur if the risk materialises
— Physical/transitional – whether the risk is physical, transitional, or both
— Time horizon – what time horizon the risk could materialise over (i.e. short, medium or long term)
— Risk owner – Business unit senior leader assigned responsibility for assessment and mitigation
— Primary and secondary risk areas to our business – This includes the following categories:

- People Health and Safety,
- Commercial/Financial Sustainability,
- Performance of Core Services,
- Stakeholder and Customer Confidence/Reputation,
- People and Skills Availability, and
- Regulatory, Legal and Contractual.

— Inherent likelihood and impact – likelihood and impact of the risk occurring on a scale of 0–50.

Once a climate risk is identified within this framework, consideration is given to mitigating controls, and assignment of actions, ownership and due dates to manage any residual risk outside of risk tolerances. This is discussed further in the following section.

4.3 Climate risk assessment and management

Assessing and managing climate-related risks – tools and methods

Consistent with our enterprise-wide risk management framework, climate risk is assessed in terms of a combination of the impact and likelihood of an event occurring. A risk assessment matrix provides Executives guidance on the assessment of the impact (on a scale of 1–5) and likelihood (on a scale of 1–5) of risks.

The combination of the impact and likelihood of the risk assessment will result in a risk rating of ‘critical’, ‘high’, ‘medium’ or ‘low’. Chorus’ risk assessment methodology utilises both financial and non-financial impacts to allow for consistency in assessment across all risk types, including climate risks.

Once climate-related risks are identified and assessed, they are managed within our enterprise-wide risk management framework and practices. Business owners are assigned to each risk who endeavour to manage and mitigate that risk, with half-yearly reviews with the risk owner and action owner (if different). For any significant risks, additional mitigation activities are confirmed and implemented.

The overall purpose of risk reporting is to enable effective and ongoing assessments of whether current risk positions are acceptable. This includes considering the acceptability of inflight/proposed actions and timelines and whether additional actions, budget and/or resources are required to mitigate the risk.

Examples of specific mitigations

For example, we utilise external data, experience with extreme weather events, and ongoing network planning and management practices for network risks related to flooding or sea-level rise. Mitigation measures include building maintenance and flood protection for at-risk exchanges, geotechnical surveys for selecting fibre routes, placement of cables on the downstream side of bridges, and network expansion projects to enhance route diversity and network robustness.

Post Cyclone Gabrielle, river crossing build techniques are being revisited, with separate aerial connection being considered. As parts of our copper network are shut down, at-risk network assets are being phased out.

One initiative for at-risk exchanges has been the development of two mobile exchanges on wheels, or MEOWs. Repairing and reinstating an entire exchange building could take months, depending on the damage. Using six-metre long ‘datablok’ containers, a MEOW can be transported by road and can connect up to 25,000 fibre connections. This means we can restore services more efficiently in the event of disaster impacts to an exchange building.

Time horizons for risks

Chorus’ climate risk horizon is based on short, medium and long-term timeframes, as outlined below:

- Short-term (0–5 years)
- Medium-term (5–15 years)
- Long-term (15–30+ years)

These time horizons align to the telecommunications sector scenario analysis, discussed above. Prior to this, Chorus’ climate-related time horizons were short-term (0–3 years), medium-term (3–10 years) and long-term (10+ years), which was based on the approach reflected in our broader risk management framework.

Frequency of risk assessments

Chorus’ climate-related risks and opportunities reviews take place annually. This is led by the Head of Sustainability, and the Sustainability Team with input from the Head of Risk & Compliance, where required. A summary is presented to our Executive team, and a high-level overview to the ARMC.

Internal climate related risk workshops are held every six months with representatives from across the business to identify any new climate risks and review existing risks. Identified risks and related actions are monitored and updated quarterly. If risks exceed an approved risk tolerance, additional mitigation activities are agreed and updated in the register.

Additionally, as part of our enterprise-wide risk management framework, ‘principal’ and ‘business unit’ risk assessments (pre and post mitigations) and ratings are formally reviewed by the Executive and the ARMC quarterly. ‘Unforeseen’ and ‘emerging risks’ are discussed every six months with the ARMC.

Value chain exclusions

Chorus does not specifically exclude any parts of the value chain from our climate risk processes.

We monitor for opportunities to encourage our supply chain to reduce emissions. For example, as part of our Emissions Reduction Plan, we have established a supplier sustainability forum to enable the open and collaborative exchange of ideas and information about sustainability, and help Chorus better understand its Scope 3 emissions and reduction opportunities. We have also committed to 70% of our suppliers (by spend) having a science-based target in place by FY29. See further details in section 5 below.

4.4 Other matters

Prioritisation of climate-related risks

As above, Chorus manages climate-related risks in accordance with our broader risk management framework. This means climate-related risks are managed using a consistent framework, using the rating system described above, and subject to Executive oversight. That assignment of ratings to key risk areas inherently involves prioritisation, and reflects the hierarchy: 'principal risks', 'business unit risks', 'emerging risks' and 'unforeseen risks'.

Within the climate risk register specifically, individual risks are similarly afforded a 'critical', 'high', 'medium' or 'low' rating. Risks are then assigned to a risk owner (normally a direct report of an Executive) for management, and risk mitigation initiatives are identified. Management and mitigation initiatives are prioritised to reflect, among other things, those which have the most significant potential impact, any cost/benefit analysis undertaken, executive preference and resource availability.

5. Metrics and targets

Our climate targets reflect our commitment to reducing our emissions and impact on the planet. Having clear and measurable targets allows us to track our progress and collaborate with others.

5.1 Climate targets

Chorus is committed to reducing its environmental impact and working towards a low emissions future. Chorus has reported on progress in our previous Sustainability Reports over the last three years.

Our science-aligned climate targets are as follows:

Science-aligned target: Reduce our scope 1 and 2 emissions by 62% by FY30 from a FY20 base year.

This is an absolute contraction target for Scope 1 and 2 emissions. The target is aligned with the detail provided by the Science Based Target initiative (SBTi) in Guidance for ICT companies setting Science Based Targets and does not rely on offsets. The scope 1 and 2 emissions reduction target will be reported using the location-based method of reporting emissions from electricity use.

Current progress:

The rollout of our fibre-to-the home network has contributed to the transition to a more energy-efficient and resilient network. As at 30 June 2024, we've achieved a 71% uptake of the fibre network for those areas where fibre is available. By increasing fibre uptake, we can reduce our carbon footprint through reduced electricity usage from the legacy copper network. We estimate that the shutdown of parts of our copper network, in addition to other energy initiatives, will reduce electricity needs and emissions by about 25% by FY30.

We anticipate reducing scope 2 emissions as fibre uptake increases. Fault-related activity is also lower on our fibre network, as compared to copper. More broadly, fibre broadband offers high-speed capability with lower emissions when compared to some other technologies.[39] Average data usage per connection on our network is growing each year.

Chorus has achieved a reduction of 39% in scope 1 and 2 against the base year (FY20).[40]

Our focus for FY24 included reducing electricity use and exploring renewables. In FY24, we achieved a 3% reduction in electricity (against FY23). This is mainly due to our copper network switch off and upgrading or removing legacy network equipment. As above, we also completed a solar feasibility assessment and report, which has led to the solar PV programme for six of our exchanges with build expected to start in FY25. We aim to reduce our use of electricity by 25% by FY30, measured against a base year of FY20.

Science-aligned target: 70% of our suppliers, by spend, will have a science-based target in place by FY29.

Current progress:

Key areas to address scope 3 emissions include purchased goods and services, fuel and energy-related use (technician van fuel) and use of sold products (downstream). We have established a supplier sustainability forum to enable open and collaborative exchange of ideas and information about sustainability, and to help Chorus better understand our Scope 3 emissions as well as opportunities to reduce them. We are engaging with key suppliers to encourage science-based emissions reduction targets, but there is no guarantee that all suppliers will commit to those targets.

In terms of scope 3 emissions progress, we are working with our key suppliers towards improving data quality and refining the information we receive to be supplier specific. This will allow us to understand better the opportunities and benefit from our suppliers' efforts towards reducing their own emissions (as we will work with them to have Science-Based Targets). At the end of FY24, 30% of our suppliers had a validated Science-Based Target, and a further 20% had a commitment, as per the Science Based Target dashboard.

How our targets contribute to limiting global warming to 1.5 degrees Celsius

SBTI has provided specific guidance for the Information Communications Technology (ICT) sector to which Chorus belongs.[41] The key components of this guidance are:

- The ICT sectoral target-setting method follows an absolute contraction approach, as opposed to intensity metrics.
- Emissions factors have been developed for the ICT sector which can be applied to the baseline to provide the tCO_2e target for FY30.
- Where the company operates a mix of fixed and mobile networks a sub-sector approach can be taken, which applies different emissions factors to each sub-sector group.
- ICT companies that operate with a fixed network should broadly target an emissions reduction trajectory which results in a 62% reduction between 2020 and 2030.

As a fixed-line network operator, Chorus has set its targets in line with the SBTi guidance and methodology. SBTi methodologies are designed to result in 1.5°C aligned science-based targets.[42]

Key initiatives associated with achieving our targets is set out in the Transition planning section above.

39 See World Broadband Association, '**Importance of Environmental Sustainability in Telecom Service Providers' Strategy**', 2022. See also Sapere Report, '**Assessing the emissions footprint of the fibre networks relative to other fixed broadband options in NZ**', 2021, at 4.1.
40 Chorus' **sustainability reports** describe our scope 1 and 2 emissions in FY20, FY21, FY22 and FY23.
41 Science Based Target Initiative, Information and Communication Technology (ICT) sector specific guidance, **Guidance for ICT companies including fixed line.pdf**
42 See, for example, **https://sciencebasedtargets.org/news/sbti-raises-the-bar-to-1-5-c**

Climate targets continued

SBTi validation

Chorus submitted our targets to the SBTi for validation in November 2022, and is currently listed on its website as 'Targets Set' as below:[43]

Target language: Chorus New Zealand Limited commits to reduce absolute scope 1and 2 GHG emissions 62% by FY2030 from a FY2020 base year. Chorus New Zealand Limited also commits that 70% of its suppliers and customers by spend covering purchased goods and services, capital goods, fuel and energy related activities, waste generated in operations, business travel, and use of sold products will have science-based targets by FY2029.

TARGETS/COMMITMENTS							
ACTION	**STATUS**	**TARGET**	**SCOPE**	**TARGET CLASSIFICATION**	**BASE YEAR**	**TARGET YEAR**	**DATE PUBLISHED**
Target	N/A	Engagement	3	N/A	FY20	FY29	2024-07-11
Target	N/A	Absolute	1+2	1.5°C	FY20	FY30	2024-07-11
Commitment	Target set	N/A	N/A	N/A	N/A	N/A	2022-06-01

In FY24, BraveGen[44] also performed a review of our targets, measured against the SBTi standard and guidance for Information Communication Technology (ICT) sector,[45] concluding that: *"Collectively, the Scope 1 and 2 emissions target, Scope 3 supplier requirements and Net Zero emissions ambitions provide confidence that Chorus is acting to limit global warming to 1.5 degrees"*.

43 https://sciencebasedtargets.org/target-dashboard. As at publication of this report, we are awaiting official notification from SBTi.
44 https://www.bravegen.com/
45 Science Based Target Initiative, Information and Communication Technology (ICT) sector specific guidance, Guidance for ICT companies including fixed line.pdf

5.2 Metric categories

GHG inventory and emissions reduction progress

Chorus has been measuring its carbon emissions since 2012 and has set a base year of FY20. Between FY20 and FY24, Chorus reduction electricity usage by ~6.5%. Chorus is removing legacy and unused copper network equipment to accelerate energy savings from FY25 and initiated an energy audit to identify further reduction opportunities. While limited assurance of our GHG emissions disclosures is not mandatory until FY25, Chorus engaged KPMG to provide limited assurance of our GHG inventory for the FY24 period.

Like many organisations, our scope 1 and 2 emissions reflect a smaller percentage of our overall emissions inventory – scope 1 and 2 emissions represent 12.2% of our inventory while scope 3 emissions represent 87.8%. This is why we are committed to working with our suppliers to reduce emissions, and this is a key focus. Electricity is the largest source of our scope 1 and 2 emissions (representing 85.7%) and therefore our biggest focus to work towards meeting our science-aligned targets for scope 1 and 2. We use Ecotricity, New Zealand's first Toitū climate positive certified electricity provider to power our network. They provide 100% renewable energy sourced from wind, hydro and solar and have their own science-based reduction plan to reduce emissions.

We aim to lower electricity consumption by 15% by the end of FY25, and by 25% by FY30, measured against a base year of FY20. In terms of progress, we have reduced our overall electricity use by approximately 6.5% over FY20-FY24, including 3% in the last financial year, and plan to continue our efforts in FY25. Given energy management is a key part of how we operate, we further aim to produce some of our own electricity from solar generation on exchange buildings over the next five years, with trials starting from FY25 as noted above. Options for further investment in solar are being explored subject to trial findings and capital management/business plan approval).

GHG emissions standards

GHG emissions have been measured in accordance with:

- Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard[46]
- Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting[47]
- Greenhouse Gas Protocol – Technical Guidance for Calculating Scope 3 Emissions[48]

Other guidance used:

- ISO 14064 – 1:2018 – Greenhouse gases Part 1
- GSM Association (GSMA), the Global Enabling Sustainability Initiative (GeSI) and the International Telecommunication Union (ITU-T) – Scope 3 Guidance for Telecommunication Operators[49]
- Ministry for Environment – Measuring emissions: A guide for organisations.[50]

Consolidation approach

In measuring GHG emissions, we employ an operational control consolidation approach defined by the GHG Protocol that includes Chorus New Zealand Limited only, as our operating company and sole subsidiary of our parent company, Chorus Limited.

Source of emission factors and GWP rates

Chorus reports its GHG emissions in tonnes of CO_2 equivalents (tCO_2e). As part of our reporting, activities contributing to all relevant seven Kyoto Protocol gases were considered: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3) in compliance with the requirements set by the GHG emissions standards listed on the left.

All purchased and generated energy emissions are dual reported[51] using both the location-based method and market-based method. The sources of emissions factors and associated Global Warming Potential (GWP) rates for our emissions were:

1. New Zealand Ministry for the Environment's 2023/2024 Guidance for Voluntary Greenhouse Gas Reporting
2. Business, Energy & Industrial Strategy (BEIS) Formerly, Department for Environment, Food and Rural Affairs (Defra) (UK) – Greenhouse gas reporting: conversion factors 2023
3. Thinkstep-anz – Greenhouse Gas Emissions for Commodities and Industries v1.1 May 2024[52]
4. Bravetrace residual supply factor for Market based reporting[53]

The emission factor sources are based on global warming potentials (GWPs) varying from AR5–AR6. The latest Ministry for the Environment (MfE) emission factor publication updated the GWP values to align with the requirements for GHG inventory reporting under the Paris Agreement.[54]

It is a requirement under ISO14064–1:2018 and the Greenhouse Gas Protocol to consider, assess and disclose the uncertainty associated with a Greenhouse Gas Inventory. The nature of GHG emissions inventory reporting means there will always be a level of uncertainty, especially within scope 3. To minimise this uncertainty, source data has been used where possible. Where uncertainty exists or source data is unavailable, a conservative estimation approach has been taken so understatement of emissions does not occur. Where emission factors are historical (i.e. Thinkstep-anz – Greenhouse Gas Emissions for Commodities and Industries v1.1 May 2024), an adjustment for inflation has been applied. These estimation uncertainties have been disclosed in the below table, in alignment with the standards (listed above) requirements.

Table 6 provides an overview of our calculation method, data quality and uncertainty and total emissions per emission source.

46 Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard
47 Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting
48 Greenhouse Gas Protocol – Technical Guidance for Calculating Scope 3 Emissions
49 GSM Association (GSMA), the Global Enabling Sustainability Initiative (GeSI) and the International Telecommunication Union (ITU-T), Scope 3 Guidance for Telecommunication Operators, 2023
50 Ministry for Environment – Measuring emissions: A guide for organisations
51 Dual reporting illustrates the role of supplier choice, onsite renewable energy generation and contractual instruments in managing indirect emissions from energy alongside any ongoing energy efficiency and reduction efforts.
52 Thinkstep anz, Spend-based emission factors for New Zealand, May 2024.
53 Bravetrace, Residual Supply Mix factor publication, FY24.
54 As agreed in decisions 18/CMA.1 and 5/CMA.3, parties to the Paris Agreement are required to use the 100-year time-horizon GWP (GWP100) values, as listed in table 8.A.1 of the Fifth Assessment Report (AR5) of the IPCC, excluding the value for fossil methane.

Metric categories continued

Table 6: GHG emissions in metric tonnes of carbon dioxide equivalent (t-CO_2e)

Scope – Category	Category	GHG emission source	Calculation method	Methodology and Data Source	Data quality and uncertainty	FY24 (t-CO_2e)	% of total emissions
SCOPE 1							
1 – Direct	Stationary combustion	Diesel generator fuel.	Fuel-based method	Invoices and excel reports records of fuel purchased.	Low uncertainty and high data quality.	236.38	0.45%
1 – Direct	Stationary combustion	Natural gas (LPG use in exchanges).	Fuel-based method	Invoices with monthly meter readings.	Low uncertainty and high data quality.	103.52	0.20%
1 – Direct	Fugitive emissions	Fugitive emissions from air-conditioning systems	Supplier-specific method	Records from service providers maintenance reports and supporting invoices.	Low uncertainty and high data quality.	441.88	0.84%
1 – Direct	Mobile Combustion	Chorus vehicle fleet fuel	Fuel-based method	Invoices and excel reports records of fuel purchased.	Low uncertainty and high data quality.	131.28	0.25%
SCOPE 2							
2 – Purchased electricity	Electricity	Location based	Hybrid-based method (supplier and estimated)	Supplier' excel report, small suppliers' invoices with meter reading. Accurate records of electricity purchased. Within multiple exchanges, we rent space from Spark sites and due to limited equipment electricity metering, Spark and Chorus invoice each other electricity usage based on a usage (kWh) per equipment type.[55]	Low uncertainty and high data quality.	5,474.35	10.46%
		Market based[56]			Moderate uncertainty and high data quality.	[603.73][57]	–
SCOPE 3							
3 – Indirect	Category 1 – Purchased goods and services. and Category 2 – Capital goods[58]	Financial annual spend records of all suppliers	Spend-based method[59]	Where no supplier information was available or the data was too uncertain, we used a spend-based method from internal finance annual spend records by service type x emission factor sourced from Greenhouse Gas Emissions for Commodities and Industries emissions modelling.	High data quality with high uncertainty around the emission factors selection.	24,337.274	46.51%
3 – Indirect		Suppliers fuel data (service delivery partners)	Hybrid-based method (fuel based and estimated)	All major suppliers (spend >$8M a year) contacted for information on the portion of their footprint attributable to activities performed on behalf of Chorus. Generally, fuel use is the majority of the emissions, especially for our Field Service Agreement (Downer, UCG and Ventia), who provide monthly fuel information.	Moderate certainty and moderate data quality due to certain level of estimation around the sub-contractors' fuel use.	11,470.19	21.92%

55 Energy audit was completed in 2015 to develop a comprehensive list of all the energy used by equipment type and allow for improved assumptions.
56 Scope 2 market-based emissions reflect the generation fuel mix from which the reporting company contractually purchases electricity and/or is directly provided electricity via a direct line transfer.
57 The NZ-CS-1 standard requires entities to report on electricity using the location-based method, nonetheless Chorus also included the market-based figure for transparency across our reporting.
58 Purchased goods and services and Capital Goods were reported in the same category as there is still some uncertainty on the type of services and how this is accounting within our financial records. Chorus will work on improving this data quality for FY25 and aim to split them and have more supplier specific data for the next reporting period.
59 Chorus will work to move away from spend based data towards supplier specific information.

Metric categories continued

Scope – Category	Category	GHG emission source	Calculation method	Methodology and Data Source	Data quality and uncertainty	FY24 (t-CO_2e)	% of total emissions
SCOPE 3 (continued)							
3 – Indirect	Category 3 – Fuel and energy use	Transmission and distribution (T&D) line losses from electricity	Average-data method.	T&D lines losses based on electricity and gas consumption data from scope 1 and 2 and MfE line loss assumptions. Chorus also voluntary reports on T&D losses from our scope 3 electricity use (ONT and customers).[60]	Low uncertainty and high data quality (based on supplier information).	738.23	7.14%
		Well-to-tank (WTT) emissions from upstream fuel use	Average-data method	Fuel records for Chorus own fleet. WTT estimated using BEIS assumptions.	Low uncertainty and high data quality.	2,997.83	
			Average-data method	Estimates of the amount of fuel used and our scope 3 (contractor fuel details).[60]	Moderate data quality and moderate certainty.		
3 – Indirect	Category 4 – Upstream Transportation and distribution	Air and Sea freight from overseas to New Zealand and road and rail within New Zealand	Distance-based method	This category includes all transport and distribution paid by Chorus regardless of whether the transport occurs upstream or downstream according to the Telecommunication guidance[61] Supplier report (Nokia) providing the distance and weight for packages. Distance is determined using international freight distance databases and weight is based on supplier records per product type. Mainfreight provides a supplier specific emission factor that is externally verified. The information is based on accurate tracking by mode of transport and have the ability of report on weight and distance per mode type. This allows for supplier specific emissions instead of using average emission factors	Moderate uncertainty and moderate data quality.	928.59	1.78%
3 – Indirect	Category 5 – Waste generated in operations	Waste to landfill produced at Chorus's offices.	Average-data method	Report provided by third-party building managers at each Chorus offices. Information is broken down by type and weight of waste generated.	Moderate uncertainty and low data quality.	12.74	0.02%
3 – Indirect	Category 6 – Business travel	Air travel and Accommodation	Supplier-specific method	Supplier records (Tandem Travel) with type of travel class and distance travelled per passenger. Tandem is audited annually on their methodology and reporting. Outputs are calculated using the distances travelled by sector split into domestic, short-haul and long-haul split by class of travel (business, first class, economy...).	High data quality and low uncertainty.	488.34	0.98%
		Taxis	Spend-based method	Records from general ledger.	Variable data quality, medium uncertainty overall (due to the emission factor).	11.34	
		Rental car	Distance-based method	Supplier records itineraries and rental car companies' information (kms travelled). Some assumptions made around the type of vehicle driven.	Moderate data quality and moderate uncertainty.	4.87	
		Mileage claims	Distance-based method	Records from general ledger. (kms travelled). Data is extracted from our internal expense claim system and assumes kms travelled to be accurate and a reflection of work-related travels.	Moderate data quality and moderate certainty.	8.04	

60 Chorus is aware that this might lead to double counting but decided to take a conservative approach.
61 Category 9 – page 56 – GSM Association (GSMA), the Global Enabling Sustainability Initiative (GeSI) and the International Telecommunication Union (ITU-T), *Scope 3 Guidance for Telecommunication Operators*, 2023

Metric categories continued

Scope – Category	Category	GHG emission source	Calculation method	Methodology and Data Source	Data quality and uncertainty	FY24 (t-CO_2e)	% of total emissions
SCOPE 3 (continued)							
3 – Indirect	Category 7 – Employee commuting	Travel to and from work (in private vehicles and public transport)	Distance-based method	Employee survey to determine commuting based on survey results and office occupancy data.	Data quality is low and high uncertainty as it is based on survey.	276.94	0.62%
		Working from home	Hybrid-based method	Chorus internal office occupancy tracks occupancy per location, this was used to estimate working from home days.	Data quality is high and high uncertainty due to the emission factor assumptions.	46.26	
3 – Indirect	Category 11 – Use of sold products[62]	Electricity use within customer devices.	Direct use-phase method	Chorus internal tracking of number of ONT (Optical Network Terminal) deployed. This is based on the manufacturing estimated electricity use of the ONT (Optical Network Terminal) installed in premises or powered by end users. It excludes energy use from Wi-Fi gateways provided by Retail Service Providers or customers.	High data quality and moderate uncertainty due to the electricity assumption based on manufacturing and product specifications.	3,883.48	7.42%
3 – Indirect	Category 13 – Downstream leased assets	Electricity use on-charged to customers	Hybrid-based method (supplier-based and estimated)	Within multiple exchanges, we rent some of our space to Spark and must estimate the electricity (using some assumptions). Our Christchurch office ground floor was leased for most of the year and was sub-metered, data was based on a specific ICP number.	Moderate uncertainty and moderate data quality. High data quality and low uncertainty.	734.72	1.4%
					Scope 1, 2 and 3 Total **(t-CO_2e)**	52,326.26	

62 According to the GSMA GeSI **scope 3 guidance for telecommunications operators**, ONT could be reported either in Category 11 and Category 13. It is noted that according to the Greenhouse Gas Protocol Value Chain standard, Category 11 should report on emission using lifetime emissions. After careful consideration, internal discussion and external comparison of industry best practice, Chorus decided to report the ONT emissions under category 11 for consistency with the Telecommunication industry **without applying the lifetime reporting** requirements as Chorus has access to more accurate information (actual annual electricity consumption until the ONT is disconnected).

Metric categories continued

Exclusions

Specific emission sources have been identified and excluded from the Chorus GHG emissions calculation in FY24. These sources are either not applicable to Chorus operations or are relevant but are either not material in the context of the GHG inventory (greater than 5% of overall emissions), not material to stakeholders, and/or not technically feasible or cost effective to be quantified at present.

Table 7. GHG category exclusions

Greenhouse Gas Protocol Category	Greenhouse emission source or sink	Reason for exclusion	Est. size of exclusion tCO_2e	% of total inventory
Scope 3: Category 1 and 2	Purchased goods and services and capital goods	Our top 115 suppliers provided coverage for 96% of our corporate spend. The remaining 4% of spend consists of a high volume of low value suppliers. Noting the extensive work that would be required to estimate emissions for these suppliers, and their low business impact given their individual dollar value, we have assessed these as immaterial.	2,099.70	4.01%
Scope 3: Category 4/Category 9	Upstream transportation and distribution Downstream transportation and distribution	We have done a spend based estimate testing and the potential additional freight has been assessed as immaterial.	66	0.13%
Scope 3: Category 8	Upstream Leased Assets	Chorus does lease some assets, but these emissions are accounted for within our scope 1 and 2 respectively.	n/a	n/a
Scope 3: Category 10	Processing of sold products	This Category includes the further processing of intermediate products (e.g. material, component) sold to downstream companies and is normally not considered relevant to telecommunication operators.[63]	n/a	n/a
Scope 3: Category 12	End-of-life treatment of sold products	Inclusion of end-of-life treatment of sold goods is particularly challenging with regards to lacking access to accurate data, need for assumptions about end-of-life preferences of customers, low accuracy of supplier EFs and limited availability of country-specific data).	n/a	n/a
Scope 3: Category 14	Franchises	Chorus does not have any franchises.	n/a	n/a
Scope 3: Category 15	Investments	Chorus does not have any relevant investments.	n/a	n/a

KPMG was engaged to carry out a limited assurance review of Chorus' GHG Scope 1, 2 and 3 Emissions Inventory for the reporting period (1 July 2023 to 30 June 2024). KPMG's limited assurance opinion is attached as Appendix 2.

Chorus' sustainability reports describe our scope 1 and 2 emissions since the base year for our emissions reduction target (FY20).[64]

63 GSM Association (GSMA), the Global Enabling Sustainability Initiative (GeSI) and the International Telecommunication Union (ITU-T), Scope 3 Guidance for Telecommunication Operators, 2023
64 Chorus' **sustainability reports** describe our scope 1 and 2 emissions in FY20, FY21, FY22 and FY23.

Metric categories continued

GHG emissions intensity

Chorus monitors emissions intensity against the amount of data transmitted across its network in petabytes (PB). As the amount of data transmitted on our network steadily increases as more people and devices connect, our emissions intensity decreases. We aim to achieve an emissions intensity of under 1 (tCO_2e/PB) by FY25. In FY24, we have set out two different emissions intensity measures. We calculated the emission sources in the intensity calculation in Table 8 below using Scope 1 and 2 emissions only. We chose a per petabyte measure as this measure is the most relevant to our business. Additionally, we have reported on our scope 1, 2 and 3 per million-dollar revenue as it is the most relevant intensity measure when covering all scopes.

Table 8. FY24 Scope 1 & 2 GHG Emissions intensity (tCO_2e/PB)

Financial year	Data traffic (PB)	Scope 1 and 2 (tCO_2e)	Emissions intensity (tCO_2e/PB)
FY24	7,974	6,387	0.80

Table 9. FY24 Scope 1, 2 and 3 GHG emissions intensity per million-dollar revenue (tCO_2e/M$)

Financial year	Million-dollar revenue (M$)	Scope 1, 2 and 3 (tCO_2e)	Emissions intensity (tCO_2e/M$)
FY24	1010	52,326	51.81

Assets or business activities vulnerable to transition risk

As a conservative estimate, all of Chorus' business activities are vulnerable[65] to climate-related transition risks to some degree. These include risks related to the transition to a low-emissions, climate-resilient global and domestic economy such as policy, legal, technology, market and reputation changes.

As a regulated entity, we are also subject to price-quality regulation set by the Commerce Commission. If the Commission provides insufficient allowance for asset management practices, resilience and adaptation planning, this could result in Chorus needing to deprioritise climate-resilience initiatives in favour of core activities and maintaining compliance (with for example our quality standards). We manage our exposure to this risk by monitoring regulatory change, and advocating for appropriate regulatory outcomes, for both our fibre and copper networks.

65 Chorus assesses vulnerability to physical and transition risk using a combination of both our exposure to the risk and our adaptive capacity to either prepare for, or respond to, it.

Metric categories continued

Assets or business activities vulnerable to physical risk

In 2019, Aon first investigated potential climate change impact from sea level rise on key Chorus assets. In 2022, Aon built on this work by reassessing the climate change impacts based on an updated asset portfolio and an extended scope to include coastal, pluvial, and fluvial flooding.[66] Aon's assessment, finalised in 2023, used two global emissions scenarios: moderate (SSP2–4.5) and high (SSP5-8.5) to 2040 and 2090.[67]

Aon's latest assessment showed that fluvial flooding poses the greatest exposure to Chorus assets, in particular other exchange/access sites. Fluvial flooding includes rivers and streams breaking their banks resulting in water ingress into adjacent low-lying areas. In particular, Aon found that 11% of those sites would potentially face high to very high exposure under the two emissions scenarios. 23% would potentially face some exposure (very low to very high), which reflects current day levels.

A summary of Aon's findings is set out in the table below:

Table 10. Chorus network exposure[68] to climate change

ASSET TYPE	SEA LEVEL RISE		COASTAL FLOODING			PLUVIAL FLOODING			FLUVIAL FLOODING		
	2040 SSP2–4.5	2040 SSP5-8.5	2023	2040 SSP2–4.5	2040 SSP5-8.5	2023	2040 SSP2–4.5	2040 SSP5-8.5	2023	2040 SSP2–4.5	2040 SSP5-8.5
KEY EXCHANGE SITES											
— potentially exposed (very low to very high)	0	0	0	0	0	7%	7%	7%	13%	15%	15%
— potentially exposed (high to very high)	0	0	0	0	0	3%	3%	3%	5%	7%	7%
OTHER EXCHANGE/ACCESS SITES											
— potentially exposed (very low to very high)	(<1%)	(<1%)	1%	2%	2%	13%	13%	13%	23%	23%	23%
— potentially exposed (high to very high)			1%	1%	1%	3%	3%	3%	10%	11%	11%
UNDERGROUND UTILITY BOXES											
— potentially exposed (very low to very high)	(<1%)	(<1%)	1%	2%	2%	10%	10%	12%	12%	12%	12%
— potentially exposed (high to very high)			1%	1%	1%	4%	4%	9%	8%	9%	9%
TECHNICAL ENCLOSURES OR CABINETS											
— potentially exposed (very low to very high)	(<1%)	(<1%)	1%	2%	2%	9%	9%	9%	12%	12%	12%
— potentially exposed (high to very high)			1%	1%	1%	2%	2%	2%	6%	6%	6%
POLES											
— potentially exposed (very low to very high)	(<1%)	(<1%)	1%	1%	1%	10%	10%	10%	12%	12%	12%
— potentially exposed (high to very high)											
REGIONAL FIBRE											
— potentially exposed (very low to very high)	(<1%)	(<1%)	1%	2%	2%	14%	14%	14%	18%	18%	18%
— potentially exposed (high to very high)											

Note: The above is an extract from Aon's 2023 assessment, and reflects Chorus network asset data as at 2022. Accordingly, the scope of our network footprint may have changed over time, including the number of specific assets.

With retirement of our copper network (including legacy copper assets) a strategic priority for Chorus, we expect some of this asset exposure to reduce over coming years. Chorus intends to build on Aon's work in FY25 with further analysis of network-wide operation vulnerability against key climate transition risks.

66 For completeness, we note that Aon's assessment did not look at transitional or physical risks from high temperatures, severe windstorms, or bushfires and Chorus will consider whether this should be a focus in future.
67 Aon's final assessment was based on 'point in time' Chorus network data collated in 2022.
68 Chorus has chosen to report exposure as that is the metric for which it has reliable data available in FY24.

Metric categories continued

Assets, or business activities aligned with climate-related opportunities

Our main climate-related opportunities are two-fold – identifying ways to reduce our electricity use, and trialling ways to generate our own renewable energy.

While withdrawal of the copper network is not driven exclusively as a climate-related initiative, it does reduce our electricity use – at 30 June 2024, copper comprised 13% of Chorus' connections. As part of our focus on renewable energy, Chorus carried out a feasibility study and has committed to trialling solar photovoltaic (PV) on 6 out of the approximately 470 most suitable exchanges from FY25. The trial covers approximately 1% of suitable exchange sites and we intend to evaluate any risks and uncertainties associated with using renewable solar.

Capital deployment: amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities.

As noted above, Aon assessed the climate-related impacts of sea level rise, coastal, pluvial and fluvial flooding in FY23. Those assessments have been taken into account in Chorus' asset management, resilience and investment planning. The Commerce Commission sets capital expenditure allowances for Chorus' regulated fibre network under Part 6 of the Telecommunications Act ahead of each regulatory period. Chorus can apply for additional expenditure by way of individual capex applications. As part of the Part 6 regulatory regime, we prepare asset management plans and report to the Commission on our progress against these.

In FY24, our most material new capital expenditure towards climate-related risks and opportunity was managing the fibre and copper network impacts of Cyclone Gabrielle. This accounted for approximately $3.3million of new capital expenditure.

Following Cyclone Gabrielle, Chorus also considered how we might make our network more resilient for the future. As noted in section 4.3 above (under 'Examples of specific mitigations'), one initiative for exchanges has been the development of two mobile exchanges on wheels, or MEOWs, at a total cost of ~$915,000. Using six-metre long 'datablok' containers, a MEOW can be transported by road and can connect up to 25,000 fibre connections. This means we can restore services more efficiently in the event of disaster impacts.

The above expenditure is addition to various opex spend on climate-related initiatives during FY24, including consultancy fees.

Our focus for FY25 includes working with Chorus' Chief Technology Office and Finance teams to better understand climate-related risks across our business, improve costs reporting associated with climate activities, and incorporate climate considerations into core business planning and capital allocation processes.

Internal emissions price

At the date of this statement, Chorus does not have a formal 'internal emissions price'. We are however in the process of setting an Internal Carbon Price (ICP) for use in FY25. We have calculated the cost to Chorus if mandatory participation in the Emissions Trading Scheme was passed by government, and this has been noted in our 10–year financial planning process.

Remuneration linked to climate-related risks and opportunities

As noted above, some members of our Executive have KPIs linked to the execution of our sustainability strategy (for example, our Chief Corporate & Regulatory Officer). All Executives have a strategy execution KPI, of which implementation of our sustainability plan and reducing emissions is one measure. As part of this, Executives have a specific electricity use reduction target for each financial year. These KPIs are taken into account along with other KPIs when assessing Executive performance and remuneration.

Other industry-based metrics

Chorus is not aware of any other industry-based metrics used to measure and manage climate-related risks and opportunities in the reporting period.

6. Appendices

6.1 Appendix 1 – Glossary of Key Terms

Key terms are as defined in NZ CS 1, unless otherwise indicated with an asterisk (*) below:

Absolute target	A target defined by a change in absolute GHG emissions over time. For example, reducing scope 1 GHG emissions by 50% by 2030 from a 2019 base year
Base year	A historic datum (a specific year or an average over multiple years) against which a company's emissions are tracked over time
Board*	Chorus Limited's Board of Directors
Cabinets*	A cabinet is an enclosed structure containing telecommunications equipment, used for copper and/or fibre services. Chorus cabinets are often small roadside non-building structures but can vary.
CO_2e	Carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of each of the seven GHGs, expressed in terms of the global warming potential of one unit of carbon dioxide for 100 years. It is used to evaluate releasing (or avoiding releasing) any GHGs against a common basis
Emissions*	Emission sources are categorised by scope to manage risks and impacts of double counting. There are three scopes in greenhouse gas reporting.
Exchange*	A local fibre company (LFC) owned or leased building, or leased or licensed area within a building, with a floor area of at least 15 square metres (or, since UFB2, can include a cabinet) and a main distribution frame terminating copper or fibre network connected to end-user premises
Fluvial*	River flooding
FY*	Financial Year – 1st of July to 30th of June periods
GHG	Greenhouse gas. The greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO_2); methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF_3), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6)
GHG Inventory*	A quantification of an organisation's greenhouse gas sources, sinks, emissions, and removals.
ICP*	Internal Carbon Price. A monetary value on GHG emissions that an entity uses internally to guide its decision-making process in relation to climate-related impacts, risks and opportunities.
ONT*	Optical Network Terminal, or the termination point of fibre in the home or business.
Petabyte*	One million gigabytes (GB), which is a measure of data volume
Pluvial*	Surface water flood
Physical risks	Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns, such as sea level rise.
SBTi*	Science Based Target initiative: **https://sciencebasedtargets.org/**
Scenario analysis	A process for systematically exploring the effects of a range of plausible future events under conditions of uncertainty. Engaging in this process helps an entity to identify its climate-related risks and opportunities and develop a better understanding of the resilience of its business model and strategy.
Scope 1	Direct emissions from sources that are owned or controlled by a company
Scope 2	A reporting organization's emissions associated with the generation of electricity, heating/cooling, or steam purchased for own consumption
Scope 3	A reporting organization's indirect emissions (value chain) other than those covered in scope 2
tCO_2e	tonnes (t) of carbon dioxide (CO_2) equivalent (e).
Transition plan	An aspect of an entity's overall strategy that describes an entity's targets, including any interim targets, and actions for its transition towards a low-emissions, climate-resilient future.
Transition risks	Risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.
Verification*	An independent assessment of the reliability (considering completeness and accuracy) of a GHG inventory

6.2 Appendix 2 – KPMG Independent Limited Assurance Report to Chorus Limited

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that, in all material respects, the Greenhouse Gas Statement, comprising the Emissions Inventories and the explanatory notes on pages 34 to 38 **(GHG Statement)** has not been prepared in accordance with the Aotearoa New Zealand Climate Standards and the Greenhouse Gas Protocol's Corporate Standards and guidance (collectively, the 'GHG Protocol' as defined below) **(the criteria)** for the period 1 July 2023 to 30 June 2024.

Information subject to assurance

We have performed an engagement to provide limited assurance in relation to Chorus Limited's GHG Statement for the period 1 July 2023 to 30 June 2024.

Our assurance engagement does not extend to any other information included, or referred to, in the climate statements, that is not in relation to the GHG Emissions reported on pages 34 to 38. Additionally, our assurance engagement does not extend to targets or emissions reduction progress, of which details may be referenced within pages 34 to 38. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Criteria

The criteria used as the basis of reporting include the Aotearoa New Zealand Climate Standards; and the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance (collectively, the GHG Protocol):

— Scope 1 emissions have been prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition)

— Scope 2 emissions have been prepared in accordance with The Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard

— Scope 3 emissions have been prepared in accordance with The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

As a result, this report may not be suitable for another purpose.Key audit matters.

Standards we followed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE (NZ) 3410) issued by the New Zealand Auditing and Accounting Standards Board (Standard). We believe that the evidencewe have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with the Standard, we have:

— assessed the suitability of the circumstances of Chorus Limited's use of the criteria as the basis for

— preparation of the GHG Statement;

— used our professional judgement to assess the risk of material misstatement and plan and perform the

— engagement to obtain limited assurance that the GHG Statement 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 a conclusion on the effectiveness of these controls; and

— evaluated the appropriateness of reporting policies, quantification methods and models used in the

— preparation of the GHG Statement and the reasonableness of estimates made by Chorus Limited;

— evaluated the overall presentation of the GHG Statement; and

— ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret limited assurance and material misstatement

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, within the GHG Statement 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 GHG Statement.

Inherent limitations

As noted in the GHG Statement page 34, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

6.2 Appendix 2 – KPMG Independent Limited Assurance Report to Chorus Limited continued

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.

Our report is released to Chorus Limited and the Shareholders of Chorus Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. 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 anyone other than Chorus Limited and the Shareholders of Chorus Limited for any purpose or in any context. Any other person 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, 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 anyone other than Chorus Limited for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our conclusion is not modified in respect of this matter.

Chorus Limited's responsibility for the GHG Statement

The Directors of Chorus Limited are responsible for the preparation of the GHG Statement in accordance with the criteria. This responsibility includes the design, implementation and maintenance of such internal control as Directors determine is relevant to enable the preparation of the GHG Statement that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion to Chorus Limited on whether anything has come to our attention that, in all material respects, the GHG Statement has not been prepared in accordance with the criteria for the period 1 July 2023 to 30 June 2024.

Our independence and quality management

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) **(PES 1)** 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 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements **(PES 3)**, which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided regulatory assurance and financial audit 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, Chorus Limited.

KPMG

KPMG
Wellington
23 August 2024

CHORUS

https://company.chorus.co.nz/