

Building communities, Building lives.

Sustainability Report 2017





Fletcher Building's approach to sustainability is shaped by our company values and guided by the belief that by working with all our stakeholders – our people, customers, communities and shareholders – we can **Build Better, Together.**



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For more information about sustainability at Fletcher Building, please visit our website:
<http://www.fbu.com/who-we-are/environment-and-sustainability/>

We welcome feedback on our sustainability efforts and this report. Please contact us by email:
fb-communication@fbu.com

References to \$ and NZ\$ are to New Zealand dollars unless otherwise stated.

Chairman's letter



Fletcher Building's vision of **Building Better, Together**, as applied to sustainability, is about contributing positively to the communities in which we operate – socially, environmentally and economically – while we grow value for our shareholders. This means we need to invest in our employees, manage resources efficiently, manufacture environmentally responsible products, reduce our environmental impacts, and work in partnership with all our stakeholders to enrich the communities we work in and create.

We are guided by a core set of values that underpin how we work – both with each other and with our customers, suppliers, business partners and the broader community.

The Fletcher Building business strategy and approach to sustainability are tightly connected:

- Our sustainability focus on reducing our environmental footprint supports improvements in efficiency across our operations.
- Our sustainability focus on health and safety, diversity and training and development supports improvements in our culture and people engagement.
- As we seek to create a **customer leading organisation**, our sustainability focus on creating a valuable built environment and improving the customer experience supports this.
- As we seek **profitable growth**, our focus on conducting our business ethically ensures this growth is sustainable.

We achieved a lot in 2017, but I am most proud of our focus on employee safety, engagement and reducing our environmental impact.

As a large manufacturing, building and construction business, workplace safety is, and always will be, a core focus. While we have a

strong track record of continual improvement and reductions in safety incidents, one person harmed is one too many. Therefore, we decided to launch a new health and safety initiative in the 2017 financial year called Protect. A global programme, Protect will build on the strong foundations many of our business units already have in place, while supporting others to improve their health and safety performance. With Protect, we are establishing a set of safety standards and training modules that will be applied across all our businesses to set a world-class benchmark in safety.

At the heart of our business are our employees. We want our employees to be happy to come to work each day and achieve as a team. We know that having highly engaged people delivers better results for our shareholders, which is why we measure engagement every year and commit to driving measurable improvements.

In 2017 just over 92% of our employees responded to FBuSay, our group engagement survey. The high response rate was an indicator itself of the level of employee involvement across the business. The engagement score of 67% was up one percentage point on the previous year. More importantly we have seen improvement over the past year in several businesses as they have implemented action plans

to lift engagement and performance.

Like health and safety and engagement, reducing our environment impact is a constant focus for our business. Fletcher Building is made up of 34 individual businesses across our portfolio, and it is these businesses that can have the greatest positive impact on the environment.

Each of our businesses has their own inspiring stories to tell, from world first product labelling, water reduction initiatives, endangered animal relocations, and multiple community volunteering and support activities. I am always impressed with the work our teams and individuals do in the community and for the environment.

I hope you enjoy reading about our progress in our 2017 Sustainability Report and we welcome your feedback.

A handwritten signature in black ink, appearing to read 'Ralph Norris', with a long horizontal flourish extending to the right.

Sir Ralph Norris
Chairman

Where we work



Who we are: Fletcher Building Overview

Fletcher Building has diverse operations right across the building supply chain – from resources at one end, all the way through to the delivery of family homes at the other.

Our headquarters is in Auckland, New Zealand and we are dual listed on the NZX and ASX.

We have more than 21,000 people working in 34 business units globally, under the leadership of five divisions and a corporate centre. Our five divisions include Building Products, International, Distribution, Construction and Residential and Land Development.

In New Zealand, our operations span nearly every region of the country, contributing over 57% of the Fletcher Building group external revenue in the 2017 Financial Year. Significant operations in Australia contributed to 30% of external revenue while North America, Asia and Europe and other regions made up the other 13% of external revenue.

*2017 annual results presentation in the investor center on www.fbu.com



Revenue
\$m

\$9,399

2016: 9,004 ▲ 4%

Operating earnings
\$m

\$525

2016: 682 ▼ 23%

Cash flow from operating activities
\$m

\$243

2016: 660 ▼ 63%

Net earnings
\$m

\$94

2016: 462 ▼ 80%



At Fletcher Building our vision is Building Better, Together – and this is exactly what our 21,000+ people across the globe are delivering every day.

We manufacture and distribute high-quality building products and we build and deliver homes, communities, commercial buildings and major infrastructure projects.

At every step our business starts and ends with the customer, and we take great pride in the work we achieve together.



What we do

Our Divisions



BUILDING PRODUCTS

From our quarry operations to manufacturing plants, we source and manufacture trusted, high-quality building products.

INTERNATIONAL

Our family of internationally recognised brands features in built environments that range from kitchens to commercial buildings.

DISTRIBUTION

Our network delivers essential building, plumbing and steel products throughout New Zealand and Australia, from frame and truss timber to blocks and fastenings.

CONSTRUCTION

We have more than 100 years' experience leading commercial and infrastructure projects across New Zealand and the South Pacific – keeping people moving, businesses thriving and cities and economies growing.

RESIDENTIAL AND LAND DEVELOPMENT

We are creating desirable communities for a growing Auckland and transforming the heart of Christchurch.

Driving value

Inputs



Brand and product portfolio



Innovation



Customer experiences



Raw materials



Plant and machinery



IP and technology



Distribution channels



Investor capital



21,000+ skilled people globally

Value creation

VISION AND VALUES

SHARED VISION: Building Better, Together

SHARED VALUES: Be Bold Better Every Day Customer Leading Play Fair



Source and Manufacture

Distribute

Build

- GBC Winstone
- Rocla
- Iplex
- Roof Tile Group
- Winstone Wallboards
- Formica
- Tasman Insulation NZ
- Fletcher Insulation

- Firth
- Humes
- Laminex

- PlaceMakers
- Mico
- Steel Distribution
- Tradelink
- Stramit
- Tasman Sinkware

- Infrastructure
- Higgins
- Building + Interiors
- South Pacific
- Fletcher Living
- Land Development

People — Customers — Efficiencies — Profitable growth

STRATEGIC PRIORITIES

Outputs



Returns for shareholders



Customer engagement



Safe working conditions and rewarding careers for staff



Support for families and communities



Roads, tunnels and other public infrastructure and amenities that drive economies



A more sustainable business



Housing for New Zealand



Employment and investment in local economies



Connecting communities

The MacKay's to Peka Peka expressway separates local and highway traffic and enables safer and shorter trips to and through the Kāpiti Coast.

We are proud of the real differences we make to the lives of the people in the communities we work in. From the houses they live in, the roads they drive on, the buildings they work in, to the schools and hospitals that serve them. We get behind many of the causes, activities and initiatives that matter to people who live in our communities.



Helping people into housing

The Kowhai Ridge development in Auckland includes a range of housing solutions from open-market stand-alone homes to 30% housing solutions designed to meet the needs of Community Housing Providers.



Customer first

Ensuring our customers around the world have what they need, when they need it – if not before.



Our approach to sustainability

Fletcher Building's approach to sustainability is shaped by our company values and guided by the belief that by working with all our stakeholders – our people, customers, communities and shareholders – we can **Build Better, Together.**

Our 34 business units have the greatest ability to make a difference, and they are supported by an active Health, Safety and Environment Team.

Fletcher Building believes sustainability is important to the customer, delivers real value and is crucial to the life of our business.

We recognise that as a leading international business, our operations, products and services should have a positive impact on the environment, and on the communities in which we operate. Our businesses are committed to providing outstanding products and services that enhance built environments and improve quality of life, while also honouring and protecting the natural environment. Fletcher Building businesses aim to be the customers' supplier of choice, by providing outstanding products, excellent service, and mutually beneficial business partnerships.

We believe Fletcher Building can create greater business value and further strengthen trust with stakeholders through effective management of risks and optimisation of the societal, environmental and economic benefits of our business activities.



OUR COMMITMENT TO SUSTAINABILITY

Fletcher Building commits to:

- Working together to protect the environment
- Reducing the impacts associated with our manufacturing, construction and extraction operations
- Reducing the impacts associated with the distribution and use of our building materials
- Building leadership capability
- Supporting and investing in the communities in which we operate
- Managing health and safety risks across our business
- Working collaboratively with central and local government stakeholders to facilitate employment or training opportunities for disadvantaged youth
- Workplaces that strive to provide development opportunities for our people, focused on high engagement and high performance

Strategic priorities

Fletcher Building's aspiration is to run a sustainable building products and construction business, committed to creating value for our key stakeholders and delivering reliable earnings growth.

We have four strategic priorities to achieve this.

1

People

Building a great place to work, recruiting and developing the best talent and ensuring everyone goes home safe

2

Customer

Delivering what customers value through market-leading solutions and product innovation

3

Efficiency

Working better together to achieve excellence in sales, marketing and operations

4

Profitable Growth

Targeting growth in sectors with attractive long-term trends and where we have the advantage through ownership of channels to market or customer relationships

Our sustainability framework is built around these core strategic priorities:



Our people

We are committed to fostering a safe, diverse and engaged culture. We believe a highly engaged workforce delivers greater value for our shareholders and our society. Our people strategy has three key priorities: talent and leadership, creating a high-performance workplace culture and building capability.



HEALTH AND SAFETY

The safety of our employees, contractors and communities in which we operate always comes first. Our working environments by their nature expose our employees and contractors to risk. It is therefore critical that we have best-practice systems and training in place to identify those risks, identify continuous improvement opportunities and implement controls.

Although the Company's total injury frequency rate has decreased in recent years, too many people are still getting hurt at our sites around the world. In FY2017 33 people were seriously injured at work. Our total recordable injury frequency rate was stable at 6.9.

To further improve our safety culture, in 2017 Fletcher Building launched a new safety management framework called Protect. This programme is being rolled out to every business within the group, and provides an opportunity to re-set and re-focus on the primary importance of getting home safe, every day.

Protect will build on the centers of safety excellence that already exist within the business and shares them globally. It encompasses a new set of safety rules and standards for all, new digital tools, simplified

documentation, standardised learning and a common safety language.

At its most basic level, Protect introduces 10 standard safety rules for all employees. These global and consistent rules were based on analysing data of Fletcher Building's high risk incidents.

Protect delivers a comprehensive learning and training programme designed for the wide variety of responsibilities, skills, literacy levels and languages throughout the Company. Protect documentation is being translated into at least 14 languages to suit Fletcher Building employees and country operations.





Team create solution in Chinese paper store

Because of a building design fault, formaldehyde levels emitted from treated paper stored in the Formica Jiujiang Collation Room, China, were above required standards.

Although external experts were consulted on the problem, the team at the facility believed they could come up with solutions that could bring the formaldehyde levels under control and improve manufacturing volumes while reducing costs.

The Collation Formaldehyde Reduction Improvement Team made changes to ensure a safer working environment, starting with inventory reduction to control the source and then changing the layout of the storage rooms. Following the improvements, the formaldehyde level dropped 45%.

Specialists proposed a solution that would have cost NZ\$1.09 million but the employee solution, which also delivered significant reductions to inventory and waste, and supported an increase in manufacturing volumes, cost just over NZ\$100,000.

To keep the required temperature in the collation room, the team designed smaller collation rooms for treated craft and décor paper.

To lower the amount of treated paper they implemented principles of the Fletcher Building manufacturing Excellence Programme. Supporting these changes, the treating and collation teams were trained in LEAN manufacturing.

Tough targets were set for the teams and they exceeded all these targets. The team worked together to achieve a solution that improved working conditions and benefitted the business.

**FOLLOWING THE IMPROVEMENTS,
THE FORMALDEHYDE LEVEL DROPPED**

45%↓

CASE STUDIES

Dust Control

In FY2017 several initiatives were taken to reduce airborne dust at our manufacturing plant or construction sites. Reducing airborne dust is critical to creating a healthy and safe workplace.

Dust control

Reducing airborne dust is critical to maintaining a healthy and safe workplace. Fletcher Building operates several sites where silica or wood dust is created by daily operations. The dust is managed to reduce health risks to employees, contractors and neighbours. In FY17, we undertook several initiatives to further reduce airborne dust at our quarries, manufacturing plants and construction sites.

GBC Winstone Yaldhurst Quarry

During the year under review, neighbours of the Yaldhurst Quarry in Christchurch raised concerns about dust emanating from the quarry.

The Yaldhurst Quarry, operated by GBC Winstone, is one of five quarries working the aggregate resources in a Christchurch City Council Quarry Zone, west of the city. Yaldhurst Quarry and its competitors have been a critical aggregate supplier for construction and road projects in Christchurch, particularly during the rebuild.

GBC Winstone has, and continues to, meet all resource consent requirements, the Company implemented a range of further dust mitigation measures beyond what is required under its resource consent to address resident concerns.

There are two primary ways dust is generated at a quarry – from crushing aggregate at the fixed plant and from tyre movements on gravel, as trucks move around or exit the site.

GBC Winstone quarry's fixed plant is located over 500m from the closest resident's home. With regards to tyre movements, a number of changes have been made to move traffic further away from the majority of residents' properties. Traffic used to enter and exit at Old West Coast Road. All traffic now enters the site at Old West Coast Road and exits onto Miners Road at the very back of the site.

The exit road is now paved, which means trucks drive on at least 460m of paved road before exiting the site. Onsite traffic patterns and speeds have also been reviewed and revised to shorten travel times.

In addition to these measures, the quarry now uses water sprinklers and non-quarrying areas have been grassed or covered with washed chip – meaning more than a third of the quarry has now been sealed with materials that have zero dust generation potential. This process is continuing, with over 50% of the site to be closed out in the near future.

GBC Winstone has also installed dust monitoring devices on the perimeter of the quarry. If dust reaches predetermined levels the

monitors alert quarry management, who can respond quickly and implement changes to activity on site. Discussions regarding further dust monitoring are continuing with Environment Canterbury.

Fletcher Living

Silica dust must also be managed on Fletcher Living construction sites. Dust can be created by a range of common building tasks – mixing concrete, concrete grinding, cutting, sanding, fitting linear board and tile cutting. The Fletcher Living team ensure that its employees and contractors are aware of the health risks from silica dust. During the year, roadshows were organised to physically demonstrate the dangers of silica dust and how it can be managed better on site.

PlaceMakers

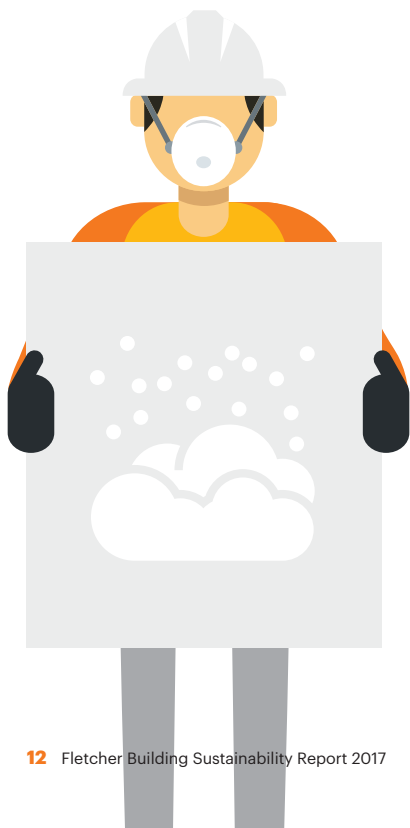
PlaceMakers' Wiri Frame and Truss plant in Auckland has an extraction system to protect its 103 workers. Following changes to recommended limits for airborne particles, levels of dust exceeding the new limits were found in one area around drop saws. Plant engineer John Daniels helped design and build a plywood booth to enable more efficient extraction of sawdust from the drop saws.

Fletcher Construction

The Breath Freely Programme is a Fletcher Construction initiative focused on improving and controlling airborne dust, fume and vapour. Forman Commercial Interiors joined the programme in late 2016. Its employees took part in workshops to learn more about preventing and managing airborne contaminants.



ABOVE Team undertake regular testing of dust masks.



HEALTH AND SAFETY PRACTITIONER OF THE YEAR

Sarah McDonald, a Fletcher Construction Health and Safety Advisor, was named New Zealand's Health and Safety Practitioner of the Year at the 2017 Health and Safety Workplace Awards. Sarah was the Senior Safety Advisor for the MacKays to Peka Peka expressway construction project (known as M2PP).

The citation for the award said she positively influenced health and safety thinking in the wider Wellington region and described her as "...a key player in forging a consistent approach out of the different cultures of the seven Alliance members and 5,000 individual contractors."

Sarah said the most important thing about the M2PP safety formula was its collaborative nature.

"It's not just me. It's the thousands of contractors who believed in it and who wanted to get home safely and return safe in the morning." She says the project had great leadership from the Board and the Alliance but also got buy-in from the ground.

"A lot of people say 'let's change the culture'. It's easy to say but harder to achieve without buy-in from the grass roots. We had our systems come from the grass roots and from the contractors. Accomplishing it was amazing."

"It doesn't happen every day with safety. Especially when you have a short timeline on projects. We had 5,000 contractors coming in and a reasonably short time to engage and implement the safety formula."

M2PP created a customised and unified safety engagement initiative called "Our Safety Formula".

The Canterbury Safety Rebuild Charter, chaired by Graham Darlow, won best leadership of an industry sector and went on to the win the Supreme Award at the Workplace Awards.



ABOVE / Sarah 3rd right with the M2PP safety team

The everyday safety hero and 2016 Excellence Award winner

When the volunteer position of Pipe Queensland Sales & Customer Service Safety Officer was created, Scott Fyfe stepped up, even though safety leadership was not a formal part of his original job description.

Scott attends site safety meetings, captures and shares site safety observations from sales and customer teams, and reports back to the regional co-ordinator for Safety, Training and Environment. He works continually on updating the how-to-work-safe instructions for vehicles and ensures the necessary equipment is fitted in cars, including first aid kits, water bottles and fire extinguishers.

Scott identified potential hazards around the workplace and implemented safety precautions off his own bat. All employees are now represented at site safety meetings and the relationship between factory and office employees is stronger.

Most importantly, the customer service and sales teams are now prepared for potential incidents and are more aware of their surroundings. Since Scott won the 2016 Excellence Award for individual contribution to safety, the sales and customer service



team have also completed a defensive driving course, a confined space awareness course and a first aid refresher course.

ABOVE / Scott Fyfe, Rocla

HIS WINS AS SAFETY OFFICER INCLUDED:

- Providing a full safe work instruction document to the sales team for driving a Fletcher Building vehicle
- Adding tinted windows and bull-bars on regional, outback travelling vehicles
- Fitting vehicles with necessary equipment including first aid kits, water bottles and fire extinguishers
- Initiation of the Rocla Driver Incident Report Form
- Implementation of a driver's accident report memo
- Weekly Safety Observation Reports and communication feedback to team members.

Diversity

DIVERSITY IN ACTION

Improving the diversity of our own people and reaching out to diverse communities is a strategic focus for the Company. Diversity at Fletcher Building means much more than applying gender or ethnic considerations to recruitment or talent development.

Diversity also means employing and using a wide range of skill sets and being inclusive of different thinking.

Fletcher Building's Diversity Council, focuses on developing a strong pipeline of diverse talent, creating an inclusive workplace and working with community and government organisations to provide employment opportunities to young people.

FB PRIDE

Building pride and giving back to the community are all key parts of our support for a diverse workforce at Fletcher Building.

Fletcher Building was a principal sponsor of the Auckland Pride Festival 2017 and was the first construction and building materials company to achieve Rainbow Tick certification. Rainbow Tick certification demonstrates a business is an inclusive organisation for people who are lesbian, gay, bisexual, transgender, takatapu and intersex (LGBTI).

Over the past two years the Fletcher Building Pride Network has gone from strength to strength promoting and supporting diversity within Fletcher Building and the wider community.



Fletcher Building's commitment to diversity has special resonance for employees in the LGBTI community:

"I'm lucky to work with Fletcher Building, a company that has gone out of its way to mark itself as an inclusive and non-judgemental workplace. For me as someone whose gender has always been questionable this makes a big difference."

Kim Prance Mico counter sales

"It's truly a great feel knowing that the company I believe in, believes in what I stand for. Building Better Together is what we stand for. How true is this!"

Shane Hagai GBC Winstone
Kapiti Quarries Manager

"The Rainbow Tick is important because it gives a voice to people who perhaps don't have that confidence or don't feel comfortable to speak up. I do everything I can to try and make Fletcher Building a safe place to work for individuals who might not usually feel that way."

Toni Lea
Recruitment Talent Force Manager



We are really focused on diversity across our business. We want people to know there is no place for prejudice at Fletcher Building, we value diversity and this is a place where you can be your authentic self."

KATE DALY
Chief People and Communications Officer

"Having the Rainbow Tick shows that Fletcher Building is committed to being a great place to work where everyone can be their authentic selves. Fletcher Building is an iconic New Zealand business and travelling around the country you can see a lot of landmarks that we've built or contributed to. I'm immensely proud of our landmark of being New Zealand's first construction and building materials company to get the Rainbow Tick. For me the Rainbow Tick shows that at Fletcher Building we see our diversity as strength, and we're all included here."

Jacob Toner
Quality Assurance and Risk Specialist

WOMEN IN THE INDUSTRY

Fletcher Building strongly believes that diversity of ways of thinking is essential to business success. Over recent years we've significantly increased the number of women employees including increasing the number of women in leadership roles by more than 50%.

As a principle partner with the Global Women network, we have actively launched a range of development opportunities and initiatives for female leaders across the entire organisation including programmes like Women in Plumbing and the FAB Women breakfast series.

A new initiative Fletcher Building supported in 2017 was the Destination Trades pilot course Nailing It. Nailing It is a 10-week introduction to the construction industry designed specifically for women. The course aims to give women a stepping stone into apprenticeships and industry roles.

Fletcher Building continued as principle sponsor of Global Women and supported its Break Through leadership programme.

CELEBRATING WOMEN IN CONSTRUCTION

The 2016 National Association of Women in Construction (NAWIC) awards celebrated outstanding women in the New Zealand construction industry.

Lynne Makepeace of Fletcher Construction won the Professional Woman of the Year award for her work in construction, a reflection of her hard work, success, and contribution to the industry. Recognised as an "incredibly effective leader", Lynne led a team of 180 as part Auckland's \$1.5 billion Waterview Connection project.

Gemma Collins of Fletcher Construction was also named a joint winner of the Outstanding Achievement in Design Award. Judges praised Gemma's use of sustainable design solutions and her ongoing leadership in engineering throughout her 25-year career.

The Excellence in Construction Administration Award went to Carolyn Pitman (pictured bottom left) of Fletcher Construction. Described as the "go to guru" for policies and processes, Carolyn successfully deals with a wide range of subcontractors and plays a pivotal role in her team.



LYNNE LED A TEAM OF

180

AS PART AUCKLAND'S
\$1.5 BILLION WATERVIEW
CONNECTION PROJECT.



MĀORI AND PACIFIKA LEADERSHIP

Ethnic diversity is a critical component of Fletcher Building's diversity strategy. We believe it is important for our workforce to be representative of our society, and a large part of our workforce resides in New Zealand. While we employ a significant number of Māori and Pacifica people, these groups remain underrepresented at management levels. Therefore, we introduced Whakatupu, a dedicated Māori leadership programme which is designed to support Māori participants to explore what their heritage means to them and to develop their leadership potential.

At the end of 2016 the first cohort graduated. Following the success of the course, the second Whakatupu programme began in March 2017. Fletcher Building is now developing a similar programme for Pacifica peoples.

YOUTH TRAINING AND DEVELOPMENT

Fletcher Building is investing in youth development, training and recruitment programmes targeting unemployed youth and school leavers, particularly in the Auckland region.

In January and February 2017 Fletcher Building hosted 50 summer interns. The interns were based all around New Zealand and worked on construction projects such as Commercial Bay, Auckland Prison, Auckland Airport, the Waikato Expressway, and M2PP.

In February 2017, the summer interns were joined by 59 graduates in this year's intake. The one year graduate programme, now in its third year, has been a huge success. This year the programme has crossed the Tasman, with one graduate based in Sydney, Australia and more expected in Australia during 2018.

Several business units have taken the opportunity to employ young, fresh minds into their fold, including Fletcher Construction Infrastructure, Fletcher Construction Building and Interiors, Group Technology, Sales and Marketing, Finance, Humes, and corporate functions.

During the year-long programme, run by the Organisational Development Team, graduates will attend six graduate learning and development 'contact' days, focusing on presentation skills, team strategy, business stimulations, mentoring, resilience, and career building. The programme will also offer the graduates 18 hours of remote learning, technical development, and on-the-job experiences run by their respective business units. Overall, there were 694 applications for the combined Graduate and Summer Intern recruitment drive.

In addition to the internship programme, Fletcher Building has a three-year principal partnership with TupuToa to implement a pathways programme designed to encourage Māori and Pacifica students into the workforce with a focus on corporate careers. Fletcher Building will invite 30 Māori and Pacifica TupuToa students over the next three years to be interns for 12 weeks between November and February.

The Company is continuing to work with and support a variety of youth development programmes from the Ministry of Social Development, Te Puna Kokiri and First Foundation.

EMPLOYEE ENGAGEMENT

Fletcher Building believes high engagement of its employees is one indicator of a high-performance culture. Participation in this year's FBU Say global staff engagement programme was a record breaking 92.1%. That means that 17,937 employees took the time to have their say.

This was a 6.2% increase on last year's response rate and the highest participation rate on record (90% in 2014). The participation rate was well above the 85% goal which is considered best practice globally for engagement survey response rates.

In 2017 our engagement score rose by 1 to 67. The Fletcher Building group score reflects the individual engagement scores of each business unit and function across the group.

Laminex NZ and Forman had the highest levels of engagement at 83 – an increase of 12 and 18 respectively. Fletcher Living, Homapal and Winstone Wallboards have consistently high engagement year on year. There was also an improvement on key measures across Tasman Insulation, GBC Winstone, Iplex NZ, Fletcher Construction South Pacific, Formica NA, and the group legal, technology and finance teams.

More than half of the business units showed an increase in action following the results of last year's survey. Unsurprisingly, these businesses units also achieved the strongest engagement gains. Action plans for each business are designed to improve engagement across the business and make Fletcher Building a better place to work.



Participation in FBU Say global staff engagement programme

92.1%

2016: 85.9% ▲ 6.2%

Engagement score

67

2016: 66 ▲ 1

Laminex NZ and Forman had the highest levels of engagement

83

Laminex NZ ▲ 12 Forman ▲ 18

2016 EXCELLENCE AWARDS

Fletcher Building is committed to creating a high performing organisation where our employees, workplaces and work practices are world class. We understand the importance of recognising and acknowledging the excellence that exists in these areas, and sharing these successes with the rest of the group.

The Fletcher Building Excellence Awards celebrate the best achievements in leadership, innovation, performance excellence and customer service and has been described by our then CEO and chairman as a highlight of the year.

The annual Excellence Awards this year was bigger than ever. The global reward and recognition programme had a record breaking 326 nominations.

Presenting the awards, Fletcher Building CEO Mark Adamson said that all the finalists deserved acknowledgement and congratulations.



I have looked upon what's gone on tonight with some awe. On behalf of the board I would like to thank every one of you for the contribution you make to the Fletcher Building Group."

SIR RALPH NORRIS
Chairman



The whole nomination process leading up to tonight and of course the winners we've just celebrated, truly are testament to the outstanding people we have in this business. I hope it inspires you to keep working together to deliver outstanding results."

MARK ADAMSON
CEO

CHANGING LIVES

Working in conjunction with Serco, PlaceMakers provided work for four former prisoners from Kohuora Auckland South Corrections Facility (Wiri Prison) following their release.

An ex-inmate and PlaceMakers employee sent the following letter of thanks



"I am an ex-inmate from Wiri Prison. Whilst I was serving, I was given an opportunity of a full-time job in the building industry. I took hold of this opportunity knowing I needed a positive change in my life. Thanks to PlaceMakers they helped make this possible. I have now been an employee of PlaceMakers for six months. It has been a privilege and an honour to be a part of this team/family. Without their help and support I would not be here. I would like to thank everyone from Wiri Prison and PlaceMakers."



ADDRESSING DRIVER SHORTAGE

In early 2016, Winstone Transport had a problem – a severe shortage of truck drivers. As fast as it was recruiting qualified drivers it was having to replace leaving or retiring drivers.

The business was also facing an aging workforce – 58% were over 50 years old while only 4% were in their twenties. An additional problem was a complicated recruitment process which resulted in applicants dropping out prematurely.

A range of solutions were identified, from streamlining the recruitment process to initiating a driver training programme targeting younger drivers with Class 4 certification who wanted to move up to Class 5 level.

Traditional recruitment channels were also bolstered by more actively targeting the youth market through social media – Facebook was used and interested candidates were encouraged to respond via Facebook or text directly to a Winstone Transport recruiter.

The Company also reframed the story for potential recruits – from simply offering a driving job to promoting Winstone Transport as a business that welcomes diversity, embraces training and delivers career opportunities.

With a new focus on in-house qualified driver trainers, Winstone Transport soon had new recruits with Class 4 qualifications moving through a training programme and

on the road after four months, with a Class 5 license and driving a larger truck and trailer rig.

Each time a driver qualified through the in-house programme their story was told on Facebook, spreading the word through friends and whanau, and attracting more interest in the driver training programme.

By March 2017, the focus on the We Pay, We Train programme and internal initiatives had resulted in four Class 4 to Class 5 graduates, a simplified recruitment process and 100% driver retention that has eased pressure on the Auckland fleet over the past six months.



A simplified recruitment process and

100%

driver retention in the pressured Auckland fleet over the past six months.



Living five minutes from work creates an easier family life for me. Living locally means I can provide our customers with a wealth of knowledge about what they buying into and why they will enjoy the area.”

CHRISTINA TUBMAN
New Home Consultant

JOBS FOR LOCALS

After receiving positive stakeholder feedback when it hired a local labourer, Fletcher Living Northern Branch determined to hire more local people for its new Red Beach, Whangaparoa, housing development.

Employing locally has a range of benefits both for the employee and business unit. Local people spend less time commuting and more time living in the community with their families and friends. For the business, local employees know and love the area, which means they are natural ambassadors for the local community and environment.

Red Beach development's two sales people and two supervisors live local, including Home Consultant Christina Tubman, who applied for the role based on the location.

“Living five minutes from work creates an easier family life for me. Living locally means I can provide our customers with a wealth of knowledge about what they buying into and why they will enjoy the area,” she said.

Fletcher Living Northern Branch is now also actively working with local contracting companies as well – two of their carpentry contractors, the bricklayer, and plumber all live close to the Red Beach development.

Building Materials

More and more consumers in Australasia, Europe and North America want healthier homes, greater control over their living environment and sustainable building solutions.



Several global studies indicate that having a warm home, with low levels of noise, good natural light and good security are the most valued factors when building a new house.

Issues such as the global growth of cities, shortage of residential land, home unaffordability, and house price inflation is forcing building products and construction companies to think about these issues from a strategic and transformational point of view.

At Fletcher Building we are conscious of these global concerns and trends. We have been thinking about how we can improve the durability and efficient use of resources in building and construction.

While business units within the Company have made progress, there remain many opportunities that we continue to explore through our innovation teams.

The demand for new homes in New Zealand has reached levels not seen since the early 1970s. Home builders such as Fletcher Living are nearing capacity and are now investigating productivity solutions to enable faster development of new homes while meeting consumer demand for larger homes with in-built garaging, energy efficiency and quality materials.

Advances have been made with toxin free cement products, efficient building systems and durable materials. As an example, in the United States Formica has begun marketing an eco-friendly leather veneer made from pulverised leather fibers extracted from recycled leather car seats and leather waste from tanneries.

In New Zealand both Firth and GBC Winstone have made significant improvements to their concrete products to the point where they have received approval from international certifying organisations to carry sustainability information and labelling.

Firth was approached to supply commercial and residential projects that are aspiring to Living Building Challenge certification levels. For these projects Firth had to provide research and information to allow its products to be specified.

CASE STUDIES

Building Products

Quietly efficient home building

Finding ways to build homes more efficiently is an increasingly hot topic in the building materials and construction industry, particularly as the demand for housing continues to grow, coupled with a shortage in skilled construction labour.

Group GM Innovation Stewart Vaughan is leading Fletcher Building's research and development into offsite panelised construction and his team reached its first major milestone for this project in May with the completion of a fully panelised duplex home for Fletcher Living at the Hobsonville development in Auckland New Zealand.

Throughout the development process the Innovation team have focused on the design for manufacture and assembly of the complete house in addition to quality and durability so as to avoid the pitfalls that others have incurred with off-site manufacturing. Fletcher Living is well respected in the residential housing market for providing high quality homes and we want to make sure an offsite engineered house solution meets these same high standards.

Stewart says the prototyping process has been a great success and has allowed the team to optimise their design and approach to offsite constructed houses and accurately validate the benefits of this methodology. The duplex house took only seven weeks onsite to complete compared to 22 weeks for a conventional build and was sold two weeks after completion. The team have developed solutions not just for panelised walls but also fully assembled mid-floors and pitched roofs including the ceilings, wiring and plumbing.

The savings are not just of time. Material wastage is also substantially reduced. The use of architectural design software, efficient use of materials and cutting equipment all reduce volumes of material. Transport to the site is also reduced – the home arrives in four or five consignments using purpose built trailers.

Another positive outcome was the reduction of noise on the site: standard house construction requires months of power saws, nail guns and other noisy equipment whereas the panelised duplex home was erected in four days ready for internal finishing with minimal disruption. This has advantages when building in already occupied areas.

The project has been a real collaborative effort with people from throughout the Fletcher Building group being involved – Fletcher Living, Winstone Wallboards, Laminex, Fletcher Cranes and PlaceMakers. The innovation team is now working on a panelised five-unit terrace block incorporating enhancements and learnings from the duplex house and in parallel with this developing the business case for establishing phase one of a full scale offsite manufacturing facility.

The team continues to work on refining the designs and methodology in this area.

Reduces average on-site build time from 22 weeks to seven.

9 weeks to 4 days



Noise reduction onsite

A standard house construction requires 50 days of power saws, nail guns and other noisy equipment



FIRTH DECLARES WORLD FIRST CONCRETE LABELS

As part of an ongoing commitment to its customers and the environment, Firth now has globally recognised ingredient labels for its products – the first concrete manufacturer in the world to do so.

‘Declare’ labels are ‘nutritional’ labels for the building industry, certified by the United States-based International Living Future Institute. Declare labels help architects, designers, specifiers, and customers know what a product contains and to better understand its sustainable qualities and environmental effects.

For Firth, this initiative means it can collaborate better with suppliers, distributors and customers to

design and build for the future and improve durability, longevity, and sustainability.

Declare labels also means Firth products can be used with Living Building Challenge projects (LBC), a global performance standard for buildings that defines the most advanced measure of sustainability. Declare labelled products can also be used for Homestar or Greenstar rated building projects.

Two of Firth’s ready-mix concrete mixes and concrete masonry products including all paving, retaining, bricks, grey masonry and architectural masonry carry the Declare label.



1916
SINCE

100 YEARS OF COMMUNITY CONNECTION

As well as being a strategically important manufacturing asset within the Fletcher Building group, the Golden Bay Cement Portland Plant, which recently celebrated its 100th anniversary, is a vital part of the local community of Portland, south of Whangarei, Northland, New Zealand.

The Portland plant began in December 1916 but can trace its roots back to 1884 when Nathaniel Wilson founded the Wilson Portland Cement Company to create a sustainable supply of domestically produced cement out of Warkworth.

Innovation is another Portland attribute. The plant has continuously improved its processes and is working on options to reduce its carbon footprint. It has introduced a biofuel wood waste into its furnace to help reduced reliance on fossil fuels.

The Portland plant invests in its local community by supporting local suppliers and employees. It sponsors the Portland School, Kindergarten, Fire Brigade and Whangarei Chamber of Commerce.

Environmental initiatives at Portland include contemporary particulate and combustion gas management systems, and the installation of a state-of-the-art truck wheel wash to reduce road dust contamination. The plant has also provided funding for local environmental projects such as a fish pass on the Otaika River, various wetlands, coastal walkway, and a major sponsorship of Matakohē-Limestone Island. This island in the Whangarei Harbour, once the site of an historic cement plant with links to the present-day Portland Plant, now has reserve status and is being restored to provide a predator-free home to kiwi and other native and translocated species.



Sustainable home of the future

In Beachlands, Auckland, Joel and Rochelle Payne have started an ambitious building project – to create New Zealand’s first home that meets the Living Building Challenge certification, arguably the most difficult to achieve eco-rating system in the world. Fletcher Building is participating in the project.

Joel and Rochelle are building a two-storey four-bedroom home on land behind a house they already own. They have some experience to rely on: Joel owns a slab edge insulation business and Rochelle is an electrical engineer and sustainable building consultant.

Living Building Challenge (LBC) certification covers every aspect of house construction and services – from Red List chemical-free building materials to energy efficiency, water treatment and natural habitats. An LBC building must generate its own energy, produce its own water and collect and recycle all its water waste including sewage. It’s a big ask.

“We started off just targeting the Living Building Challenge as this had not been done before in New Zealand on a residential house and was a challenge for me professionally. I’m an accredited Homestar assessor so targeting 10 Homestar was a given from the time we decided to build a new house,” Rochelle said.

Rochelle says the Living Building Challenge has demanding targets, especially in an urban area and working to get consents from Auckland Council has been particularly challenging.

So far two Fletcher Building companies – Firth and GBC Winstone – are involved in the project and more Fletcher products are being considered for the interior fit-out. Their involvement and supply of Living Building Challenge-compliant products indicated how far these companies have come in the drive to create sustainable materials for eco-homes.

Firth’s Declare concrete was selected for the home’s driveway and poured in March 2017. This was the first delivery of Firth’s Declare concrete to a customer.



BELOW / Artistic impression by Abdallah Alayan.

GBC Winstone is proud to be involved in the project and will be supplying Golden Bay Declare-labelled cement that will be mixed with clay, sand and water to create rammed earth walls. Cement will be account for 7-10% of the finished wall. The 0.6 meter rammed earth wall will have a layer of insulation in the middle and will be tampered down to a solid sandstone type of material, which will be left unclad.

Joel and Rochelle have enlisted the services of award-winning sustainability architect Phil Smith of Collingridge and Smith Architects as well as architect/interior designer Jo Anne Hitchcock from H Architecture.

They plan to generate interest and exposure for the house through print media, award entries and social media to show that sustainable builds can be done and to showcase the companies and products utilized in the build. They have a website - www.livinghouse.org.nz – and a Facebook page which provide more detail on the project and updates on its progress.



Impact on the environment

We are committed to continually reducing our impact on the environment. When it comes to environmental management, Fletcher Building thinks globally and acts locally.



EMISSIONS

While total greenhouse gas emissions from Fletcher Building's business operations rose 9% in the past financial year due to increases in manufacturing output, localised improvements continued to be realised through energy efficiency initiatives. (*Reference Scope 1 and 2 FY16 17 Comparison*)

Localised reductions in emissions have been gained from implementing the Company's strategies of meeting customer demand for innovative products and seeking greater operational efficiency across the 34 businesses. Examples included PlaceMakers and Mico re-locating to shared premises; more efficient transport solutions at Iplex, Queensland; and commissioning an energy-efficient coastal freighter for Golden Bay Cement.

However, the localised emissions reductions were not able to completely offset the growth in emissions from increased product output. For example, increased construction activity in two New Zealand cities required greater volumes of cement to be produced during the year at the Golden Bay Cement Portland plant. Most of the CO₂ emitted by cement manufacturing at Portland is

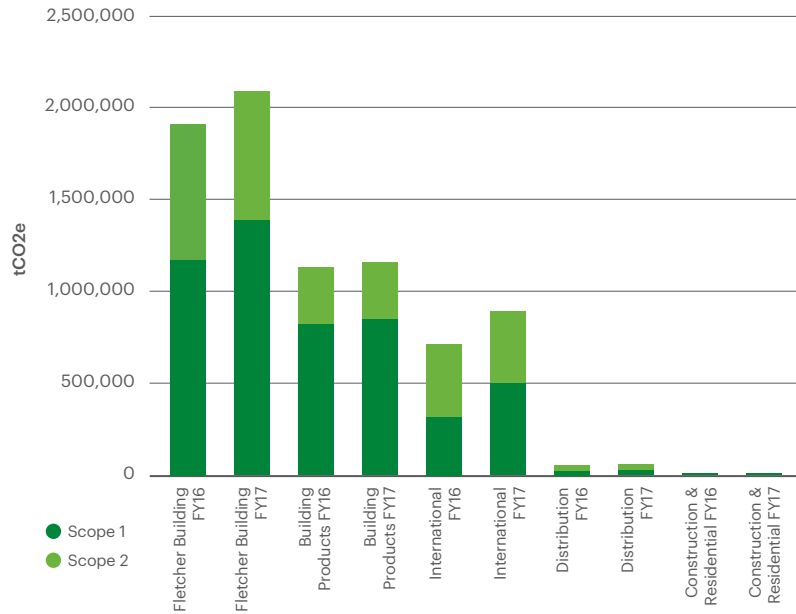
due to a change in the chemical structure of the raw material under very high temperatures. The remaining CO₂ emissions from fuel come from coal. Coal has been steadily displaced by waste wood biofuel and in 2019, it is anticipated that more coal will be replaced by shredded tyres.

Two divisions (Building Products and International) are responsible for 97% of Fletcher Building's global greenhouse gas emissions with six business units contributing 77% of the overall total. (*Reference Largest Carbon emitters*)

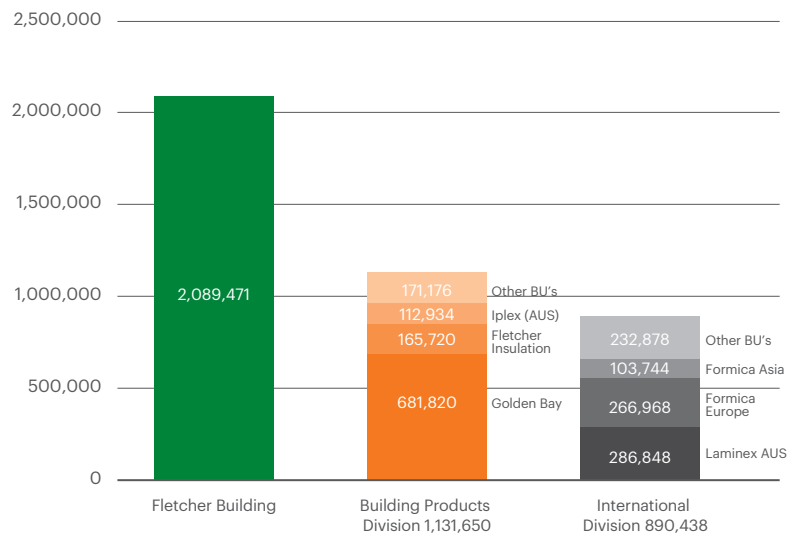
Fletcher Building aims to become more energy efficient and to reduce its greenhouse gas emissions. Examples of emissions, energy or waste reductions are championed and promoted globally as role models for the wider business.

We continue to voluntarily disclose our greenhouse gas emissions, climate change and water risks through the CDP (formerly known as the Carbon Disclosure Project).

Scope 1 and 2 Emissions by Division – Comparison between FY16 and FY17



Largest carbon emitters (tCO2e)



NEW SHIP REDUCES ROAD TRANSPORT OF CEMENT

GBC Winstone's new cement bulk carrier, the MV Aotearoa Chief, carries the equivalent of 350 road tankers and can travel the equivalent of 1.5 times around the world every year, representing a substantial amount of cement taking the sea route and getting off the roads.

Now operating from its home base at Portland Plant near Whangarei, the MV Aotearoa Chief will make more than 80 trips a year carrying cement products to port-based storage facilities around New Zealand.

Designed and built in China by the China Navigation Company and leased to GBC Winstone, the ship has a 'best in class' propulsion system with an optimised energy efficiency design and an advanced flexible fuel injection system.

The carrier, which is crewed by 14 local seafarers, is expected to return efficient fuel consumption and low emissions over the 20 years it will be leased to GBC Winstone.

GBC WINSTONE / New cement bulk carrier, the MV Aotearoa Chief carries the equivalent of 350 road tankers

 350



CLEANING WASTE WATER AT FORMICA CHINA

At the Formica JiuJiang factory in China, the technical department was concerned about the amount of waste water and solid waste resulting from cleaning resin delivery pipes every week. The cleaning process was creating around 200 cubic metres of waste water and 40 tonnes of solid waste each year.

The original cleaning process used hot water to flush out 600 meters of stainless steel pipes and four circulating systems. Technicians at the plant realised they could use compressed air to blow out around 200kg of the melamine resin from the pipelines. To clean the circulating systems, they replaced a complicated stainless steel pipe system with more efficient plastic pipes that could be cleaned and accessed more readily.

A new cleaning method for the melamine resin treater's rollers and baths was also devised that removed the need for hot water flushing and used wipers and collecting pans instead.

Starting in January 2017, the team, led by technicians and supported by engineers and production supervisors, simplified the pipeline system and successfully completed the waste reduction project within four months.

In May 2017, the first full month of operating the new cleaning regime, the plant experienced a 95% reduction in waste water and solid waste. In addition, some of the melamine resin waste can be saved and mixed in the phenolic resin for further processing use. The waste reduction process has also saved around 130,000 RMB and 4084 man-hours per year.

95% ↓

IN MAY 2017, THE FIRST FULL MONTH OF OPERATING THE NEW CLEANING REGIME, THE PLANT EXPERIENCED A 95% REDUCTION IN WASTE WATER AND SOLID WASTE.

FORMICA NORTH SHIELDS REDUCES RESIN WASTE

Formica North Shields in Newcastle-upon-Tyne, United Kingdom, has been on a mission to reduce melamine resin waste from paper surface treating processes.

At the North Shields plant, a production process was creating around three tonnes of melamine base resin waste each week. Once the base resin was used, it was unable to be recycled due to the addition of a catalyst during the process. The waste resin was sent to a landfill 50 miles away.

In 2014 the plant installed a more efficient surface treating machine, which could treat extra-large format paper. More recently, a direct feed system for melamine resin was installed next to the new surface treatment machine. This new system uses less catalysed resin and reduced the amount of waste catalysed resin from 3,000kg to less than 500kg. Less waste resin is now being sent to landfill.

SHARING SITES, REDUCING EMISSIONS

Reducing carbon emissions is an important target for all Fletcher Building businesses including the Distribution group, which is making advances at its PlaceMakers and Mico brands.

The co-location programme of PlaceMakers and Mico, plus the installation of energy efficient lighting across 30 sites, has resulted in a carbon reduction of more than 650 tonnes so far.

One site alone – in Taupo, New Zealand – expects to reduce carbon emissions by 90 tonnes over the next 10 years by co-locating the two businesses.

Dean Fradgley, Chief Executive of Distribution, said the group would continue to seek co-locations where possible across its network while identifying further actions to reduce its carbon footprint.



CO-LOCATION PROGRAMME OF PLACEMAKERS AND MICO, PLUS THE INSTALLATION OF ENERGY EFFICIENT LIGHTING ACROSS 30 SITES, HAS RESULTED IN A CARBON REDUCTION OF MORE THAN 650 TONNES SO FAR.

650T

LACING COILED PIPE LOADING TECHNIQUE REDUCES TRUCKS ON ROAD

Close to 50,000 kms of truck movements per year have been avoided by Iplex Toowoomba, Australia, by thinking smarter about how trucks are loaded with plastic pipes.

Load designer Jason Kenn at Iplex Pipelines Toowoomba was part of a team that invented a different loading technique, called lacing, that would increase a load by 42% and would also reduce the number of trips. The number of trips has reduced from 144 with the traditional stand up load, to 82 with a laced load of pipe. This loading technique was previously only used for Iplex inter-site product transfers but the company is now expanding this to service external customers as well.

This technique, currently used at three sites in Queensland, is now being rolled out to other sites with Jason being instrumental in the training and development of the loading operators recently at the Iplex Pipelines site at Albury.

WASTE REDUCTION LEADS TO SAVINGS

Fletcher Construction Infrastructure saved \$5.6 million from reducing waste on the M2PP (MacKays to Peka Peka expressway) project – a significant benefit to both the client and Fletcher Construction.

Matt Zame, Construction Manager said, “Our people onsite carry LEAN waste cards on them to note down ideas for improvements and for reducing waste. These are collected regularly and reviewed. We’ve had loads of ideas, but two really stand out”:

- \$750k was saved by using sand for cut and fill rather than the more expensive product that was originally planned. The proposed solution was tested by the geotech team and signed off by the customer.
- \$625k was saved by making our own precast beams for bridges rather than outsourcing the job.

“These ideas came from the team and were now looking at rolling them out on other projects,” says Matt.



Saved \$5.6m

FROM REDUCING WASTE ON THE M2PP (MACKAYS TO PEKA PEKA EXPRESSWAY) PROJECT – A SIGNIFICANT BENEFIT TO BOTH THE CLIENT AND FLETCHER CONSTRUCTION.

RECORD LOW SCRAP AT FOUNDRY

Reducing scrap wastage at a metal foundry is not only good for business, it also contributes to long term resource sustainability.

At the Northern Iron and Brass Foundry in Innisfail, North Queensland, reducing wastage from a manufacturing process which is effectively a bespoke operation was a high priority for the team.

In the past 18 months, the Foundry has made substantial savings, with the annual scrap rate falling from 3.3% in FY2015 to 1.7% in FY2016. The monthly rate in FY2017 has fallen to as little as 0.99%.

The Foundry produces hundreds of different products each year and each team in the foundry touches each product that is made. The high change-over rate and large made-to-order production flow makes it an on-going challenge to maintain a low rejection and scrap rate.

Annual scrap rate falling:

2015 **3.3%**
2016 **1.7%**

3

THREE STEPS WERE TAKEN TO REDUCE SCRAP:

- The site has committed to Fletcher Building's Manufacturing Excellence Programme and has a problem-solving meeting each week.
- Once a week, the business has a 'reject' meeting where foundry team representatives examine the week's rejects and brainstorm how to address root cause issues.
- An investment in software has enabled the trial casting of products to be simulated on a computer screen before going to a physical pour.

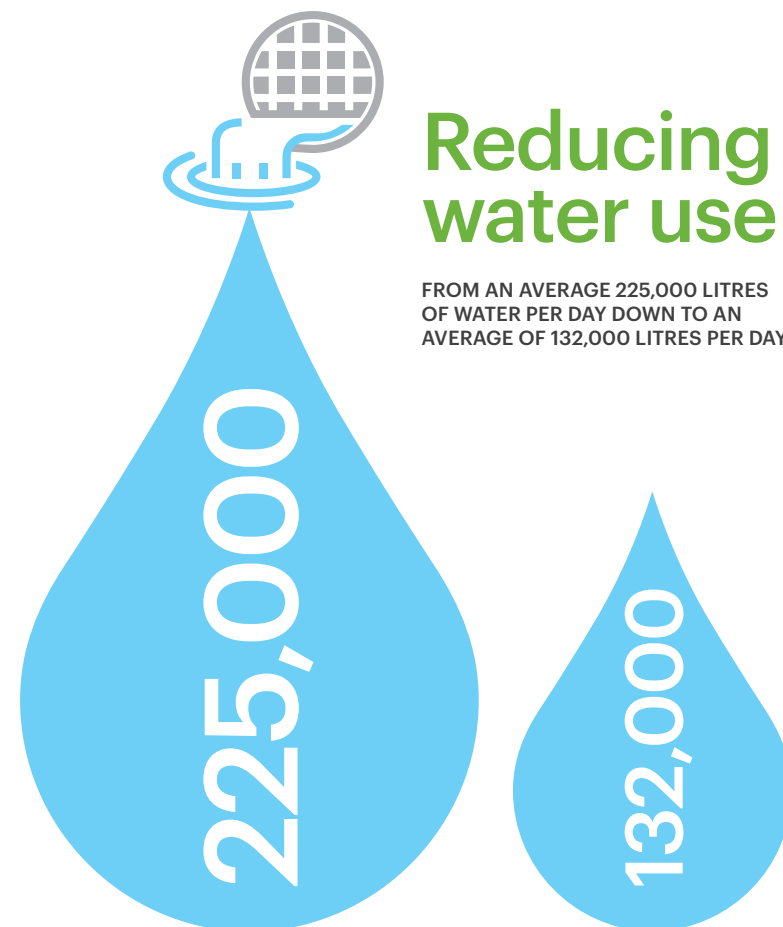
LESS WATER DOWN THE DRAIN AT PACIFIC COIL COATERS

Pacific Coil Coaters, manufacturers of ColorCote coloured steel and aluminum roofing products, is a heavy user of water. It is used at two separate stages of steel coating – first to clean the product and secondly as a coolant during the high temperature painting process.

At the beginning of 2016 Pacific Coil Coaters was using, on average, 225,000 liters of water per day. A year later after a sustained effort and change to processes, the daily usage was reduced to an average of 132,000 litres per day.

The first project tackled was in the cleaning section. Water is used three times in the steel cleaning process before being discarded. Several changes were made to the pumps, cleaning systems and filters to improve the water flow and reduce waste.

In the cooling sections, painted steel emerges from ovens with a surface temperature of 255 degrees celsius. In the space of around one meter, the steel is cooled to 30 degrees to allow for the next coat. While water loss via steam created is unavoidable, the cooling towers were not efficient and a new cooling tower was installed further away from the hot primer.



Responsible business

Fletcher Building plays an important socio-economic role in providing employment around the world, major investments in local manufacturing, and infrastructure and built environments across New Zealand and South Pacific. Ensuring we operate a responsible business, with robust governance and ethical practices, will ensure the sustainability of our operations over the long-term.

CONTRIBUTION TO THE ECONOMIES WE OPERATE IN

Fletcher Building employs more than 21,000 people and operates in New Zealand, Australia, Europe, the Americas, Asia and the Pacific. Over half our employees reside in New Zealand, with many employed across regional areas.

SUPPORTING COMMUNITIES WE OPERATE IN

Fletcher Building takes an 'act local' approach to supporting community and social programmes in the communities in which we operate. Each individual business is encouraged to work with community partners and address needs that make a positive difference to people's lives.

As a group, we support a wide range of community, cultural, educational, environmental and health organisations and initiatives. Our local business managers take leadership roles where appropriate and take part in many business and industry organisations.

CASE STUDY

Supporting Communities

Working together to provide light

When New Zealand's largest BMX bicycle club, Mountain Raiders in Auckland, realised it could extend its season and viability with floodlighting, it turned to Fletcher Building for help. The Club had been fundraising for the project but was short of the funds, expertise and product needed to complete the project.

"With the support of our industry colleagues, we received help from people who donated their time to test the ground, design the foundations, do the excavations and monitor the project to ensure safety and quality," said Ed Stubenitsky, Fletcher Construction Design Manager.

Much of the materials were donated by Fletcher Building: Humes provided drainage coil, thrust conduit and pill pits; Fletcher Reinforcing provided reinforcing; Firth supplied the concrete; and CSP Pacific provided the floodlight columns and cross-arms.

Sue Walker, Technical Support and Marketing Manager for CSP Pacific, said the project was of

particular interest as it was an example of many Fletcher Building business units working together on a worthwhile community project.

With the floodlighting in place, including an online booking

system that activates the lights, Mountain Raiders can now provide a safe course for members to train in the evening throughout the year.



Pitching in at Foodbank Australia

Employees from Fletcher Building businesses and corporate offices in Australia used their annual volunteer Day To Give to help Foodbank Australia in its fight against hunger.

Foodbank Australia distributes food and clothing to 560 charities and community groups who feed those in need and provide school breakfast programmes. The Foodbank rescues edible but surplus food from farmers, manufacturers and retailers, including products close to expiry date, incorrectly labelled or damaged packaging and excess stock.

In March 2017, Rocla and ACP employees bagged 4000kg of potatoes and helped the Foodbank make up a further 12 pallets of food and donations for distribution.

"It was a great opportunity for us to help those in need. Rocla employees who attended the day not only helped fight hunger but also had a great day as a team. We are looking forward to sending another team to Foodbank," said Rocla General Manager Bruce Nicholson.

The Rocla day was followed up in May by a team from Fletcher Building's corporate office in Sydney which spent a day packing

26 pallets of donated food and clothing. These pallets were then shipped to 11 charities in New South Wales and Australian Capital Territory.

General Counsel Australia and Asia Heather Oswald said, "volunteering is a great way for people from different functions to join forces and support the work Foodbank does for those in need."



4000kg

OF POTATOES BAGGED



It was a great opportunity for us to help those in need. Rocla employees who attended the day not only helped fight hunger but also had a great day as a team. We are looking forward to sending another team to Foodbank"

BRUCE NICHOLSON
Rocla General Manager

12

FURTHER PALLETS
OF FOOD AND
DONATIONS FOR
DISTRIBUTION



GOVERNANCE AND ETHICS

Fletcher Building's reputation as a trusted and respected company is its most valued asset.

The Board of Directors is committed to ensuring that Fletcher Building has appropriate corporate governance arrangements in place.

The Board has adopted a Code of Conduct (available at www.fbu.com/investor-center/corporate-governance), which is a formal statement acknowledging the commitment of the Board, Management and employees of the Company to maintaining the highest standards of honesty, integrity and ethical conduct in day-to-day behaviour and decision making.

Our health and safety governance programme within Fletcher Building is demonstrated through our executive Environmental, Health and Safety (EHS) Council, chaired by the Chief Executive Officer. This council develops the EHS strategy, makes regular decisions and drives actions to reduce risk and build engagement across the health and safety function.

The Board is represented through the safety, health, environmental and sustainability committee, chaired by Fletcher Building director Cecilia Tarrant. The committee provides oversight and challenge on direction and action. Divisional chief executives and general managers provide the link between the group direction and business units. An external review of compliance to our standards is organised through the EHS council.

Fletcher Building is committed to creating a diverse and inclusive working environment at all levels, including senior management and the board of directors. Fletcher Building believes that a workforce in which differences in gender, age, race, nationality, sexual orientation, physical ability, thinking style and background are well represented, builds competitive advantage, enhances business and thinking, and helps to connect innovatively with customers and markets around the world.

The commitment to diversity, inclusiveness, employment equity and a balanced blend of work and personal life is reflected in the company's policies, values and statement of operating principles "The Fletcher Building Way".

The Company has a sustainable procurement policy which undertakes to procure products and services that have a minimal social and environmental impact over the life cycle of the product. The policy ensures that ethical and fair sourcing practices are applied and preferred suppliers are also socially responsible businesses.

Sustainability Policy

Our sustainability policy is clearly displayed across all sites and available on our intranet. It summarises our commitment to sustainability:



Together we strive to be better every day by committing to reduce our environmental footprint and working proactively to respond to global sustainability issues. We recognise that sustainable practices need to be embedded in the way we work, and we believe that this will contribute to long term business success.

Together we will:

- Implement projects and programmes that improve our energy efficiency and reduce our CO₂ emissions.
- Reduce our disposal of waste to landfill and work with our supply chain and customers to ensure efficient use of resources, with reduced waste and increased recycling of waste materials.
- Improve our water efficiency and minimise the impacts from water discharged from our operations.
- Offer innovative, practical solutions to customers to enable their buildings and infrastructure to be sustainable.
- Support industry education on sustainable construction practices, design principles and measures.
- Identify opportunities to reduce environmental footprint (e.g. life cycle assessments).



More can be read about Fletcher Building's governance frameworks and policies in the Investor section of the website www.fbu.com/investor-centre

Stakeholder Engagement

STAKEHOLDER GROUP	MATTERS OF INTEREST	RESPONSIBILITY	HOW WE ENGAGE
Shareholders	Financial performance Dividends Flow of information	Group Chief Executive Chief Financial Officer (CFO) Head of Investor Relations (IRM)	Electronic and physical mail Website Market and other shareholder releases Annual Report Media releases Annual Shareholders' Meeting
Stock markets	Timely market disclosure Market rules compliance	IRM General Counsel and Company Secretary	Market disclosures on NZX and ASX platforms Ad hoc meetings if required
Institutional investors	Financial and dividend performance Access to information Governance	CEO, CFO and IRM	Road shows Investor briefings Regular meetings Electronic and physical mail Website Market releases Annual Report Media releases Annual Shareholders' Meeting
Debt markets	Sustainable financial performance	CFO Group Treasury	Regular meetings and road shows Electronic mail Website Market releases Annual Report Media Releases Annual Shareholders' Meeting
Insurers	Risk management Regulatory compliance Business ethics Governance Business strategies and financial performance	CFO Risk Manager	Regular meetings Annual Report

STAKEHOLDER GROUP	MATTERS OF INTEREST	RESPONSIBILITY	HOW WE ENGAGE
Employees	Remuneration Healthy and safe workplace Interesting and satisfying work – talent acquisition and retention Training opportunities Career development Community support Diversity	Chief People and Communications Officer	FB intranet, social media and website Digital communication Manager conversations and performance management Policies and manuals Noticeboards Staff events and road shows
Employee families	Healthy and safe workplace Employee benefits	Chief People and Communications Officer	Employees Employee welfare fund
Customers	Trusted and reliable company Safe and healthy products and services Good value Service excellence Innovative products	Business Unit General Managers and teams Marketing team	Marketing campaigns Website Media releases Face to face engagement
Influencers and specifiers	Innovative products Toxic-free manufacturing Efficient building	Business Unit General Managers and teams	Hosting events Media releases Digital communications
Central Governments	Economic contribution through taxation and employment creation Responsible use of resources Policy development Partnerships / projects	Head of Communications Executive Fletcher Construction Chief Executive/team on specific projects	One on one meetings Submissions Statutory reporting Regular briefings Hosting events Company visits Media releases Project management
Regulators	Business ethics and governance Fair trading and anti-competitive behaviour Anti-bribery and corruption	Group General Counsel and Company Secretary	Submissions Ad hoc meetings Industry forums Media releases

STAKEHOLDER GROUP	MATTERS OF INTEREST	RESPONSIBILITY	HOW WE ENGAGE
Territorial local governments	Economic contribution through employment and infrastructure creation Resource consenting Environmental stewardship Policy development	Head of Communications Business Unit General Managers and teams	Submissions Ad hoc meetings
NGOs	Climate change and carbon emissions Water quality Air quality Labour practices Diversity and access to employment Skills training Community and biodiversity support Waste and noise pollution	Head of Communications Executive Business Unit General Managers	Submissions Annual audits Membership of boards Ad hoc meetings Website Media Sponsorships and partnerships
Suppliers	Supply chain management Business ethics Whole of life cycle products Fair pricing	Business Unit General Managers and teams	Procurement policies
Joint venture partners	Financial and non-financial performance	Business Unit General Managers	Formal meetings Briefings Joint events
Unions	Remuneration and working conditions Training and career development	Chief People and Communications Officer Business Unit General Managers	Ad hoc engagement Formal negotiation

STAKEHOLDER GROUP	MATTERS OF INTEREST	RESPONSIBILITY	HOW WE ENGAGE
Community groups	Company support during natural events such as floods, cyclones and earthquakes License to operate Support for local social and environmental projects Youth development General employment	Chief People and Communications Officer Business Unit General Managers and teams	Formal and informal meetings Membership Partnerships Mentoring Sponsorship Training and skills building Hosting events
Iwi and indigenous groups	Access to and allocation of water/land Housing affordability Protecting biodiversity Employment opportunities Skills training	Head of Communication Executive Business Unit General Managers	Partnership and support for iwi initiatives Consultation Ad hoc meetings
Industry groups	Sector issues Industry leadership Skills and labour availability	Head of Communications Executive Business Unit General Managers	Membership Leadership Newsletters Training
Competitors	Shared industry issues	Executive Business Unit General Managers	Industry forums

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Further information on Fletcher Building can be found on www.fbu.com

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