

AUDITOR INDEPENDENCE POLICY

In the delivery of an audit service, the quality of opinion is paramount.

Markets must be able to rely on all aspects of the quality of the audit. One of the issues that arises in relation to the delivery of an audit service is independence; the absence of any conflicts of interest. In particular, the question of whether the auditor should be able to provide other services to Fletcher Building is relevant in this context.

Our auditor independence policy is designed to ensure that, by undertaking non-audit services, our auditor will not have a mutual or conflicting interest, audit their own work, function as management, act as an advocate for Fletcher Building, or have their independence impaired or perceived to be impaired.

NEED TO KNOW

- Fletcher Building's auditor is required to abide by the independence regulations set out in the code of Ethics on Independence issued by IFAC. The auditor is independent of Fletcher Building 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
- The Audit & Risk Committee must approve the appointment of Fletcher Building's auditor to provide any non-audit services to the company or its subsidiaries.
- Fletcher Building's auditor is required to maintain its independence and report in writing to the Audit & Risk Committee on a six-monthly basis on matters pertaining to their independence.
- Fletcher Building's auditor will be required to rotate their lead audit partner every five years and other key audit partners every seven years, or as required under relevant regulation/legislation.

This policy applies to: All Fletcher Building personnel directly or indirectly engaged with the Company's auditor.

EXPLANATORY AND GUIDANCE NOTES

Fletcher Building Personnel

Fletcher Building personnel include all members of the Board and Executive and all employees of Fletcher Building subsidiaries.

IFAC's code of Ethics on Independence

Fletcher Building's auditor is required to abide by the independence regulations set out in the code of Ethics on Independence issued by IFAC.

The Board, through the Audit & Risk Committee, has determined this policy in accordance with the regulations issued and adopted by IFAC (International Federation of Accountants) in 2001 which has since been updated in 2023. The policy also reflects NZX and ASX listing rules.

The IFAC framework considers the various types of threats to independence and the safeguards, if any, that can be put in place to mitigate the threats. There is an acknowledgement that (1) some non-audit services will impair independence; (2) if appropriate safeguards are not applied some non-audit services could impair independence; and (3) other non-audit services do not impact upon independence.

The compromises to objectivity and independence, where they are considered to exist, require appropriate safeguards to eliminate or reduce the compromise to an acceptable level, which may include declining to perform the service. The compromising situations identified by IFAC are:

- self-interest, including the auditor benefiting by having a financial interest in Fletcher Building, potential employment or contingent fees;
- self-review, including auditing their own work and preparing material source financial data;
- advocacy, including being a promoter of Fletcher Building's shares or acting as a legal advocate;
- familiarity or trust, including family relationships and long association of senior team members;
- intimidation, including fee pressures and threat of replacement.

The IFAC code of ethics has provisions covering the employment of audit team members by the company and puts the onus on the auditor to protect against their independence being challenged by such employment events. Each situation involving a transferring employee or partner will be assessed to ensure audit independence is not compromised.

Approval for non-audit services

The Audit & Risk Committee must approve the appointment of Fletcher Building's auditor to provide any non-audit services to the company or its subsidiaries. Where such approval is required of the Audit & Risk Committee, the Chair of the Committee is delegated to provide such approval, provided that the approval is subsequently reported to the Committee. The Audit & Risk Committee may approve delegations to management, subject to financial limits and reporting to the Committee.

Approved services

The following non-audit services are approved by the Audit & Risk Committee, subject to the level of aggregate non-audit fees paid to the company's auditor over a rolling 3-year annualised basis not exceeding 50% of the group audit fee.

- review of interim financial results of the Fletcher Building group as at 31 December;
- provision of general accounting advice (where engagement for services value is less than \$20,000);
- provision of general taxation compliance and advisory services (where the value of the engagement for services is less than \$20,000); and
- attendance at the annual shareholders' meeting.

Non-approved services

The Audit & Risk Committee will not approve the use of the auditor as non-audit service providers for the following:

- provision of taxation advice which is, or is potentially, material to the group financial statements;
- provision of M&A advice and / or due diligence services for significant acquisitions and divestments unless there are compelling advantages in using the audit firm;
- provision of outsourced internal audit services;
- provision of design and / or implementation services, including quality assurance services, for significant IT systems;
- provision of valuation services that would have a material effect on the group financial statements;
- provision of corporate secretarial, bookkeeping or payroll services; and
- provision of legal advocacy services.

Auditor independence reporting

The Auditors six-monthly report to the Audit & Risk Committee will include:

- all relationships that may impact on independence, including but not limited to:
 - the provision of non-audit services;
 - financial relationships; and
 - employment relationships
- any other matters that may reasonably be thought to have a bearing on the auditor independence;

and

- the auditor's independence having regard to their firm's policies, and the IFAC and New Zealand rules regarding auditor independence.

Auditor rotation

The Lead audit engagement partner, who has ultimate responsibility for the audit engagement of the consolidated group, is required to rotate every five years with a minimum cooling-off period of five consecutive years. Other key audit partners, considered to be making key decisions or judgments on matters significant to the audit, are required to rotate every seven years with a minimum cooling-off period of three consecutive years. However, if NZX or other regulatory rules differ from this policy, then the regulatory requirements override this policy.

Questions on this policy? If you do not understand any part of this Policy, or how it applies to you, you should raise the matter with the Group GM Finance & Performance.

Printing this policy? All our official policies are updated electronically and available online so before relying on a printed copy please check you have the latest version.

Appendix A: Delegated Authority Table

The Audit & Risk Committee is responsible for approving any non-audit service performed by the Group's auditor.

The Chair of the Committee is delegated to provide such approval, provided that approval is subsequently reported to the Committee.

Delegations are provided to certain members of group management provided they conclude that such engagements are in accordance with the Policy, and that the Group GM Finance & Performance is made aware of all engagements in advance.

The following table sets out a schedule of possible services that may arise and applicable delegations. In all cases, the Auditor Independence Policy, available on Matrix and the Group's website, should be referred to in addition to the Delegation table.

Services:	Comment:	Pre-approval required – ARC Chair unless otherwise delegated below:
Tax compliance and advisory services	Prohibited if the advice is, or is potentially, material to the group financial statements. Otherwise, the provision of general taxation compliance and advisory services are permitted but should always be discussed with the Group GM Taxation in advance. A separate tax advice team within the audit firm should be used and Ethical walls must apply.	Group GM Taxation – \$50k with an annual fee cap of NZ\$250k for all such work.
M&A advice / due diligence services	Prohibited, unless there are compelling advantages in using the audit firm and section 3.1 of the Policy is adhered to.	Group GM Finance & Performance – \$50k with an annual fee cap of \$250k for all such work.
Internal audit / risk reviews	The outsourcing of Internal audit services is prohibited. Other potential engagements may be appropriate.	Group GM Assurance – \$50k with an annual fee cap of \$250k for all such work.
Consultancy / advisory in relation to design and / or implementation of significant IT systems.	Prohibited.	Prohibited.
Valuation services	Prohibited, unless the effect is immaterial to the group financial statements.	Group GM Finance & Performance – \$50k with an annual fee cap of \$250k for all such work.
Company Secretarial, Book-keeping or payroll services	Prohibited.	Prohibited.
Legal advocacy services	Prohibited.	Prohibited.
Temporary staff assignments (i.e. secondment of EY staff to the Group)	Prohibited.	Prohibited.
Accounting advice (beyond core audit engagement) and staff	Advice limited to possible accounting treatments. Management must make	Group GM Finance & Performance – \$50k with an annual fee cap of \$250k for all such work.

training	decisions on how to effect a specific transaction.	
Audit related filings for local compliance / regulations	Some jurisdictions require the auditors to make certain filings of final accounts to regulators. Fees generally negligible.	Group GM Finance & Performance – \$50k with an annual fee cap of \$250k for all such work.
Company liquidations / restructures / internal amalgamations	Typically we would seek value for money in this area and use smaller tier firms. Use of the audit firm expected to be rare but is permitted.	Group GM Finance & Performance – \$50k with an annual fee cap of \$250k for all such work.
Business services support / compliance	Prohibited.	Group GM Finance & Performance – \$50k with an annual fee cap of \$250k for all such work.