FY26 Remuneration Report

Fletcher Building Limited

Fletcher Building

Message from the People and Remuneration Committee Chair

Dear Shareholders,

On behalf of the Board, I am pleased to present Fletcher Building's Remuneration Report for the financial year ended 30 June 2026.

The year in review

Following the completion of the Group's strategic and operating model review, FY26 was focused on translating strategy into action. The Committee oversaw the embedding of these strategic changes across organisation structures, people practices and remuneration frameworks, while supporting leadership through a period of significant organisational and portfolio change.

During the year, Fletcher Building completed the divestment of the Construction division, continued to work through the sale of Fletcher Reinforcing and Wire, and progressed the portfolio review of our Residential & Development businesses. The Committee has remained focused on supporting leadership stability, employee engagement and performance through the uncertainty inherent in these processes.

Consistent with the commitments made in last year's report, we undertook comprehensive reviews of our Short-Term and Long-Term Incentive schemes, as well as Group-wide benefits. The resulting changes are designed to better align remuneration frameworks with Fletcher Building's revised strategy, decentralised operating model, and restoring performance to deliver sustainable shareholder value. Further detail on these changes is set out in Section 1 of this report.

Alongside these changes, the Committee remained focused on key outcomes relating to safety, financial performance and culture across the Group.

While performance was strong across several of our safety lead and lag indicators, FY26 was marked by one fatality and three serious life-altering injuries. Our top priority remains seeing every person returns home safely, and we extend our deepest sympathies to all those affected.

In line with our revised Short-Term Incentive (STI) design, the safety component of the STI was therefore forfeited by the Managing Director and Group CEO, all Executives reporting to the Group CEO and relevant Division and Business Unit leaders.

Financial performance improved throughout the year, with the Group delivering a stronger finish to FY26 than initially expected. Following the application of Board discretion to exclude gains from divestments and property sales, STI outcomes for the Managing Director and Group CEO and Chief Executives ranged from 1% to 62% of maximum opportunity (average 32%), reflecting the financial, safety and business improvement performance of the Group's core operating businesses.

Alongside the level of organisational change during FY26, it is pleasing that Fletcher Building continued to make progress on pay equity. Our gender pay parity gap reduced to 3.3% from 4.0% last year[1], indicating improved pay outcomes for women and men performing roles of similar size and scope.

During the year, we also welcomed James Miller to the Committee, alongside Tony Dragicevich and myself. James has brought valuable experience and perspective to the Committee's work.

The year ahead

With the strategic review complete, and the revised operating model and refreshed remuneration frameworks now in place, our priority for FY27 is continued execution and performance. While the Group enters the year well-positioned, market and cost uncertainty is contributing to delays and some cancellations of new commercial projects which may weigh on performance in the first half of FY27.

The Committee will continue to focus on people and remuneration practices that reinforce accountability, disciplined performance and shareholder alignment. We will maintain a strong focus on proactive leadership and succession planning across the Group, including the development of leadership capability to support future business needs.

It is encouraging that engagement across the Group is above the upper quartile benchmark at an eNPS of 41. I would like to thank our people for their professionalism, resilience and commitment throughout a period of significant change.

I invite you to review the full FY26 Remuneration Report.

Jacqui Coombes
Chair, People and Remuneration Committee

[1]Restated to exclude the divested Construction division.

CONTENTS

1. FY26 & FY27 REMUNERATION FRAMEWORK CHANGES

The following table summarises key changes to our remuneration policies and frameworks during the current and future financial years alongside the rationale and outcomes related to these changes.

Element and overview	Year	Detail	Rationale and outcome
Short-term incentive (STI) plan At the start of FY26 Fletcher Building was amidst a strategic and operating model review. We therefore undertook a high-level review ahead of FY26, focusing on critical changes only. A comprehensive review was completed ahead of FY27 considering our decentralised operating model and shift towards a greater strategic focus at a Business Unit (BU) level.	FY26	The following critical changes were made as part of the high-level review: • **Safety gate:** Simplification of criteria for the safety gate to include safety walks only (removing programme facilitation), to emphasise the importance of active and authentic leadership for safety on site. • **Increased weighting on financial goals:** From a range of 50%-65% (differentiation based on role type) to an 80% weighting for all role types. • **Group Earnings Before Interest and Tax, before Significant Items (EBIT) goal:** Inclusion of a new Group EBIT goal for all participants, which enabled the removal of the Group and Divisional EBIT multipliers, providing simplification. • **Gate to Group EBIT goal:** For Divisional / BU participants, the Division / BU EBIT threshold acts as a gate to the Group EBIT goal and the business improvement goals. • **Decreased weighting on business improvement:** From a range of 25%-40% (differentiation based on role type), to 10% for all role types.	This revised design placed a greater focus on financial performance at an 80% weighting. This was appropriate given the organisation's poor financial performance prior to and including FY25. The combination of a Group EBIT goal and a Division / BU EBIT goal provided a balanced approach between a focus on BU results and collaboration to drive Group performance, while the strategic review was underway.
	FY27	The following key changes were made following the comprehensive review: • **Introduction of a Group EBIT gate to cap Division/BU plans at target:** A minimum level of collective Group financial performance is required before Divisions/BUs are eligible for above-target payments. • **Removal of the Group EBIT goal from Division/BU plans:** With Group EBIT now operating as a gate to outperformance for Division/BU plans, all financial measures on these plans are based on Division/BU performance – aligned to our refreshed strategy. Overall Group performance carries significant weight in the overall	The introduction of a Group EBIT gate to cap payments, is an important governance mechanism to prevent payment for outperformance at a Division/BU level when the collective Group has materially underperformed. A stronger focus on Division/BU performance for business leaders aligns to our decentralised operating model and strategic BU focus, balanced with the newly introduced Group EBIT gate.

Element and overview	Year	Detail	Rationale and outcome
		incentive opportunity (STI plus LTI) given the Executive Long-term Share Scheme for Chief Executives (CEs) includes Group goals only. • **Consistent safety measures across all role types:** Safety lead goals historically differed by role type. From FY27, the lead goal will be based on % critical risks controlled for all role types, providing simplification.	Focusing all roles on % critical risks controlled acknowledges the importance of this measure, to which all participants can meaningfully contribute, to drive our focus on zero serious injuries across the Group.
Executive long-term share scheme (ELSS) The ELSS was comprehensively reviewed in FY26 to align more closely with Fletcher Building's revised strategy and financial framework. Recognising that our strategy demands a step change in performance and leadership impact, the ELSS was redesigned to become a more powerful lever for driving transformation. In the medium term, the scheme focuses on restoring performance and capital efficiency. Over the longer term, our focus will shift to sustainable value creation and the Board has therefore committed to reviewing the scheme again ahead of the FY29 offer.	FY26	The following key changes were made: • **Absolute Total Shareholder Return (aTSR)** replaced Relative Total Shareholder Return (rTSR) as a performance measure. • **Return on Invested Capital (ROIC)** replaced Return on Funds Employed (ROFE) as a performance measure. • **The 3-year performance period** was aligned to Fletcher Building's financial year (1 July – 30 June) rather than 1 September – 30 August. • **Chief Executive ELSS opportunity (excl. the Managing Director and Group CEO):** For the 2025 offer, the ELSS opportunity was increased from 50% to 100% of base salary (aligned to the upper quartile of comparable roles). From 2026 onwards, the opportunity will be 70% of base salary (aligned to the median of comparable roles). No change was made to the Managing Director and Group CEO's target ELSS opportunity (150% of base salary). • From the FY27 offer, the ELSS will be offered as share rights rather than the current loan share scheme.	Given Fletcher Building has not delivered an economic profit since FY09 (with the exception of FY16 and FY22), our immediate focus is on delivering absolute value to shareholders. aTSR is the most direct measure thereof through share price appreciation and dividends. This also addresses the limitations of a small Australasian comparator group when using rTSR as a measure. ROIC was adopted as a more robust and widely understood measure of capital efficiency, aligning with our revised financial framework. The revised Chief Executive opportunity emphasises the step change required in performance and provides a meaningful interest in the long-term success of the Group. Historically, the loan share mechanism was tax beneficial in New Zealand. However, following a comprehensive review by Inland Revenue (IRD) in 2018, changes were introduced to remove these benefits. Share rights is a simple, market-aligned alternative that provides participants with the same opportunity to share in the company's long-term performance.
	FY29	The ELSS Performance measures (aTSR and ROIC) will be re-reviewed ahead of the FY29 offer.	This approach enables the ELSS to evolve aligned to Fletcher Building's medium- and longer-term strategies.
The treatment of fatalities and serious injuries At the October 2025 Annual Shareholder Meeting,	FY26	The following terms apply from FY26 onwards: • In the event of a **fatality**, the safety component of the STI is automatically forfeited for the Group CEO, all Executives reporting to the Group CEO and accountable leaders at a Divisional and BU	This framework provides a simple and transparent approach to the treatment of fatalities, while retaining an appropriate level of Board discretion.

Element and overview	Year	Detail	Rationale and outcome

shareholders sought assurance that Fletcher Building appropriately considers serious injuries and fatalities in remuneration outcomes.
 	
We therefore reviewed our approach to the treatment of fatalities and serious injuries, and the impact they have on remuneration outcomes.
		level in which the fatality occurred. Below a leader level, incentive impacts are also considered for individuals with operational control.
		• **Serious injuries** do not result in an automatic STI adjustment. Any adjustments are discretionary, following an assessment which considers severity, responsibility and circumstances.
		• **Additional Board discretion** may apply as appropriate and include:
		    • Determining which incidents are included, particularly the ability to exclude incidents where the organisation was not at fault (e.g., third party motor vehicle incidents); and
		    • Adjusting the impact beyond the automatic forfeiture of the safety component, particularly in cases of multiple events.	

Review of centrally offered benefits (i.e. offered to all businesses and employees across the Group) A fulsome review of the benefits offered at a Group level was conducted in FY26 to deliver as much value as possible, to as many of our people as possible, while continuing to manage costs in a responsible way.	FY26	The following key changes to benefits were made effective 1 April 2026: • **KiwiSaver:** We match employee contributions up to 4% of base salary so employees can benefit sooner than the legislated increase in 2028. • **Parental Leave:** We remain committed to supporting new parents and will continue to provide up to 26 weeks fully paid leave for Primary Carers and now provide 2 weeks fully paid leave for Secondary Carers (reduced from 4 weeks). Our Policy no longer includes paid return-to-work benefits. • **FBuShare:** No offer was made in 2026 because less than a third of our people benefitted from the plan.	The Government's mandated KiwiSaver increase enhances and supports long-term financial wellbeing and, with 85% of our people contributing to KiwiSaver before the statutory increase to 3.5% of base, we knew this is a benefit our people value. As at 30 June 2026, 88% of our permanent employees contribute to KiwiSaver, 52% of which now contribute 4% or more. The updated Parental Leave Policy continues to provide meaningful support to new parents while managing the needs of our businesses and costs responsibly. Although paid return-to-work benefits have been removed, employees may request flexible working arrangements to support their return from parental leave. FBuShare was paused in 2026 as we realised that it can be costly for our people to meaningfully contribute and the plan didn't fully support our decentralised operating model where business unit performance is the key focus.

Managing Director and Group CEO severance terms Following the FY25 Remuneration Report, investors sought clarity about severance arrangements for the Managing Director and Group CEO.	FY26	The FY26 Remuneration Report includes a summary of the Managing Director and Group CEO's severance terms (refer to Section 4.4).	Enhanced disclosure addresses investor feedback by providing clarity about the Managing Director and Group CEO's severance arrangements.

2. FY26 REMUNERATION FRAMEWORK

The following sections describe the remuneration framework in place during FY26.

2.1 The role of the People and Remuneration Committee

The principal role of the People and Remuneration Committee is broader than purely remuneration matters. Its role is to oversee people and organisation matters affecting the Group, including development and succession planning for the Group CEO, performance and remuneration of the Group's senior leaders, culture (including diversity and inclusion), remuneration and benefits policies, and major organisational changes.

The People and Remuneration Committee is kept appraised of relevant market information and best practice, obtaining advice from external advisors when necessary.

During FY26, the People and Remuneration Committee focused on reviewing people and remuneration practices to remain aligned to the Group's evolving strategic priorities and business needs. The Committee oversaw and approved remuneration arrangements arising from changes to Chief Executive portfolios (including the Light Building Products and Heavy Building Materials businesses) and monitored the outcomes and expenditure associated with the Group's annual remuneration review. It reviewed and approved the Group's short- and long-term incentive plans, considering emerging remuneration trends and market practice, and maintained oversight of developments in employment and labour legislation, pension plan governance and diversity, equity and inclusion metrics.

Alongside its oversight responsibilities, the Committee prioritised proactive leadership and succession planning, which included the development of a leadership framework designed to strengthen capability and support future talent needs. For this report, the Committee considered investor feedback received and identified opportunities to further enhance disclosure and governance practices where appropriate.

2.2 Remuneration strategy and framework

Set out below is the FY26 remuneration framework for Chief Executives, illustrating its alignment to the organisation's governance and strategy.

Governance

Our Board is responsible for the Group's remuneration policy, which is available on our website, with the People and Remuneration Committee assisting in the conduct of its responsibilities. A key role of the Committee is to oversee people, remuneration and organisation matters affecting the Group.

Remuneration Principles

Shareholder	Our People	Strategy	Risk
Focus on creating shareholder value by driving an ownership culture through a meaningful interest in the Group's success.	Attract and retain high calibre talent, rewarding high standards of performance and values.	Focus on sustainable earnings, profitable growth and key Company goals and objectives (short- and long-term).	Encourage conduct that does not expose the Group to inappropriate risk while promoting high standards and accountability.

Guaranteed remuneration components

Remuneration element	Element delivery	Performance measure	Relationship to strategy
Fixed Remuneration Executives are benchmarked against peer roles across New Zealand and Australia generally comparable in size, complexity and industry.	Includes base salary, contributions to KiwiSaver / Superannuation and any benefits provided in cash or kind.	Set based on capability, performance, job size, and industry benchmarks for the country(s) in which each role operates.	Attract and retain key talent to drive the delivery of the Group strategy. Rewards ongoing performance in role.

At-risk remuneration components (subject to performance outcomes)

Remuneration element	Element delivery	Performance measure	Relationship to strategy
Short-Term Incentive Recognises, on a discretionary basis, the achievement of stretching financial and non-financial performance objectives.	Following the release of the final audited financial year results, a portion is paid in cash, and the remainder is deferred into equity for 2 years.	Rewards for financial, safety and business improvement performance, measured using a balanced scorecard.	Reinforces the link between pay and performance by focusing leaders on strategic priorities and business outcomes within their control.
Long-Term Incentive Drives long-term sustainable results, and the creation of shareholder value.	Allocation of Fletcher Building shares, with vesting after 3 years, based on the achievement of shareholder return and capital efficiency goals over this period. Allocation is made using face value at the time of grant.	Two equally weighted measures: Absolute Total Shareholder Return (aTSR) and Return on Invested Capital (ROIC)[1].	Recognising our strategy demands a step change in performance and leadership impact, the LTI is designed to evolve to become a more powerful lever for driving transformation, while engaging senior leaders and maintaining a strong link between executive reward and shareholder outcomes.

[1]Measures apply from the FY26 offer for which the performance period is 1 July 2025 to 30 June 2028. Previous offers for which the vesting period ends in FY26 and FY27 will continue to be subject to the previous measures (rTSR and ROFE).

2.3 Fixed Remuneration

Fletcher Building's policy is to set fixed remuneration based on capability, performance, size of role and industry benchmarks for the country(s) in which each role operates. Remuneration levels are independently reviewed and benchmarked annually to assess market competitiveness, considering our market for talent (i.e. where we win talent from and lose talent to). Our peer organisations display similar characteristics to Fletcher Building by way of industry/sector, market capitalisation, revenue, geographic scope and headcount.

Participation in retirement savings plans is made available to employees as required by remuneration practices in the relevant countries where the Group operates. Medical insurance is offered to the Managing Director and Group CEO and Chief Executives as a component of their fixed remuneration package.

2.4 Short-Term Incentive (STI)

The following table summarises the Senior STI plan which applied to the Managing Director and Group CEO and Chief Executives in FY26.

<table>
<tr><th colspan="2">STI Element</th><th>Description</th></tr>
<tr><td rowspan="3">General</td><td>Eligibility</td><td>• Participation in the STI plan is by annual invitation at the discretion of the Board and typically includes senior leaders who have a direct impact on the Group's performance.</td></tr>
<tr><td>Opportunity</td><td>• Managing Director and Group CEO: Target = 100% of Base Salary
• Chief Executives: Target = 70% - 80% of Base Salary (role dependent)
• Maximum opportunity is 1.5x Target for all participants</td></tr>
<tr><td>Vehicle</td><td>• Managing Director and Group CEO: 50% cash; 50% deferred into equity (share rights) for 2 years
• Chief Executives: 60% cash; 40% deferred into equity (share rights) for 2 years</td></tr>
<tr><td rowspan="2">Performance conditions</td><td>Overview</td><td>• The STI plan is designed to incentivise the Group's earnings, operating cash and those measures that drive sustainable business performance by rewarding participants' performance against financial, safety and business improvement goals.</td></tr>
<tr><td>Performance conditions and weightings</td><td>• The financial, safety and business improvement goals vary by role, as outlined below:
<table>
<tr><th>Measure</th><th>Description</th><th>Operational Executives</th><th>Functional Executives</th></tr>
<tr><td>Safety gate</td><td>• Safety leadership interactions[1] reinforce a line-led safety culture, and places emphasis on the importance of active and authentic leadership for safety on-site.</td><td>12</td><td>6</td></tr>
<tr><td>Financial</td><td>• Managing Director and Group CEO and Functional Executives in Corporate: Group EBIT and trading cash (excluding significant items and legacy cashflows).
• Operational Executives in Divisions: Divisional and Group EBIT and trading cash (excluding significant items), gross proceeds, funds, Days Sales Outstanding (DSO) and work won, depending on the division's priorities.
• Group or Divisional EBIT is a gate to the business improvement goals, i.e. if the EBIT threshold is not met, business improvement goals are not payable.</td><td colspan="2">Target: 80%
(130% max)</td></tr>
<tr><td>Safety</td><td>• For businesses with TRIFR (Total Recordable Injury Frequency Rate) >2.0, the safety component of the STI plan includes a safety lead (risk) and safety lag (TRIFR) measure, weighted at 5% each.</td><td colspan="2">10%</td></tr>
</table></td></tr>
</table>

[1] A safety leadership interaction is a purposeful engagement in which leaders engage directly with frontline teams to gain an understanding of how work is performed in practice, and to reinforce a culture of safety and continuous improvement.

<table>
<tr><th colspan="2">STI Element</th><th colspan="3">Description</th></tr>
<tr><td rowspan="5"></td><td rowspan="5"></td><td></td><td>• For businesses with TRIFR <2.0, the safety component consists of lead indicators only, weighted at 10%. TRIFR is still tracked for these businesses, and if it increases past the overall Group TRIFR, these participants lose 5% of the total 10% safety weighting in the STI.
• The safety lead goal differs by role: It is based on risk containment sweeps[2] for Operational Executives and for Functional Executives on those areas of safety culture they are most able to influence.
• In the event of a fatality, the safety component is automatically forfeited by the Group CEO, all Executives reporting to the Group CEO and accountable leaders at a Divisional and BU level in which the fatality occurred.</td><td></td></tr>
<tr><td>Business improvement</td><td>• Business improvement goals for Chief Executives are aligned to the different priorities of their businesses or functions, and may include customer, people (engagement, talent & diversity), sustainability, innovation and critical projects or other strategic goals that drive performance beyond the current financial year.</td><td>10%</td></tr>
<tr><td colspan="2">Total STI scorecard at target (Financial <u>Target</u> + Safety + Business improvement)</td><td>100%</td></tr>
<tr><td colspan="2">Total STI scorecard at max (Financial <u>Max</u> + Safety + Business improvement)</td><td>150%</td></tr>
<tr><td colspan="3">• Performance hurdles for our financial goals are set at three levels: a threshold level, which must be met before payment is made, a target level and a maximum level that reflects stretch performance. Financial thresholds are generally set at 90% of target hurdles, with maximum generally at 110% of target hurdles.
• The performance range for safety and business improvement goals are between 0% and 100%, with no opportunity for stretch performance.</td></tr>
<tr><td rowspan="2">Timing</td><td>Assessment of awards</td><td colspan="3">• An assessment of performance against the performance conditions occurs following finalisation of the Group's full year results.
• Each of these financial goals are assessed separately at this time and achievement against each executive's business improvement goals is reviewed and approved annually.
• Eligibility for consideration of a payment under the STI requires a participant to remain employed by the Group at the date of payment, following the end of the financial year.
• Both the cash and deferred equity (share rights) components are awarded as soon as reasonably practicable after the announcement of the Company's full year results in August each year.
• In the event of a divestment during the performance period, performance hurdles for FB Group and impacted Divisions / BUs are reset for the relevant period.
• In a change of control event, the Board has discretion to determine vesting outcomes and the treatment of the STI, having regard to performance assessed up to the relevant transaction date.</td></tr>
<tr><td>Deferred Equity: Disposal restrictions and dividends</td><td colspan="3">• A participant is entitled to receive one ordinary share for each vested share right.
• The share rights will vest and be automatically exercised into shares on the second anniversary of the grant date, subject to the plan's leaver provisions.
• There will be no disposal restrictions on the shares received following the vest and exercise of share rights, subject to any minimum shareholding obligations and insider trading policies.
• No dividends (or voting rights) are received on the deferred share rights during the deferral period.</td></tr>
</table>

[2] Risk Containment is an important Critical Risk Management field walk activity to identify and immediately intervene to reduce critical risk exposure.

2.5 Long-Term Incentive (LTI)

The following table summarises the Group's equity-based Executive Long-Term Share Scheme (ELSS).

<table>
<tr><th colspan="2">LTI Element</th><th>Description</th></tr>
<tr><td rowspan="3">General</td><td>Eligibility</td><td>Participation in the ELSS is by annual invitation at the discretion of the Board and those eligible include the Managing Director and Group CEO, and Chief Executives.</td></tr>
<tr><td>Opportunity</td><td>Managing Director and Group CEO: Target = 150% of Base Salary
Chief Executives: (FY26 offer only) Target = 100% of Base Salary
Maximum opportunity is 1.05x Target for all participants</td></tr>
<tr><td>Vehicle</td><td>Under the ELSS, participants purchase shares in the Company at the offer price with an interest-free loan. The offer price is established at market value at the commencement of the three-year restrictive period. The shares are held by a trustee on behalf of participants until the end of that three-year restrictive period.
Provided the nominated share performance criteria are met and participants remain employed with the Group throughout the restrictive period, a taxable cash bonus is paid sufficient to repay the interest-free loan related to vested shares and legal title in the shares is then transferred to the participants.
Subject to the impact of any increase in the tax rate since allocation, net after-tax dividends related to the vested shares are paid to the employee.
To the extent that the performance criteria are not met, or the participant ceases to be employed by the Group, the shares are forfeited, and the proceeds used to repay the interest-free loan. Exceptions to this are considered in the case of redundancy or retirement.
In a change of control event, the Board has discretion to determine vesting outcomes and the treatment of the ELSS, having regard to performance assessed up to the relevant transaction date.</td></tr>
<tr><td rowspan="2">Performance conditions</td><td>Overview</td><td>The ELSS is designed to evolve with Fletcher Building's strategy, balancing a medium-term focus on returning to profitability, before transitioning to measures (e.g. Earnings Per Share) that better support sustainable long-term growth as business performance strengthens.</td></tr>
<tr><td>Performance conditions, weightings, and timing

FY26 ELSS offer – made on 1 July 2025, tested on 30 June 2028 (i.e. at the end of FY28)</td><td>The FY26 ELSS offer is subject to two equally weighted (50% each) performance criteria, tested at the end of a 3-year restrictive period:
Absolute Total Shareholder Return (aTSR); and
Return on Invested Capital (ROIC).
Absolute Total Shareholder Return
aTSR performance is determined by achievement of a Cumulative Annual Growth Rate (CAGR) set with reference to Fletcher Building's Cost of Equity (CoE). For the FY26 offer, the vesting threshold (11.5%) is set above CoE, with target (15%) and maximum (16.8%) set progressively higher.
The absolute TSR performance and vesting entitlements are set out in the table below.
<table>
<tr><th>aTSR performance hurdles</th><th>Percentage entitlement</th></tr>
<tr><td>Below Threshold: 11.5% CAGR</td><td>Nil</td></tr>
<tr><td>Between Threshold and Target: 11.5% - 15.0% CAGR</td><td>50% - 100% linear pro-rata</td></tr>
<tr><td>Between Target and Maximum: 15.0% - 16.8% CAGR</td><td>100% - 110% linear pro-rata</td></tr>
<tr><td>Above Maximum: 16.8% CAGR</td><td>110%</td></tr>
</table>
aTSR includes an opportunity for above-target performance (110%) to drive and reward outcomes that deliver exceptional shareholder value. The vesting scale extends beyond target, so higher returns continue to translate into increased vesting for genuinely outstanding performance.
Return on Invested Capital
ROIC performance is determined by dividing NOPAT by average invested capital over the prior 12 months and assessing it using the performance thresholds set out in the table on the following page.</td></tr>
</table>

<table>
<tr><th>LTI Element</th><th>Description</th></tr>
<tr><td></td><td>

- The ROIC performance range includes threshold and target hurdles, which have been set with consideration of Fletcher Building's weighted average cost of capital (WACC). Given ROIC was significantly below WACC at the time of the offer (~4.5% vs 8-9%), the target for the FY26 offer of 7.3% reflects a path to strong improvement, with the expectation that targets will move to WACC levels of at least 8% with the 2026 offer.
- The ROIC performance and vesting entitlements are set out in the table below.

<table>
<tr><th>ROIC performance hurdle</th><th>Percentage entitlement</th></tr>
<tr><td>Below threshold: 6.1% ROIC</td><td>Nil</td></tr>
<tr><td>Between threshold and target: 6.1% - 7.3% ROIC</td><td>50% - 100% linear pro-rata</td></tr>
<tr><td>Above target: 7.3% ROIC</td><td>100%</td></tr>
</table>

</td></tr>
</table>

2.6 Minimum shareholding requirement

Over time, the Managing Director and Group CEO, Chief Executives (reporting directly to the Managing Director and Group CEO) and General Managers must acquire and maintain a holding in the Group's ordinary shares until such time as the greater of the sum invested or the market value of their shareholding exceeds 100%, 75% and 50% of their base remuneration respectively. Any shares granted under the ELSS do not count towards the minimum shareholding requirement unless they vest.

Although there is no time limit in which this investment must be built, any shares which vest under the STI plan, ELSS or any similar scheme cannot be sold until their shareholding equals or exceeds the minimum requirement.

These shareholding requirements strengthen the alignment of executives' equity with long-term Group performance and the interests of shareholders.

As at 30 June 2026, the Managing Director and Group CEO (Andrew Reding) had a holding in the Group's ordinary shares equal to 26.5% of his base remuneration. These figures have been calculated in accordance with the minimum shareholding requirement methodology, which uses the greater of the sum invested or the market value of the shares. This does not include any unvested STI Equity or LTI awards. Provided the Group achieves on-target performance, the combined STI Equity and LTI target opportunities for this role would amount to the value of this requirement within 3 years.

2.7 FBuShare (Fletcher Building's employee share purchase plan)

Following a comprehensive review of our benefits in 2026, it was decided that no FBuShare offer would be made in 2026 as less than a third of our people benefitted from this plan. The plan also didn't reflect our new operating model where business unit performance is the key focus. All in-flight FBuShare awards will continue to operate in accordance with the terms of the plan rules.

The mechanisms of the plan are as follows: employees acquire shares in the Group and, if they remain employed after a three-year qualification period, become entitled to receive one bonus award share for every two shares purchased in the first year of the qualification period and still owned at the end of that period. FBuShare does not require any performance criteria to be met. Participation is limited to permanent employees and Directors are not eligible to participate.

2.8 Malus & clawback

Our malus and clawback framework applies to unvested and vested STI, both cash and deferred, and unvested and vested LTI awards. Under this framework, the company has the right to reduce the incentive remuneration component prior to payment or vesting, and clawback the incentive remuneration amount from a participant for a period of three years from the end of the financial year for which the STI payment is made or vesting of the LTI.

There are four key steps in the framework, each of which contains a set of parameters and/or questions that guide management and Directors in determining the extent to which any STI or LTI would be impacted. These steps include:

1. Identifying and investigating trigger events;
2. Assessing trigger events and required consequences;
3. Determining accountability and intent; and
4. Quantifying the adjustment and application.

Although a list of financial and non-financial trigger events has been identified for which this framework would apply, this list is not exhaustive, and management, the People and Remuneration Committee or Board may determine other events apply in its ultimate discretion.

During FY26 no trigger events were identified and therefore, the Board was not required to consider the application of the malus & clawback framework.

3. PERFORMANCE OUTCOMES

3.1 5-year performance summary

Financial year	FY26	FY25	FY24	FY23	FY22
Short-term performance					
Net earnings/loss ($m)	228	(419)	(227)	235	432
EBIT ($m) (1)	431	384	516	782	756
Cash ($m) (2)	519	413	766	517	592
Managing Director and Group CEO STI achieved (as a % of maximum)	**37.5%**	**-**	**-**	**-**	**-**
Long-term performance					
1-year TSR (%) (3)	17	7	(45)	15	(28)
3-year TSR (%) (4)	(21)	(33)	(45)	74	12
ROFE (%)	9.3	8.0	10.0	17.1	19.3
ROIC (5)	5.2	4.5	5.5	5.4	8.9
Dividends (cents per share) (6)	0.0	0.0	0.0	40.0	36.0
Year-end share price ($)	3.39	2.89	2.83	5.42	5.04
Managing Director and Group CEO LTI Vested (as a % of maximum)	-	-	-	-	-
Managing Director and Group CEO LTI offer date (7)	1 September 2023	1 September 2022	1 July 2021	1 July 2020	1 July 2019

(1) EBIT excludes significant items as reported in the relevant performance year.
(2) The Cash measure was operating cash flow in FY19-FY22, trading cash flow (excluding significant items) in FY23, trading cash flow (excluding significant items and legacy) in FY24 and FY25, and free cash flow (excluding significant items and legacy) in FY26. Trading cash flow excluding significant items is calculated consistently with the published Group cash flow from operating activities, excluding cash tax and significant items, but adjusting/deducting for lease interest and principal payments classified as part of cash flows from financing activities, to represent business unit-controlled cash flows. Trading cash flow is adjusted for net capital and investment expenditure to reflect free cash flow available to reduce external borrowings, meet funding costs and potentially fund dividends to shareholders.
(3) Share price movement in year and gross dividend received, to prior year closing share price.
(4) Using 5-day VWAP and the 3-year restrictive period, as per the terms of the ELSS.
(5) ROIC was introduced as a performance measure in FY26.
(6) Gross dividend paid during the period.
(7) The Managing Director and Group CEO was appointed on 30 September 2024. His first in-flight ELSS award is expected to complete its restrictive period in August 2027.

3.2 FY26 Short-Term incentive (STI) performance

3.2.1 Safety Performance

All executives met or exceeded the required safety leadership interactions in FY26 and, with the exception of Residential and Development, all divisions exceeded their safety lead goals (% critical risks controlled). While Residential and Development did not meet its target, the division achieved 43% of the required improvement. The division has subsequently implemented targeted actions to improve the quality and consistency of critical control verifications, address recurring control deficiencies identified through reviews, and strengthen site manager capability.

TRIFR across the Group increased from 2.9 in FY25 to 3.7 in FY26. While this partly reflects the impact of divested businesses, it also highlights the need for improved safety performance. As such we will review and refresh our Protect framework in FY27.

In the event of a fatality, the safety component is automatically forfeited by the Managing Director and Group CEO, all Executives reporting to the Group CEO and relevant Division and BU leaders. The impact on BU leaders is independently assessed (i.e., a fatality in one BU does not impact other BU leaders within the same or different divisions). In the event of a serious injury, the Board has the discretion to adjust any or all of the STI payment and in doing so considers the leader's length of time in role (and therefore ability to influence), their demonstrated leadership prior to the incident as well as the quality of the leader's response post-incident. The Board recognises the importance of this discretion and has, and will continue to, adjust outcomes where it is considered appropriate.

In FY26, tragically, we had one fatality and three serious life-altering injuries – as detailed in the table below. Aligned to our belief that all injuries are preventable, the Safety, Health, Environment and Sustainability (SHES) Committee considered all factors associated with these incidents, including leadership performance and efforts of the teams.

Where appropriate, the SHES Committee provides its findings to the People and Remuneration Committee to review the impact on remuneration outcomes. Serious injuries which were fatal or serious with potentially fatal consequences are reviewed to assess whether discretion should be applied to impact STI outcomes. This helps prevent leaders being unfairly sanctioned for events which, under slightly different circumstances, would not have caused serious harm.

Event	Investigation findings and actions	Impact on STI safety component
Brian Perry Civil: Fatality caused by a falling piece of faulty crane equipment.	Following an investigation, equipment maintenance, plant management and exclusion zone requirements were reviewed and enhanced to address identified improvement opportunities.	The full safety component (10%) was forfeited for the Managing Director and Group CEO, all Chief Executives and relevant General Managers.
Brian Perry Civil: A contractor sustained serious injuries when a steel beam fell from a truck deck during unloading.	An investigation found that, despite existing steel handling controls, the steel beam became unstable and tipped from the truck deck during unloading, resulting in a review and reinforcement of steel handling and unloading requirements.	A 50% reduction in the safety component was applied to the accountable General Manager.
Project Burgundy (Taupō): A serious lower-limb injury to a contractor caused by a telehandler incident.	Investigation findings identified non-compliance with exclusion zone requirements and operating controls, leading to procedural improvements and targeted retraining.	A 50% reduction in the safety component was applied to the Divisional CE[1], all functional GMs and the relevant operational GM.
PlaceMakers: A serious hand injury to a roofing contractor caused by contact with a sharp roof edge.	Following an investigation, additional controls were implemented and PPE requirements reviewed to strengthen work-at-height safety.	A 50% reduction in the safety component was applied to the Divisional CE[1], all functional GMs and the relevant operational GM.

(1) Noting the full safety component was forfeited by the Group CEO and all Chief Executives, due to the fatality.

3.2.2 Financial performance

Board Discretion

The formulaic FY26 STI outcomes reflected strong above-budget performance, as reported in our headline earnings. However, it is the view of the Board that the STI is fundamentally a mechanism to reward core operational performance, and it has therefore exercised discretion to reduce FY26 STI outcomes by excluding gains from divestments and property sales. While these transactions are important strategic outcomes, they have no direct involvement in the core activities of the Group's businesses.

Overall financial performance for the purpose of the FY26 STI is therefore between threshold and budget levels, rather than exceeding budget as our headline results suggest. Following the Board's exercise of discretion, the FY26 STI financial performance outcomes were as follows:

- **EBIT performance** for FY26 was below threshold for the Distribution, Heavy Building Materials and Residential and Land Development divisions, between threshold and target for the Group, and between target and maximum for the Light Building Products division.
- **Cash performance** was above maximum for the Group, Heavy Building Materials and Light Building Products divisions at half year, while the Distribution division was below threshold. At full year, performance of the Heavy Building Materials and Light Building Products divisions was between target and maximum while the Group and Distribution division didn't meet threshold levels.
- **Day Sales Outstanding (DSO) performance** is a key measure for the Distribution division and was between target and maximum for the year.
- **Gross Proceeds and Funds** are key measures for the Residential and Land Development division. Gross Proceeds was below threshold at both half and full year, while Funds performance was between threshold and target at half year and below threshold at full year.

3.2.3 Individual business improvement performance

Where the EBIT gate was met, achievement against business improvement goals for Executives ranged from 60% to 100% (full achievement).

Taking into account performance across these financial, safety and individual business improvement goals, as well as the Board discretion applied, FY26 STI outcomes for the Managing Director and Group CEO and Chief Executives ranged between 1.3% and 61.6% of maximum, with an average of 32.2%.

Further details about the performance of the Managing Director and Group CEO are outlined in Section 4.5 on page 17.

3.3 Long-Term incentive (LTI) performance

The vesting and forfeiture of shares (due to failure to meet performance criteria) over the last five years are set out in the following table:

<table>
<tr><th>Date of offer</th><th>Shares offered</th><th>% vested</th><th>% forfeited</th></tr>
<tr><td>July 2025[1]</td><td>1,637,863</td><td colspan="2" rowspan="3">In-flight</td></tr>
<tr><td>September 2024</td><td>1,302,514</td></tr>
<tr><td>September 2023</td><td>776,435</td></tr>
<tr><td>September 2022[2]</td><td>638,499</td><td>0%</td><td>100%</td></tr>
<tr><td>July 2021 [3]</td><td>395,085</td><td>0%</td><td>100%</td></tr>
</table>

(1) As per the updated ELSS design introduced in FY26, grant and test dates were aligned to Fletcher Building's financial year from the 1 July 2025 offer.

(2) As per the LTI changes introduced in FY23, grant and test dates were aligned to the announcement of the Group's full year results, and the retests were removed.

(3) The restrictive period for the 2021 grant was extended for 12 months until 30 June 2025. Fletcher Building's TSR did not meet the minimum vesting threshold for the period ended 30 June 2025. Therefore, 100% of the shares in the 2021 grant have been forfeited in August 2025.

4. MANAGING DIRECTOR AND GROUP CEO REMUNERATION

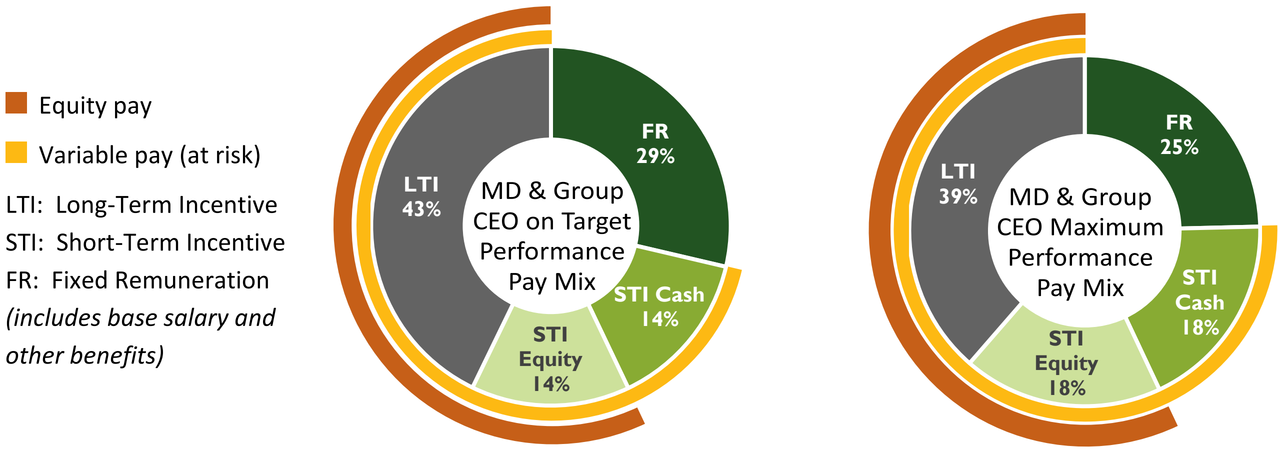
4.1 Remuneration package overview

The following diagram illustrates how remuneration is delivered to the Managing Director and Group CEO.

4.2 Remuneration mix

Andrew Reding's annual base remuneration as at 30 June 2026 was $1,450,000, with an on-target STI of 100% of base salary and LTI of 150% of base salary. The current mix of remuneration components for the Managing Director and Group CEO is set out below and illustrates the significant weighting of variable pay (at risk), which is subject to the achievement of short-term and long-term strategic goals.

The charts below show the Managing Director and Group CEO's remuneration pay mix as a percentage of total package for both on-target performance and maximum performance.



The table below outlines the Managing Director and Group CEO's annual remuneration package at target and at maximum in NZD. This does not reflect actual remuneration received during the year. This information is set out in the next section of the report.

	At target		At maximum	
Remuneration element	**Value in NZD**	**% of total package**	**Value in NZD**	**% of total package**
Fixed remuneration	1,456,418	28.7%	1,456,418	24.6%
STI cash	725,000	14.3%	1,087,500	18.4%
STI equity	725,000	14.3%	1,087,500	18.4%
LTI	2,175,000	42.8%	2,283,750	38.6%
Total remuneration package	**5,081,418**	**100.0%**	**5,915,168**	**100.0%**

4.3 Remuneration received

The remuneration Andrew Reding received for FY25 and FY26 is set out in this section[3].

For completeness, Andrew does not receive any Board fees.

	FY26	FY25[(1)]
Base remuneration	$1,450,005[(2)]	$1,093,255
Other benefits [(3)]	$6,392	$1,720
Total fixed remuneration	**$1,456,397**	**$1,094,975**
Short-Term Incentive accrued in the financial year	$816,633	-[(4)]
Long-Term Incentive vested in the financial year [(5)]	-	-
Total incentives received	$816,633	**-**
Total remuneration received [(6)]	**$2,273,030**	**$1,094,975**
Long-Term Incentives granted (only awarded after 3 years, if performance criteria are met)		
Long-Term Incentive – number of shares granted	422,532[(7)]	447,607[(8)]
Long-Term Incentive – face value of grant	$2,175,000	$2,175,000

(1) Andrew Reding was appointed as the Managing Director and Group CEO on 30 September 2024, the FY25 year therefore reflects the period of 30 September 2024 to 30 June 2025.
(2) The Managing Director and Group CEO's received base remuneration was $5 higher than his contracted base salary ($1,450,000) due to the payment of annual leave taken within his first 12 months of employment, as required by Holidays Act 2003 averaging methodology.
(3) Other benefits include medical insurance. The value for FY25 reflects that medical insurance was only taken up part way through the year, while the FY26 value reflects a premium change effective August 2025.
(4) No FY25 Senior STI was paid.
(5) As the Managing Director and Group CEO only started in FY25, he was not eligible for any LTI vesting.
(6) This table sets out remuneration awarded for the relevant financial year.
(7) Based on a share price of NZ$3.14 being the volume weighted average price for the thirty business days prior to 1 July 2025. The number of shares granted under the LTI is calculated after deducting income tax for the relevant financial year.
(8) Based on a share price of NZ$2.96 being the volume weighted average price for the five business days prior to 1 September 2024. The number of shares granted under the LTI is calculated after deducting income tax for the relevant financial year.

4.4 Managing Director and Group CEO severance terms

The following table summarises key features of the Managing Director and Group CEO's employment contract.

Term of agreement	Notice period by MD and Group CEO	Maximum notice period by Company
Open	6 months	6 months

- The Managing Director & Group CEO is subject to restraints of trade which will apply upon cessation of employment. No separate amount is payable in relation to these restraints over and above the contractual entitlements outlined in the table above.
- The maximum payment on termination (excluding notice) is 6-months' base salary.
- The Group's incentive scheme rules set out the treatment of incentives upon cessation of employment and in the event of a change of control. Under the leaver provisions of these rules, a 'Good Leaver' is a participant who does not meet the 'other leaver criteria' which includes serious misconduct, breach of an engagement agreement, ineligibility to hold office under law or resignation. 'Other Leavers' forfeit any unvested incentives in full, while the treatment for 'Good Leavers' is as follows:
  - **STI cash:** Retained on a pro-rata basis, calculated based on the portion of the financial year that has elapsed.
  - **STI deferred equity:** Retained in full and vests as per the usual timeframe.
  - **LTI:** Retained on a pro-rata basis, calculated based on the period of the performance period that has elapsed, and tested as per the usual timeframe and vesting conditions.

  In a change of control event, the Board has discretion to determine vesting outcomes and the treatment of incentives, having regard to performance assessed up to the relevant transaction date.

[3] Andrew Reding joined as the Managing Director and Group CEO on the 30th of September 2024, for remuneration details relating to previous CEOs refer to prior Remuneration Reports.

4.5 Managing Director and Group CEO FY26 STI outcome

For FY26, financial goals carried a greater weighting (80%) than in previous years to reflect the need to drive improved financial results. Financial goals are measured on a straight-line basis between threshold and maximum hurdles. Safety and business improvement goals do not provide for above-target performance. The maximum opportunity (150% of target) is therefore only driven by financial goals. The table below summarises performance against targets for each goal.

Measure	Scorecard weighting pay-out range	Actual outcome: % of maximum	Comment
Safety gate	Gate for any payment	Between target and maximum	Continued to champion the Protect Strategy by maintaining a strong on-site presence, undertaking safety walks and engaging directly with teams across Fletcher Building's operations.
Financial goals			
FB Group EBIT (gate to individual goals)	0% - 50%	Partial	After applying Board discretion, the annual EBIT result was between the threshold and target performance hurdles. The goal was partially achieved.
FB Group Free Cash H1	0% - 15%	At or above maximum	The half year free cash result was above the maximum performance hurdle. The goal was fully achieved.
FB Group Free Cash FY	0% - 15%	At or below threshold	The full year free cash result was below the threshold performance hurdle. The goal was not achieved.
Safety goals	**Note: Full safety component forfeited due to the fatality in Vanuatu during FY26.**		
Safety lead goal: Successfully achieve 75% controlled critical risks (an increase from 70% in FY25).	0% - 5%	*Forfeited*	While this goal was achieved (78% controlled critical risks), the entire safety component was forfeited due to a fatality. The focus on the roll-out of critical risk initiatives is key in driving the right behaviours and creating a safe workplace.
FB Group Total Recordable Injury Frequency Rate (TRIFR) reduced from 2.9 to 2.6 or below.	0% - 5%	At or below threshold	Group TRIFR has increased from 2.9 to 3.7 during FY26. While this partly reflects the impact of divested businesses, it also highlights the need for improved safety performance. As such we will review and refresh our Protect framework in FY27.
Individual goals			
Achieve net debt within the target range of \$400m to \$900m by the end of FY26.	0% - 4%	Between target and maximum	Net debt closed at \$637 million in FY26, comfortably within the target range and significantly below the FY25 forecast range of \$1.05b to \$1.10b, reflecting strong balance sheet management and cash discipline.
Deliver a further \$30m of corporate cost savings on an annualised run-rate basis by the end of FY26.	0% - 4%	Between target and maximum	Savings in excess of \$30 million were achieved, including more than \$20 million from Corporate Centre initiatives and approximately \$13 million from the removal of corporate and divisional overhead costs, following the divestment of the Construction division.
Establish succession plans for all critical senior leadership roles (CEO and Chief Executives) by the end of FY26.	0% - 2%	Between target and maximum	A structured succession planning framework was established for the CEO and Chief Executive roles, including a Board-led CEO succession programme, successor identification, readiness assessments, and targeted development planning to strengthen leadership pipeline depth over the medium and long term.
FY26 STI Outcome (as a % of maximum)	**0% - 150%**	**37.5%**	

Key:

At or above maximum

Achievement between target and maximum

Partial achievement between threshold and target

At or below threshold achievement

5. FREQUENTLY ASKED QUESTIONS

Key Questions	Fletcher Building Response	Reference (if applicable)
Remuneration Report vote		
Why did you put the remuneration report to a vote at the ASM?	As a New Zealand incorporated company listed on the ASX, Fletcher Building is not required to disclose an Australian-style remuneration report or put that remuneration report to a vote. While FB is not legally required to put our remuneration report to a vote, we presented the FY24 and FY25 report to a non-binding vote (i.e. not a substantive rule but to understand shareholder views) at the 2024 and 2025 ASM. This decision was taken to enhance and evolve shareholder engagement on remuneration, in response to feedback from investors, and as a matter of good corporate governance.	-
What will happen in the event of 2 strikes against the remuneration report?	In contrast to Australian requirements, we are not adopting a vote to spill the board in the event of 2 consecutive strikes. Based on Australian practice, this resolution is almost never approved, it is expensive, and the FB Directors are focused on Board renewal. The Board was renewed during FY25 and we will continue regular engagement to gain feedback on and improve our remuneration practices and reporting.	-
Why does FB not comply with all Australian requirements?	As a dual listed company, incorporated in New Zealand, we comply with the Australian requirements that are most meaningful for our shareholders and will assist in assessing FB's remuneration. Complying in full would be cost prohibitive and compliance for compliance's sake without increasing value for shareholders. We will consult on and consider additional information investors would like disclosed.	-
How has the Board responded to investor feedback following the previous Remuneration Report vote?	FB considered all shareholder feedback and incorporated changes where appropriate into the remuneration structure and throughout the report. Key Feedback from the FY25 Remuneration Report vote included questions about how the Vanuatu fatality will be reflected in FY26 Remuneration outcomes, and a request to disclose a summary of the Managing Director and Group CEO's severance terms. Both items have been outlined within this report.	Section 1, Section 3.2 and Section 4.4
Why have all Key Management Personnel (KMP) not been included in the remuneration report?	The decision of who a KMP is has always been discretionary such that practices vary broadly across the ASX. Furthermore, in New Zealand disclosure of individuals' remuneration requires consent. This would be prohibitive for a broad group and disclosure for many New Zealand executives could lead to upward pressure on pay over the longer term as well as the risk of key talent poaching.	-
Overall Remuneration framework		
Is there an appropriate balance between short- and long-term performance, and cash and equity?	Executives are focused on the quality of earnings over the longer term via the LTI component (which is a significant element of total remuneration), the two-year STI deferral (which is aligned with shareholders via share price appreciation or depreciation during that time), and those business improvement STI goals which are future-focused. Under this approach, a meaningful portion of total remuneration is delivered in equity (~57% for the CEO and ~40% for Chief Executives at both target and maximum), supporting strong alignment with long-term shareholder value. Cash incentives continue to reward short-term in-year performance.	Section 2.2 and Section 4.2

Key Questions	Fletcher Building Response	Reference (if applicable)
Has Executive fixed pay increased in FY26?	There were no changes to the Managing Director and Group CEO's fixed remuneration in FY26. Fixed remuneration increases for Chief Executives were limited to situations where roles were materially changed (including the Chief Executives of the Light Building Products and Heavy Building Materials divisions).	Section 2.2 and Section 4.3
Executive Long-term Share Scheme (ELSS)		
Why was the LTI redesigned?	The LTI was redesigned to align more closely with Fletcher Building's revised strategy and financial framework. Recognising that our strategy demands a step change in performance and leadership impact, the ELSS needed to evolve to become a more powerful lever for driving transformation, while engaging senior leaders and maintaining a strong link between executive reward and shareholder outcomes. The redesigned ELSS places greater emphasis on Fletcher Building's medium-term strategic priorities of delivering shareholder value and improving capital efficiency, through Absolute Total Shareholder Return (aTSR) and Return on Invested Capital (ROIC) goals. The Board has committed to reviewing the measures again over the longer-term as the Group returns to a position of sustained performance and growth - potentially replacing ROIC with Earnings Per Share (EPS).	Section 1 and Section 2.5
What are the performance hurdles for the 2025 offer and why did you choose these measures?	The 2025 offer is subject to absolute Total Shareholder Return (aTSR) and Return on Invested Capital (ROIC) in equal measure, i.e. 50% each. We've chosen these measures for a clear and disciplined focus on what matters most in the medium-term: Restoring performance and delivering value to shareholders. Our measures are intended to evolve in line with our medium and long-term strategy. For example, ROIC supporting performance improvement in the medium-term and EPS (earnings per share) becoming more relevant as our focus shifts to sustainable long-term growth.	Section 1 and Section 2.5
Why have you replaced relative TSR with absolute TSR?	Absolute TSR was selected for two key reasons: – First, given Fletcher Building's history of not delivering an economic profit, we realise our immediate focus needs to be on delivering absolute value to shareholders. aTSR is the most direct measure thereof through share price appreciation and dividends. – Second, relative TSR has limitations for Fletcher Building because the pool of genuinely comparable organisations across New Zealand and Australia is small (<10). Ideally, an rTSR measure requires a larger group to reduce sensitivity to small changes in performance, or changes to individual companies, which occur in a small cohort.	Section 1 and Section 2.5
Why have you replaced ROFE with ROIC?	ROFE presented a number of challenges, including investor concerns around the treatment of significant items and the lack of a consistent definition across companies. ROIC is a more robust and standardised measure that aligns to our financial framework and better reflects how efficiently we use capital to create value.	Section 1 and Section 2.5

Key Questions	Fletcher Building Response	Reference (if applicable)
How is ROIC defined?	ROIC is defined as NOPAT divided by average invested capital over the prior 12 months, consistent with the framework outlined at the 2025 Investor Day. – NOPAT is defined as the business's operating profit after tax. Specifically, it is calculated as "EBIT (pre significant items) multiplied by (1 – tax rate)". – Invested Capital represents the total capital employed to generate those earnings. It includes net working capital, fixed assets, investments, right of use (ROU) assets, and intangible assets. The use of trailing 12-month averages for both NOPAT and invested capital helps smooth timing impacts and provides a more stable, comparable measure of performance over time.	Section 2.5
What is your approach for setting aTSR hurdles and what gives you confidence that they are sufficiently stretching?	aTSR hurdles are set with reference to our Cost of Equity (CoE). For the 2025 offer, the vesting threshold (11.5%) is set above CoE, with target (15%) and maximum (16.8%) set progressively higher. Under this approach, vesting only occurs when shareholder returns exceed required returns and increase to levels that reflect significant value creation.	Section 2.5
Why is there an opportunity for above-target performance?	aTSR includes an opportunity for above-target performance (110%) to drive and reward outcomes that deliver exceptional shareholder value. The vesting scale extends beyond target, so higher returns continue to translate into increased vesting for genuinely outstanding performance. The ROIC performance measure does not provide an opportunity for above-target performance.	Section 2.5
What is your approach for setting ROIC hurdles and what gives you confidence that they are sufficiently stretching?	ROIC hurdles are set with reference to our Weighted Average Cost of Capital (WACC). Given FY25 ROIC of ~4.5% was below WACC of 8-9%, the target for the 2025 offer of 7.3% reflects a path to strong improvement, with the expectation that targets will move to WACC levels of at least 8% with the 2026 offer. Under this approach, hurdles are stretching by requiring sustained improvement in capital efficiency and progressing toward returns that create economic value.	Section 2.5
Will in-flight offers be impacted in any way?	No, all changes will apply prospectively only. The in-flight offers from 2023 and 2024 will continue to be assessed under the original performance measures and conditions, i.e. relative TSR and ROFE.	Section 1
Why has there been such a significant increase in LTI quantum for Chief Executives?	The LTI quantum for the 2025 offer is 100% of base salary (aligned to the upper quartile for comparable roles) to emphasise the step change required in performance and provide a meaningful interest in the long-term success of the Group for Chief Executives. From 2026, the LTI quantum will be 70% of base salary (aligned to the median for comparable roles). Importantly, this increase is delivered through at-risk equity, meaning incentives will only be realised alongside significant improvements in shareholder value.	Section 1 and Section 2.5

Key Questions	Fletcher Building Response	Reference (if applicable)
How does the 'loan-share' mechanism work and why is the ELSS changing to a Share Rights vehicle?	The loan-share mechanism was a long-running plan type that was majority NZ practice. Under this plan type participants are allocated shares upfront, funded by an interest-free loan from the company. If performance hurdles are met, the shares vest and a bonus is used to repay the loan. If hurdles are not met, the shares are forfeited and no value is realised. Dividends are not paid on unvested equity but are an additional benefit on shares that vest. Historically, this mechanism provided a tax benefit, as the loan principal was not subject to tax. However, following a comprehensive review of Employee Share Scheme taxation rules by Inland Revenue (IRD) in 2018, changes were introduced to remove the ability to achieve tax-free capital gains through these arrangements. Due to the removal of the tax benefit and the complexity of the mechanism, the ELSS will be offered using share rights from FY27. Share rights are simple to administer and understand, align with current market practice across both New Zealand and Australia, and provide participants with the same opportunity to share in the company's long-term performance.	Section 1 and Section 2.5
What is the performance period and testing frequency for the ELSS?	Each offer is measured over a 3-year period from 1 July to 30 June. The 2025 offer (made in FY26) is effective from 1 July 2025 to 30 June 2028. Performance against each offer is measured once at the end of the 3-year period, and there is no interim testing.	Section 2.5
Are executives allowed to sell vested shares to cover their tax liability, even if the minimum shareholding requirements aren't met?	Participants are allowed to sell shares to cover any tax liability that arises under our equity schemes, even where the minimum shareholding requirement has not been met. Tax obligations are managed through either sell-to-cover or approved disposal arrangements, enabling participants to meet their tax obligations without compromising long-term ownership alignment. Our shareholding calculation methodology uses the greater of the sum invested or the market value of the shares (i.e. including any tax liability that arises). This does not include any unvested STI equity or LTI awards.	Section 2.6

6. EMPLOYEE REMUNERATION

Section 211(1)(g) of the Companies Act 1993 requires disclosure of the number of employees or former employees of the Group whose remuneration and any other benefits received by them during the year in their capacity as employees, was equal to or exceeded $100,000 per annum and to state the number of such employees or former employees in brackets of $10,000. These amounts are included below and include all applicable employees or former employees of Fletcher Building worldwide. The remuneration amounts include all monetary amounts and benefits actually paid during the year, including redundancies, the face value of Long-Term Incentives vested, and amounts that relate to prior periods (due to timing of payments).

From NZD to NZD	New Zealand business activities	International business activities	Total	From NZD to NZD	New Zealand business activities	International business activities	Total
100,000 – 110,000	665	215	880	420,000 – 430,000	2	0	2
110,000 – 120,000	521	227	748	430,000 – 440,000	4	2	6
120,000 – 130,000	445	245	690	440,000 – 450,000	2	1	3
130,000 – 140,000	342	190	532	450,000 – 460,000	2	1	3
140,000 – 150,000	230	168	398	460,000 – 470,000	1	0	1
150,000 – 160,000	172	140	312	470,000 – 480,000	1	1	2
160,000 – 170,000	141	119	260	480,000 – 490,000	2	5	7
170,000 – 180,000	96	118	214	490,000 – 500,000	0	2	2
180,000 – 190,000	92	96	188	500,000 – 510,000	2	2	4
190,000 – 200,000	69	90	159	510,000 – 520,000	1	2	3
200,000 – 210,000	50	60	110	520,000 – 530,000	1	0	1
210,000 – 220,000	51	59	110	530,000 – 540,000	0	2	2
220,000 – 230,000	32	38	70	540,000 – 550,000	2	0	2
230,000 – 240,000	36	33	69	610,000 – 620,000	1	1	2
240,000 – 250,000	15	26	41	630,000 – 640,000	1	1	2
250,000 – 260,000	22	26	48	640,000 – 650,000	1	0	1
260,000 – 270,000	18	17	35	690,000 – 700,000	2	0	2
270,000 – 280,000	14	8	22	720,000 – 730,000	0	1	1
280,000 – 290,000	12	13	25	750,000 – 760,000	1	0	1
290,000 – 300,000	12	11	23	770,000 – 780,000	1	0	1
300,000 – 310,000	7	10	17	780,000 – 790,000	1	0	1
310,000 – 320,000	9	6	15	820,000 – 830,000	0	1	1
320,000 – 330,000	4	6	10	830,000 – 840,000	1	0	1
330,000 – 340,000	8	4	12	930,000 – 940,000	1	0	1
340,000 – 350,000	8	2	10	980,000 – 990,000	1	0	1
350,000 – 360,000	8	6	14	1,000,000 – 1,010,000	1	0	1
360,000 – 370,000	3	6	9	1,030,000 – 1,040,000	1	0	1
370,000 – 380,000	6	2	8	1,100,000 – 1,110,000	0	1	1
380,000 – 390,000	5	2	7	1,380,000 – 1,390,000	1	0	1
390,000 – 400,000	2	2	4	1,450,000 – 1,460,000	1	0	1
400,000 – 410,000	3	1	4	1,700,000 – 1,710,000	1	0	1
410,000 – 420,000	3	0	3	2,190,000 – 2,200,000	1	0	1
				Total	3,138	1,969	5,107

The FY26 highest-paid employee population includes two leaders in the Construction Division (now divested) who received one-off project completion incentives related to the New Zealand International Convention Centre (NZICC). These incentives were established to retain key leaders over a six-year period to deliver NZICC through recovery, remediation and completion. The leaders successfully led the project to practical completion and handover, achieving a critical milestone for Fletcher Building.

The number of individuals above $1million in FY26 is 7 (compared to 17 in FY23, 9 in FY24 and 13 in FY25).