Fletcher Building

Heavy Building Materials Division

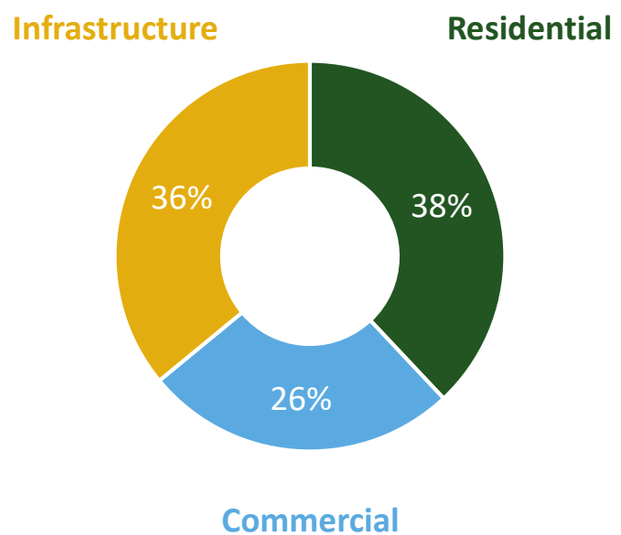
Construction Materials Vertical

The Construction Materials vertical is NZ's leading construction materials business with a foundation in circularity and low-carbon

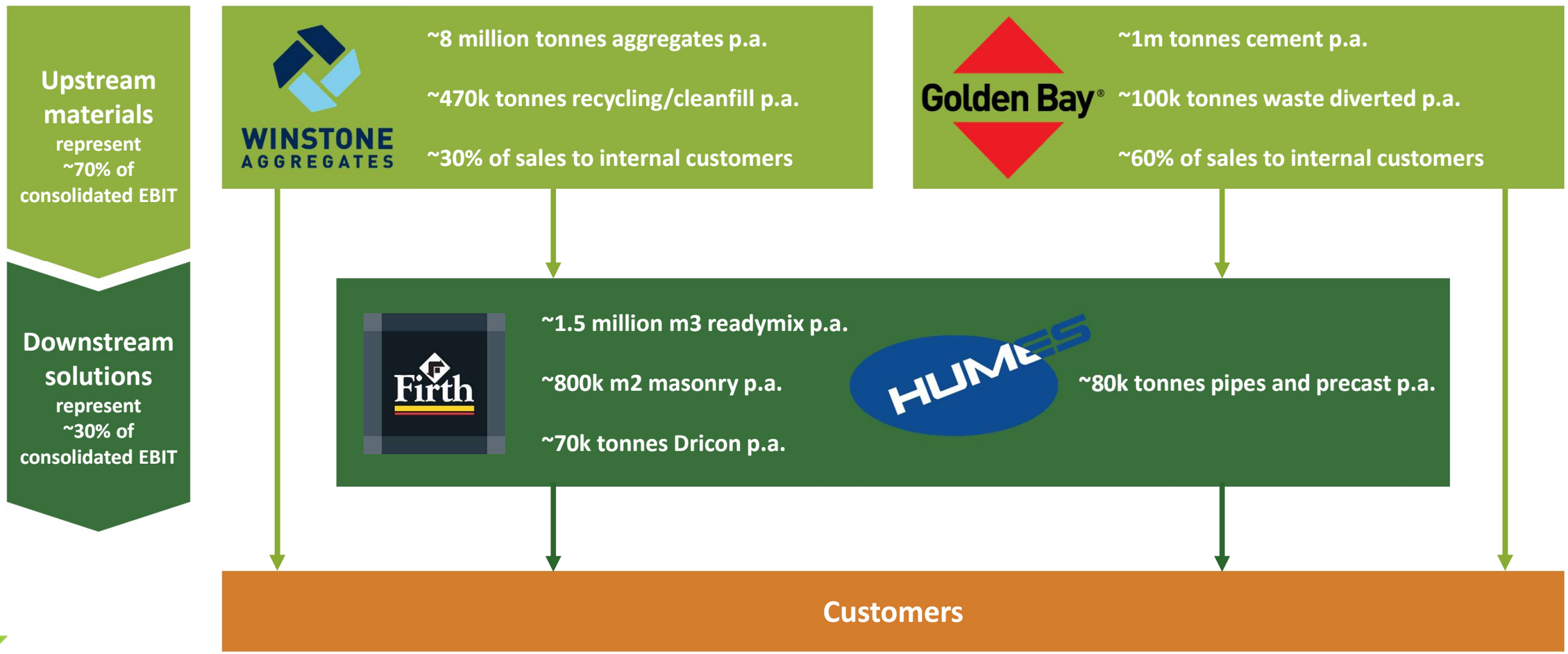
- **Leading market positions -** Leader in **aggregates & recycling,** NZ's only domestic manufacturer of **cement**, **ready-mix** concrete, **masonry** & Dricon (**bagged dry concrete**) and **pipelines & solutions supplier**
- **Unique NZ wide footprint & network** with well-balanced sector exposure – in particular the more resilient infrastructure sector
- **Strong technical capabilities** & **leading brands**

Business Unit	Overview	Position
 WINSTONE AGGREGATES	➔ Leader in aggregates, recycling, clean fill, transportation and lab services ➔ 11 active quarries, 4 clean fills and 2 urban yards – with a dedicated trucking & delivery service nationwide	#1
 Golden Bay®	➔ NZ's only integrated cement manufacturer, offering NZ's lowest carbon GP cement ➔ An efficient plant with further waste management income streams in close proximity to NZ's largest market; with dedicated shipping, trucking & rail distribution; six regional service centres	#1
 Firth	➔ Leader in ready-mix concrete, masonry and bagged pre-mix concrete/mortars (Dricon) ➔ 66 certified plants, 6 masonry plants and 2 Dricon plants	#1
 HUMES	➔ Infrastructure supply partner for water management and civil precast construction solutions ➔ 19 sales branches and 4 concrete pipe and precast manufacturing facilities	#2

Revenue Weighted Sector Exposure



Our vertically integrated business model is aggregate-led, with downstream presence to deliver value-added solutions and drive pull-through



Golden Bay is NZ's only integrated cement manufacturer

- The Portland plant in Whangārei has been producing cement since 1913 providing critical supply chain resilience to the construction industry
- Strategically located near two limestone quarries which provide supply of necessary raw materials for cement manufacturing; and the Whangārei Harbour allowing marine distribution
- Significant player in waste solutions currently diverting ~100k tonnes of waste from landfill each year

550 people (direct + indirect)

Cement capacity ~1m tonnes p.a.

~26% lower embodied carbon vs baseline[1]

~60% NZ market share

6 marine terminals in major North Island ports

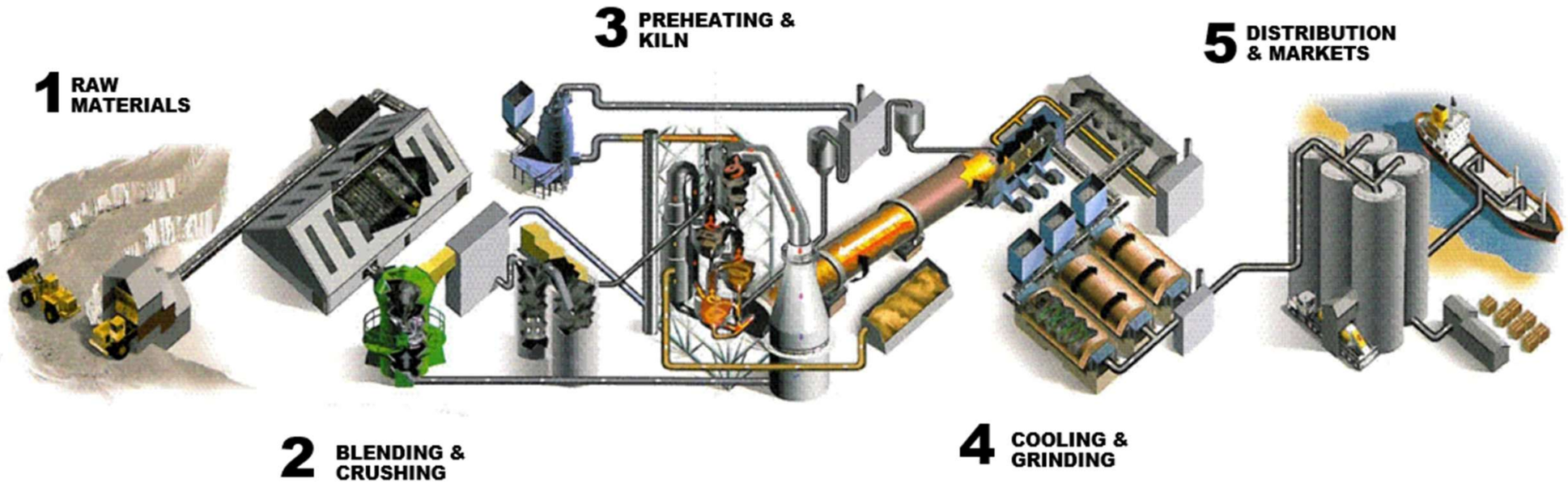
Waste diverted and co-processed ~100k tonnes p.a.

[1] *EcoSure® General Purpose ('GP') cement; Infrastructure Sustainability Council of Australasia baseline (2017)*

Cement manufacturing occurs in two stages: production of clinker from raw materials; and grinding of clinker to produce cement for distribution

Clinker production is an emissions intensive process:

1. **Thermal energy: ~35% of current process emissions (addressable by Golden Bay)**
2. **Limestone chemical reaction ~65% of current process emissions (hard-to-abate, requires industry focus e.g. carbon capture)**



Clinker production

Cement production & distribution

Golden Bay's use of waste-derived alternative fuels is industry leading and we play a significant role in waste diversion for NZ

2003: bio-fuel (Woodwaste) introduced as a partial replacement for coal ~10% coal substitution

2021: installation of feed system to handle tyre-derived fuel ~50% coal substitution

2025: Front-end firing project to introduce hard-to-recycle plastic waste & wood into front end of kiln ~70-80% coal substitution target

2003 | **2010** | **2021** | **2023** | **2025** | **2030+**

2010: introduction of construction & demolition waste (C&D) into process ~25% coal substitution

2023: purchase of shredder machine, adding pre-processing capabilities & ability to handle other wastes ~50-60% coal substitution

2030+: Target of being coal-free

100% coal substitution target

Decarbonisation of cement is playing a key role in the NZ concrete industry achieving net-zero emissions by 2050

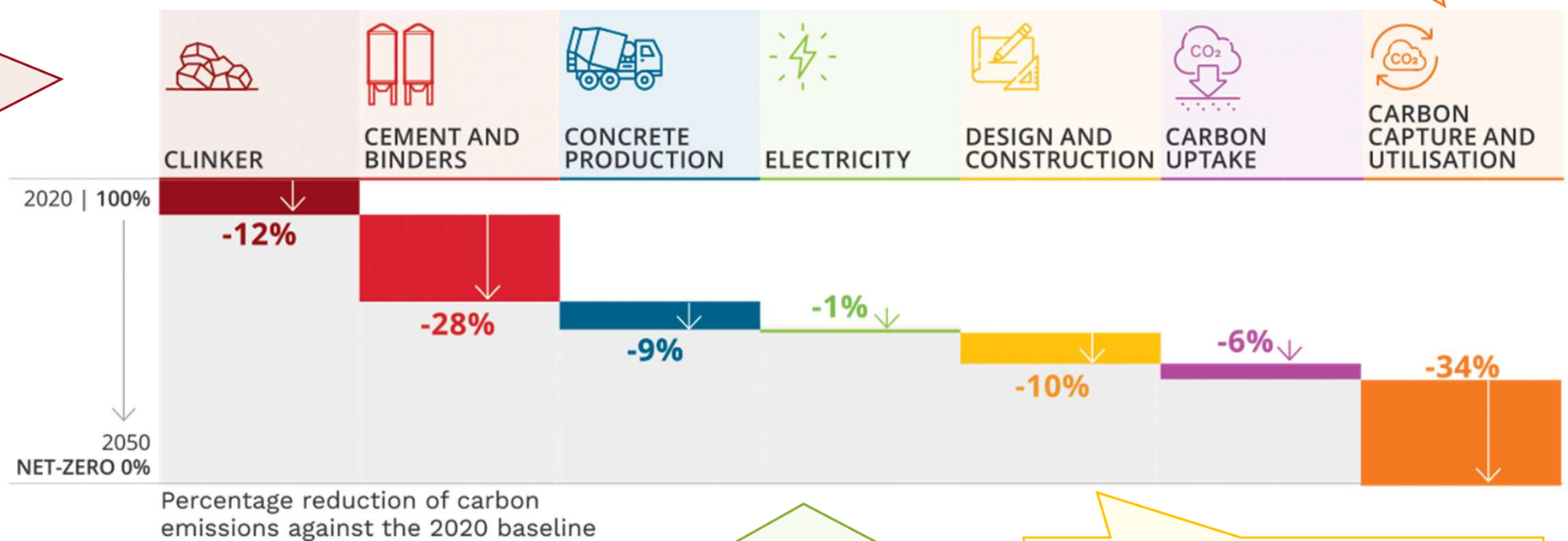
What Golden Bay is doing:
- Increasing the use of supplementary cementitious materials to reduce clinker factor
- Leveraging downstream network with Firth to drive market uptake of low carbon cement

What Firth is doing:
- Increasing the use of recycled aggregates and admixtures to allow reduced clinker factor
- Trial of electric readymix truck bowls

What Golden Bay is doing:
- Supporting small-scale carbon capture pilot trial currently at Portland
- Exploring future commercial opportunities for carbon offtake

What Golden Bay is doing:
- Current coal substitution rates of >60% are industry leading
- Growing the use of waste-derived in alternative fuels & raw materials
- Target of being coal free by 2030+

Concrete NZ Net Zero Roadmap



What Golden Bay is doing:
- Renewable geothermal power purchase agreement (PPA) in place with Ngāwhā Generation (Top Energy)
- Direct landfill gas-to-energy electricity offtake agreement with Northland Waste

What the Division is doing:
- Use of innovative foundation systems (Firth RibRaft, X-Pod) to do more with less
- Ongoing trials to test and improve low-carbon readymix, precast and masonry applications

Current Emissions Trading Scheme settings are uncertain, preventing significant investments in decarbonisation

- Manufacturing of clinker and cement are qualifying activities under the Emissions Trading Scheme ('ETS'), therefore Golden Bay has historically received Industrial Allocations (IA's) of carbon units (NZU) annually based on an allocative baseline, representing the emissions intensity of the NZ cement manufacturing industry.

- The Climate Change Response (Late Payment Penalties and Industrial Allocation) Amendment Act 2023 introduced uncertainty, preventing significant investment in decarbonisation initiatives.

1 **Issue 1: Disincentivising accelerated decarbonisation**

- Re-baselining against own activity and potentially every 5-years

2 **Issue 2: Local manufacturing has a cost of carbon while importers do not – *"a level playing field"***

- Establishment of a Carbon Border Adjustment Mechanism ('CBAM') achieving import carbon price parity

We are committed to decarbonising cement & concrete, and we want to remain manufacturing in NZ, but we cannot deploy significant capital with regulatory uncertainty

Supplementary Cementitious Materials ('SCMs')

Ground granulated blast furnace slag (GGBFS / Slag) – steel manufacturing by-product

Calcined clay – naturally occurring kaolinite heated to >600°C

Pozzolans – naturally occurring volcanic materials used in ancient Greek and Roman construction

Recycled concrete – processed following end of life

- **Positive Government engagement to date** – decarbonisation without deindustrialisation
- Significant investment in decarbonising local manufacturing is **not viable without certainty, a Carbon Border Adjustment Mechanism** will be in place in the medium-term
- Given regulatory settings, **we have reviewed our capital plans for Golden Bay.**
- Over FY27-30, **GB intends to deploy ~$70-80m allowing greater use of SCMs to continue to decarbonise our offering** and provide capacity to meet demand.
- The current investment plan **retains flexibility to remain a domestic manufacturer or transition to an import model.**

Questions?