

## NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

**Fletcher Building's remuneration philosophy is to attract and retain best in class Board members with remuneration practices that are competitive, commensurate of the skills required of individual Directors and the inherent responsibility of the office, and appropriately drive for both annual and long-term results to maximize shareholder value.**

### **Remuneration of Directors:**

Directors' remuneration is paid in the form of Directors' fees.

Additional fees are paid to the Chairman of the Board and to the Chairs and members of each Committee (except the Nominations Committee and the Disclosure Committee) to reflect the additional responsibilities of these positions. No additional fees are paid to the Chairman of the Board for committee work.

Unscheduled additional work for Directors is time based, payable at \$1,200 per half day (excluding GST, where appropriate). Fees for additional work is subject to Chairman approval.

No superannuation or retirement allowances are provided to Directors. Directors are not remunerated for also being directors of Fletcher Building Industries Limited, the NZDX listed issuer of the Group's capital notes.

As part of their remuneration, Directors do not receive any form of share options or restricted shares, nor do they participate in any bonus or profit-sharing plan.

The details of actual fees paid to Directors are disclosed in our Annual Report.

### **Review of remuneration:**

The remuneration of Directors is reviewed annually by the Nominations Committee, taking account of the Company's size and complexity, the time commitment and responsibilities required of the Board, and the skills, performance and experience required for the Board. Remuneration recommendations are made from that Committee to the Board for approval.

### **Review of Fee Pool:**

Specialist independent consultants may be engaged from time to time to provide advice and ensure that Director remuneration is appropriate and comparable to that of similar companies in the markets in which the Group operates.

The total fees available to be paid to Directors are subject to shareholder approval in accordance with the NZX Listing Rules. Fees payable in any year cannot exceed the amount approved by shareholders. For the purposes of that calculation, any amount paid for unscheduled work are excluded.

Increases in fees approved by the Board must not cause the fees payable in any year to exceed the Fee Pool set by shareholders. Where an increase in the Fee Pool is considered appropriate, the Board will obtain a report from an external consultant on whether the proposed increase is fair and reasonable in all the circumstances. A summary of that report will be included in the material dispatched to shareholders seeking their consent to increase the fee pool.

### **Shareholding:**

Directors are expected to maintain a shareholding of 40,000 Fletcher Building shares, or a number equivalent to a director's base fee at the time they joined the Board, with each Director having three years from appointment to accumulate that holding. Holdings are published annually in our Annual Report. Directors, like employees, must comply with Fletcher Building's Securities Dealing Policy when dealing in shares.

### **Reimbursement of Directors' Expenses:**

In summary, the Company meets the cost of:

- all Directors' travel directly associated with attendance at Board and Committee meetings, Board trips and Board business; and
- any costs directly associated with the Director's performance of his or her role.

All Directors' expenses are approved by the Chairperson. The Chairperson's expenses are approved by the Chairperson of the Audit and Risk Management Committee.

**This policy applies to:** All non-executive Directors of Fletcher Building Limited.

This policy will be reviewed every two years, or more frequently as required.