



Sustainably Certified Products



Fletcher Building's purpose is 'improving the world around us by smart thinking, simply delivered'. As a major manufacturer of building products, part of that improvement is reducing our environmental impact and increasing the sustainability of the products we make, and increasing the proportion of revenue from sustainably certified products. Our target is for > 75% of our product revenue from manufacturing businesses to be from sustainably certified products by 2026.

What do we mean by sustainably certified products?

We mean products that hold a credible, third party verified, sustainability certification.

The sustainability certifications that we use are those that are recognised by Green Star (New Zealand and Australia Green Building Councils) for green buildings, and IS Rating (by Infrastructure Sustainability Council) for sustainable infrastructure. The certifications we use qualify for the *Sustainable products* credits in those certification frameworks, and they are:

- Type I environmental labelling, following ISO 14024
 - Eco Choice Aotearoa
 - Good Environmental Choice Australia
 - Global GreenTag GreenRate
- Type III environmental declarations, following ISO 14025
 - Environmental Product Declarations (EPD)
- Responsible forestry chain of custody certification

More information about eco-labels can be found here: <https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100323.pdf>

What revenue is included in our target?

We include revenue from products we make and from products that our manufacturing businesses source from other manufacturers and sell.

We exclude revenue that is not generated by product sales. This non-product revenue includes, for example, revenue from services (e.g. installation of insulation) or logistics services that some Fletcher Building businesses offer.

The *Percentage revenue from sustainably certified products* is defined as: Gross revenue from products with sustainability certifications as a percentage of Gross revenue from product sales (see Figure 1).

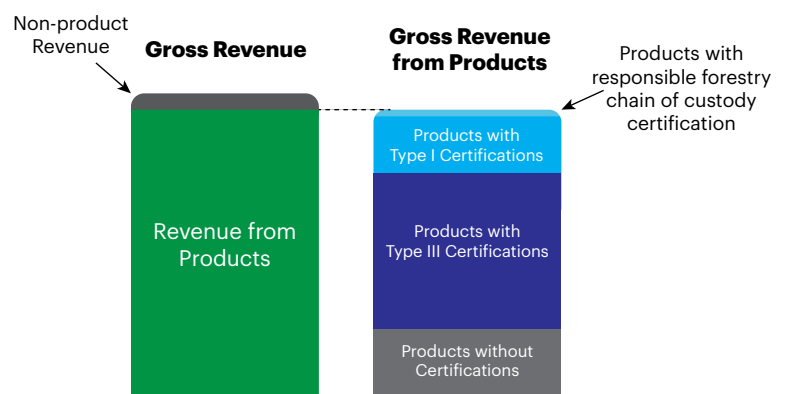


Figure 1: Gross revenue split from manufacturing businesses

What do we mean by our manufacturing businesses?

We mean businesses within Fletcher Building that manufacture products. The businesses we use for the revenue calculation are those within the following divisions: [Australia](#), [Building Products](#), and [Concrete](#). All the products sold by these businesses are considered, including products that are not manufactured by them. Businesses within our [Construction](#), [Distribution](#), and [Residential and Development](#) divisions are excluded.

Further clarifications

Does this mean the products are sustainable?

There are many factors that contribute to the sustainability of building materials. Factors could include responsible sourcing of material, how the product is made, embodied carbon emissions, etc.

For the *Percentage revenue from sustainably certified products*, we have used the certification recommendations for green building and sustainable infrastructure ratings from Green Building Councils of [New Zealand](#) and [Australia](#), and [Infrastructure Sustainability Council](#). If their recommendations are updated, we will update our definition to ensure we follow the latest guidance.

What is gross revenue and how does it affect the percentage of sustainable revenue?

Gross revenue includes all revenue from product sales from our manufacturing businesses. It does not include revenue from our distribution operations, or our construction operations.

The majority of the gross revenue we use in this calculation is from sales to external customers. A small proportion (<8% in FY23), is from products that one Fletcher Building business sells to another Fletcher Building business, and are then re-sold to a customer without further transformation.

We include internal revenue because it is reflective of customer demand for sustainably certified products –

whether that demand is from an external customer or from one of our own manufacturing businesses. On the other hand, we want to avoid double counting, and there is an argument to exclude internal revenue.

At present, we include internal revenue in the calculation, and disclose the proportion of gross revenue that this represents. If the proportion of internal revenue changes to the extent that it has a material impact on the overall percentage then we will review this position.

Certification date

A product is considered certified if it holds the certification at the end of the financial year (30th June); or if we have written confirmation from the certification body that a product being re-certified is likely to achieve re-certification, and re-certification is achieved within 3 months from expiry for Type I certifications (typically valid for 12 months) or within 12 months from expiry for Type III certifications (typically valid for 5 years).

There is no pro-rata calculation of revenue for products that gain certification during the financial year. The revenue for the entire financial year is included in the calculation.

If there is a situation where a product no longer holds sustainability certification at the end of the year, then none of the revenue from that product will be considered.