

AUDIT AND RISK COMMITTEE CHARTER

PURPOSE

This Charter sets out the authority, role and responsibilities, composition, and operation of Audit & Risk Committee (the Committee) for Fletcher Building Limited (Fletcher Building).

AUTHORITY

The Board, through the constitution and its charter, has delegated authority to the Committee to oversee all matters relevant to Fletcher Building's financial reporting, risk management framework, external auditor relationship, and internal audit function.

The Committee has the authority to decide on all matters within the scope of its role and responsibilities, other than matters reserved for the Board.

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The role of the Committee is to:

- (a) oversee the integrity of Fletcher Building's external financial reporting;
- (b) oversee Fletcher Building's risk management framework and the mechanisms and internal controls in place to identify, monitor and manage Fletcher Building's material strategic, financial, operational, and emerging risks;
- (c) oversee Fletcher Building's relationship with external auditors;
- (d) oversee Fletcher Building's internal audit function;
- (e) facilitate open communication among the external auditors, financial and senior management, internal audit function, and the Board; and
- (f) approve public disclosures related to its role and responsibilities, except those required to be approved by the Board.

In addition to the general matters listed above, the Committee is responsible for:

1. Financial Governance

- reviewing and approving all significant accounting policy changes and overseeing policy compliance with New Zealand law (including Financial Reporting Act 2013) and relevant NZX and ASX exchange requirements;
- meeting with the external and internal auditors to discuss practices and issues surrounding financial governance;
- monitoring Fletcher Building's treasury position in relation to funding, liquidity, and financial risk management as well as compliance with covenants;
- monitoring Fletcher Building's tax position and areas of potential tax risk; and
- advising the Board on the adequacy of Fletcher Building's financial governance framework and associated management systems.

2. Financial Reporting

- reviewing and recommending to the Board for approval, Fletcher Building's interim, and annual financial statements, and assessing whether those statements are adequate for shareholder needs and compliant with appropriate laws and regulations; and

- when conducting the above review and assessment, considering:
 - the external auditors' report(s) on Fletcher Building's annual and interim financial statements;
 - the underlying quality of the financial reporting as set out in the interim and annual report, and financial statements;
 - changes in accounting policy and practice;
 - any significant accounting estimates and judgments made in preparation of the financial statements;
 - accounting implications of new and significant transactions;
 - the external auditors' judgements about the quality and appropriateness of Fletcher Building's accounting principles as applied to significant judgements or new and significant transactions affecting its financial reporting;
 - management practices and any significant disagreements between management and the external auditors; and
 - whether the financial statements reflect the understanding of the Committee, and otherwise provide a true and fair view of, the financial position and performance of Fletcher Building.

3. Risk Management, Internal Control, and Insurance

- reviewing and monitoring the adequacy of Fletcher Building's risk management framework and the mechanisms and policies to identify and manage areas of material business risk, including those which address the risk of fraud (including fraudulent financial reporting), cyber security threats, and financial and accounting controls;
- monitoring Fletcher Building's risk position and level of maturity and the extent to which the existing risk management framework supports the ability of Fletcher Building to operate effectively and consistently within its risk settings and recommending any changes to the Board;
- elevating, where required, material strategic, financial, operational, or emerging risks to the Board;
- reviewing and monitoring the adequacy and effectiveness of Fletcher Building's internal control framework through active communication with management, the internal and external auditors, and monitoring management's responses and actions to correct any noted deficiencies;
- recommending to the Board the delegation of authority levels and limits within the business; and
- reviewing Fletcher Building's insurance programme and recommending the annual renewal of policies to the Board

4. Audit Processes

External Audit

- recommending to the Board the appointment, re-appointment, or replacement of the external auditor, including establishing guidelines for the selection of the external auditor;
- reviewing and approving the scope, terms, and fees of the external audit engagement;
- reviewing and pre-approving non-audit services to be performed by the external auditor in accordance with delegated authority levels;
- reviewing the independence of the external auditor, and rotation of the lead audit and review partners;
- monitoring that there have been no unjustified restrictions or limitations placed on the external auditors such that their ability to carry out their statutory role could be impaired or could reasonably be perceived to have been impaired;
- reviewing separately with management the performance of the external auditor including any

- significant difficulties encountered during the audit; and
- reviewing and assessing the findings of the external auditors and the action taken and timetable proposed by management in response to the findings.

Internal Audit

- overseeing the appointment or replacement of the General Manager, Internal Audit, and the internal audit co-source provider;
- reviewing and approving the scope of the annual internal audit plan and work program including any changes proposed at any time during the year;
- overseeing the appropriateness of internal audit resources to enable effective audits to be conducted in accordance with the internal audit plan;
- monitoring the independence of the internal audit function and its access to information and resources to execute the internal audit plan;
- monitoring progress against the annual internal audit plan and work program and reviewing the performance of the internal auditor function;
- reviewing and assessing the findings of the internal auditor and the action taken and timetable proposed by management in response to the findings;
- overseeing the effective coordination between the internal and external audit programs; and
- overseeing special investigations as needed.

5. Other

- monitoring the effectiveness of any Fletcher Building policies that are delegated to the Committee to supervise, reviewing incidents of material breaches reported under these policies, and reviewing and recommending any changes to these policies for approval by the Board;
- overseeing the preparation and verification of Fletcher Building's public disclosures on ARC related matters, and recommending them to the Board for approval and release;
- reviewing and monitoring communication, including the findings of any examinations, with financial regulators;
- monitoring and reviewing material incident reports involving fraud or a breakdown of Fletcher Building's internal controls and overseeing management's implementation of action plans;
- exercising such specific and express powers and discretions as delegated to the Committee by the Board from time to time; and
- performing any other activities consistent with this Charter, Fletcher Building's constitution and applicable laws, regulations or listing rules as the Committee or the Board deems necessary or appropriate.

COMPOSITION

The Committee is comprised solely of independent non-executive Directors, with no fewer than three members. The Chair of the Committee and its members shall be appointed by the Board.

Between them, the Chair of the Committee may not be the Chairman of the Board.

A quorum shall be two members.

All Directors, who are not members, have a standing invitation to attend meetings of the Committee. The Committee may require any employee of Fletcher Building to attend meetings for the purpose of making presentations or participating in discussions.

The Secretary of the Committee will be the Company Secretary, or such other person as nominated

by the Board.

PROCEDURES

The Committee will meet as required but should meet at least four times each year.

The Committee will meet with the internal and external auditor without management present. The internal or external auditors may request a meeting if they consider that one is necessary.

An agenda will be prepared for each meeting and distributed in advance of the meeting in consultation with the Committee Chair.

Minutes of meetings will be prepared and will be circulated to the Committee Chair and then to the Committee and Board after each meeting.

The Committee Chair will report to the Board after each Committee meeting, including recommendations on any specific decisions or actions the Board should consider and other matters relevant to the Committee's role and responsibilities.

From time to time, matters considered by the Committee may be relevant to the workings of another Board committee. The Committee Chair and the Board Chair (with the assistance of the Company Secretary) will coordinate such cross-committee discussions and reporting.

ASSISTANCE AND EXTERNAL ADVICE

The Committee will have access to adequate internal and external resources, including seeking advice or assistance from external advisors or specialists if it considers this necessary or appropriate to fulfil its role.

In the first instance, the Chief Financial Officer or delegate will provide assistance and support to the Committee in relation to Committee matters.

APPROVAL AND REVIEW OF CHARTER

The Committee Charter must be approved by the full Board.

The Committee Charter is available on Fletcher Building's website and is intended to be reviewed by the Committee every two years.

Approved by the Board September 2022