

## Fletcher Building proposes Covid-19 lockdown 12-week Bridging Pay Programme

**Auckland, 1 April 2020:** Fletcher Building is consulting with its workforce to introduce a Bridging Pay Programme in response to the Covid-19 lockdown across all its New Zealand operations to provide certainty for its people around pay for the next 12 weeks.

Chief executive Ross Taylor says: "In New Zealand, which is where most of our Group-wide profits are generated, we are now having to make decisions on how to manage our business in an environment with no production, no sales and therefore extremely limited income, for a yet undetermined period.

"As we make these decisions, we are adopting some guiding principles: We want to support our people through the current uncertainty and provide clarity around pay so our people who are not working can plan ahead. At the same time, we need to tightly manage our financial position to ensure that our business remains resilient and in a strong position to resume operations, as when the restrictions are lifted. We also need to factor in that any restart would be a gradual process.

"As part of our actions to date, we have made several significant moves to preserve our cash levels, including cancelling our FY20 interim dividend and our on-market share buyback programme, as well as substantially reducing costs and capital expenditure. Despite these actions, we are simply not able to continue to pay all our New Zealand people who are unable to work at 100% of their normal pay over the lockdown and ramp up period.

"The Government's 12-week wage subsidy programme to support businesses and employees will help cover some costs and assist with the significant financial implications the closure of our operations will have. The wage subsidy programme is a helpful contribution to the total support package we have created for our New Zealand people.

"Importantly, no one will fall below the Government wage subsidy amounts during this period, unless they already earn less than this amount. The subsidy is \$585.80 (gross) for anyone working more than 20 hours per week, and \$350.00 (gross) for anyone working fewer than 20 hours per week.

"We are now consulting with our people who are not working on the new pay arrangements. However, this will be a compressed process to provide certainty for our people.

The Bridging Pay Programme being proposed is broken down over the 12-week period as follows:

- **Employees required to work** during the lockdown as essential services or support (except senior executives) will continue to receive 100% of their base pay.
- **Employees not working** over the 12-week period:
  - Weeks 1 to 4: An average of 80% of their normal base pay\*
  - Weeks 5 to 8: 50% of their base pay
  - Weeks 9 to 12: 30% of their base pay
  - With the ability to use accrued and entitled leave to top up to normal pay through the period

- **Senior executives** have agreed to a 15% pay cut through the lockdown period. This includes the Executive Team, Directors, General Managers and other senior leaders.

“Our people have been incredibly strong and supportive and I'm really proud of the enormous amount of work that has gone into preparing our business for the lockdown. This is an evolving situation, which means that we may need to review as circumstances and the Government's response changes. We're confident that the pay programme we are putting in place strikes the right balance between looking after our people and ensuring the long-term resilience of our business over this uniquely challenging period.”

#### **#Ends**

*\* For the first 1 ½ weeks (from the 26th March to 3rd April) employees receive 100% of base pay. For the next 2 ½ weeks they receive 65% of base pay equating to a monthly average of around 80%*

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