Chair of the Board of Directors
Fletcher Building

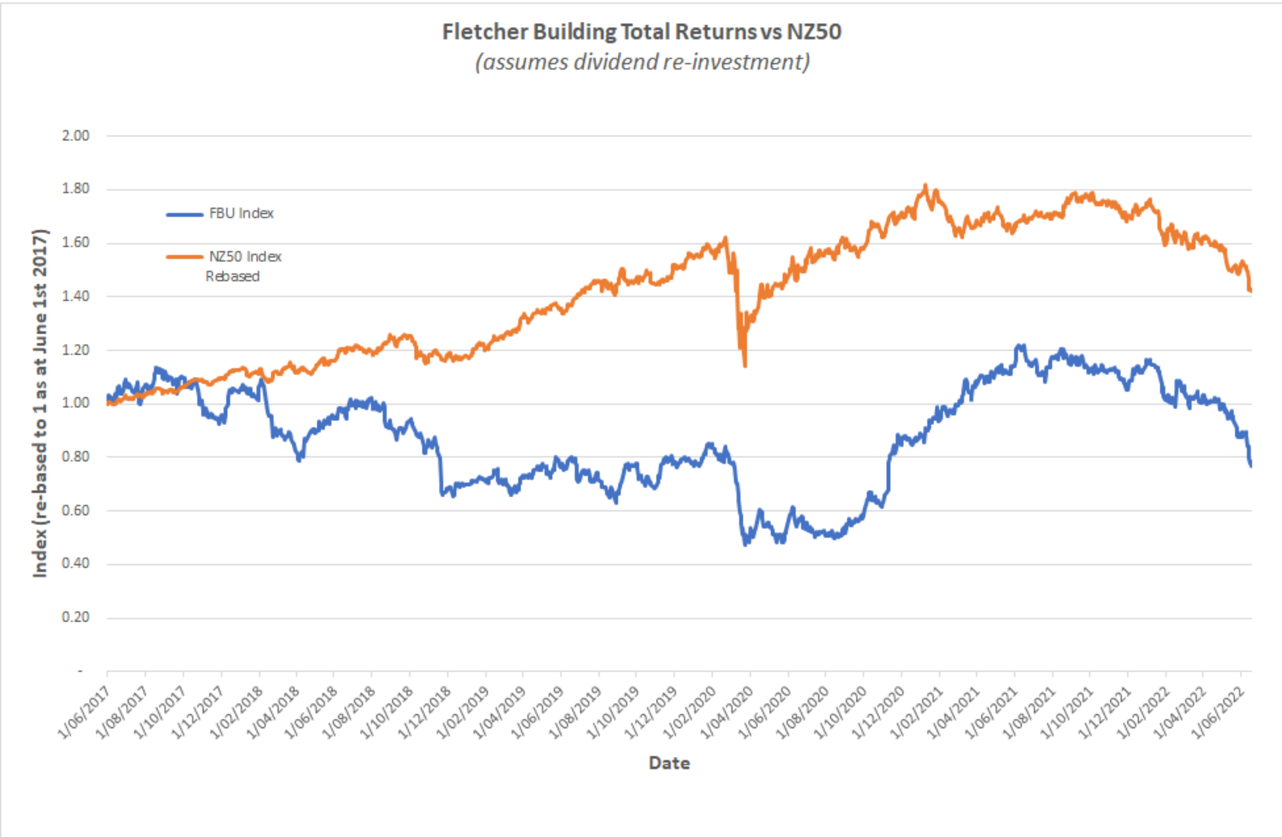
Dear Mr Hassall,

Thank you for meeting with us last week. As representatives of many shareholders of Fletcher Building, we appreciated the time you took to hear our concerns.

Over 1 million New Zealanders will be shareholders of Fletcher Building, either directly, or via the KiwiSaver funds they invest in. As representatives of many of these shareholders, we want the company to thrive long term, for the benefit of all stakeholders.

Key Observations:

We note that the share price performance of Fletcher Building has been disappointing. A five-year view of share price shows an approximately 20% decline, while a three-year view shows a 'flat' return, despite overall business conditions that should have been beneficial to the company.



This performance has occurred while being governed by one of the highest paid public company Board of Directors in New Zealand. The Chair received over $344,000 in Directors fees last year, and the lowest-paid Director over $170,000. Fees of this magnitude should result in superior share price performance and delighted customers. They have not.

Following the meeting, we observe that the culture of the business remains internally focused, likely as a result of the company having been in a privileged position and as a dominant player for a long time.

- We have yet to see any ”mea culpa”, or substantial admittance of fault for FBU’s role in the current plasterboard supply crisis.
- Your refusal to acknowledge the existence and depth of stakeholder dissatisfaction speaks to a corporate culture based more on hubris than humility.
- There has been poor risk management and business decision-making, exemplified by the management of the current GIB supply crisis provides evidence. At our meeting last week, there was no evidence provided to support the quality of your risk & assurance processes.
- The company does not appear to have learnt the lessons from the past in terms of effective risk management.

Our Conclusions

We note that the Board is light on relevant building sector experience.

Fletcher Building has, and must maintain, a social license to operate. It has an obligation to customers and stakeholders to maintain supply and competitive pricing to ensure the overall health of the building sector. It is failing in this, and we question the sustainability of the business model to deliver long-term performance for the company.

We believe the conduct of the company has now created significant regulatory risk and a possible customer revolt.

This crisis has highlighted what we see as systemic failures within the company which are ultimately the responsibility of the Fletcher Building Board.

Our Recommendations

Responsibility for the poor performance of the company, and the management of the GIB supply crisis, rests with this Board.

Accordingly, we call for the **immediate resignation** of the current Chair.

We call for the **entire Board to make themselves eligible for re-election** at the company’s annual shareholders meeting later in 2022.

We call for an independent **culture and conduct review** at Fletcher Building, with a focus on how your operating models affect your perspective towards customers, shareholders and other stakeholders. We expect the outcomes to be made public.

We call for an **independent risk and assurance review** of Fletcher’s risk identification, management and monitoring processes, at both a management and governance level. Again, we expect the report to be made public.

We believe that once implemented, these recommendations will set Fletcher Building on a new path, focused on delighting its customers and all other stakeholders with a Board equipped for the task.

Once again, thank you for your time last week.

Oliver Mander	Sam Stubbs
CEO - NZ Shareholders Association	MD - Simplicity (NZ) Ltd