

SUBMISSION



Aotearoa New Zealand Climate Standards: Climate-related Disclosures Framework Consultation Document

Fletcher Building Submission to the External Reporting
Board

22 September 2022

For comment, please contact: investor.relations@fbu.com

Submission on Aotearoa New Zealand Climate Standards: Climate-related Disclosure Framework Consultation Document

Thank you for the opportunity to comment on the External Reporting Board's *Aotearoa New Zealand Climate Climate-related Disclosures Framework*.

Fletcher Building is a leading building products, construction, and distribution business with emissions reduction and climate risk management as core parts of our business strategy. We support the New Zealand government's goal of achieving transparency in business reporting on climate-related issues across the New Zealand economy.

Our climate-related risk reporting is aligned to the Task Force on Climate-related Financial Disclosure (TCFD) framework, and we are broadly supportive of the adoption of recommendations from the TCFD as outlined by the External Reporting Board (XRB). We have however outlined our views below regarding the implementation of these requirements that will, in our view, reduce any unintended consequences for Fletcher Building and other industry peers as we progress with our decarbonisation strategies in New Zealand.

General Comments

As noted in our submissions for *Aotearoa New Zealand Climate Standard 1, Climate-related Disclosures, Governance and Risk Management Consultation Document and Strategy, and Metrics and Targets Consultation Document* Fletcher Building is supportive of the move to implement a climate-related disclosure framework in New Zealand. We are aligned with the Government's transition to a low emission economy. We want to be the New Zealand and Australian leader in sustainable building products and solutions, and both emission reduction and climate risk mitigation are part of our business strategy.

When it comes to the consideration of the framework, we want to ensure there is a level playing field for all industry sectors across the New Zealand economy. In our first round of feedback submitted in October 2021, we highlighted the importance of this, but we note there has been no change in scope of reporting entities that would fall under the new disclosure regime. It is important that local manufacturers are not unfairly disadvantaged. We note that companies with significant emissions, and importers of carbon intensive products would not fall under the disclosure requirements if they are not listed on the NZX with market capitalisation over \$60 million, whereas we and other large listed entities will. In order to provide a level playing field for risk and emissions disclosure, we suggest reviewing disclosure obligations for these overseas-based or unlisted high impact industries operating within New Zealand. We do not believe that it is beneficial to the New Zealand economy or to global carbon emissions to incentivise manufacturing to move offshore, or for a materially different reporting standard to apply to key importers compared to local manufacturers. Cement manufacture is a good example of where local supply by Fletcher Building is currently around 20% lower in carbon emissions than imported alternatives.

Should you have any questions or require clarification please feel free to contact us at Fletcher Building Investor Relations - E-mail: investor.relations@fbu.com.

Yours sincerely,



Bevan McKenzie

Group Chief Financial Officer

About Fletcher Building

Fletcher Building is one of New Zealand's largest listed companies.

Our roots go back to 1909, when James Fletcher built his first house with Albert Morris in Dunedin. From those humble beginnings we today employ around 15,000 people across New Zealand, Australia and the South Pacific. We employ over 9,000 people throughout New Zealand and make a significant contribution to both the national economy, and many regional economies.

We define our purpose as *Improving the world around us through smart thinking, simply delivered*. We are driven through efforts to create a better more sustainable world. We want to be smart and innovative in all we do, making our customers' lives easier in the process. Fletcher Building builds homes, buildings and infrastructure that creates communities, improves productivity, and contributes to the quality of life for people living and working in cities and regions across New Zealand, Australia and the South Pacific.

Our impact spans the full construction value chain. We operate businesses from resource extraction, product manufacture and distribution, through to property development and infrastructure construction. The value we add to the New Zealand economy has been calculated at \$1.3 billion and our contribution to GDP is \$1.5 billion¹.

Fletcher Building is dual listed on the NZX and ASX and operates through six divisions – Building Products, Distribution, Concrete, Residential and Development, Construction, and Australia.

¹ NZIER, Building New Zealand, Fletcher Building's economic contribution, June 2018