

Remuneration Report

This Remuneration Report describes the executive remuneration philosophy, programs and objectives of the Remuneration Committee and the Board of Directors (the “Board”), as well as the executive remuneration plans and programs implemented by James Hardie.

We are not required to produce a remuneration report under applicable Irish, Australian or US rules or regulations. However, taking into consideration our significant Australian and US shareholder bases and our primary listing on the Australian Securities Exchange (“ASX”), we have voluntarily produced a remuneration report consistent with those provided by similarly situated companies for non-binding shareholder approval since 2005.

This Remuneration Report outlines the key remuneration plans and programs and share ownership information for our Board of Directors and certain of our senior executive officers (CEO, CFO and the other three highest paid executive officers based on total compensation that was earned or accrued for fiscal year 2018) (“Senior Executive Officers”) in fiscal year 2018, and also includes an outline of the key changes for fiscal year 2019. Further details of these changes are set out in the 2018 Notice of Annual General Meeting (“AGM”).

We first provide a summary of our business performance and the key remuneration considerations and decisions made in fiscal year 2018. We then describe in detail our remuneration philosophy, the individual elements of our remuneration program and the linkage between our remuneration programs and our pay-for-performance philosophy. For fiscal year 2018, our Senior Executive Officers are:

- Louis Gries, CEO;
- Matthew Marsh, CFO and Executive Vice President - Corporate;
- Sean Gadd, Executive Vice President - Markets and Segments;
- Jack Truong, President - International Operations; and
- Zean Nielsen, Executive Vice President - Sales.

This Remuneration Report has been adopted by our Board on the recommendation of the Remuneration Committee.

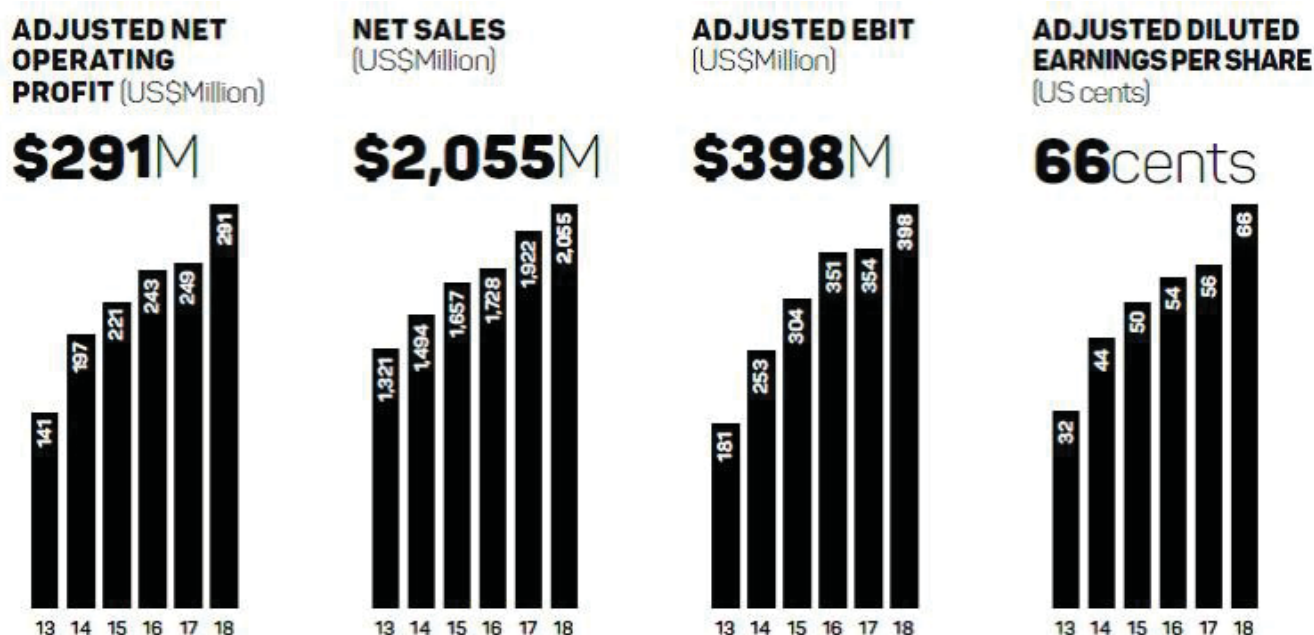
EXECUTIVE SUMMARY

Fiscal Year 2018 Business Highlights¹

We delivered solid financial performance in fiscal year 2018, highlighted by adjusted net operating profit of US\$291.3 million and adjusted earnings before interest and taxes (“EBIT”) of US\$397.5 million, an increase of 17% and 12%, respectively, compared to the prior corresponding period. In addition, we achieved net sales of US\$2.05 billion, an increase of 7% compared to the prior corresponding period, and US\$0.66 adjusted diluted earnings per share.

¹ Please see the “Glossary of Abbreviations and Definitions” in Section 4 of this Annual Report for a reconciliation of non-GAAP financial measures used in this Remuneration Report to the most directly comparable US GAAP financial measure.

The following graphs show our performance for key financial measures during fiscal year 2018, with a comparison to prior corresponding periods:



Fiscal Year 2018 Compensation Highlights

Our fiscal year 2018 compensation continued to reflect and promote our pay-for-performance philosophy and our stated goal to position Senior Executive Officer fixed base salary and benefits at the median and total target direct remuneration (comprising fixed and target variable remuneration) at the 75th percentile of our Peer Group (defined herein), if stretch short- and long-term target performance goals are met. During May 2017, the Board, with the assistance of the Remuneration Committee and its independent remuneration advisers, undertook its annual review of our existing remuneration policies, programs and arrangements and determined the following for fiscal year 2018 pay programs:

- There were no changes to Mr Gries' fixed or variable compensation. Mr Gries' base salary, target short-term incentive ("STI"), and target long-term incentive ("LTI") remained the same in fiscal year 2018 as they were for fiscal year 2017.
- A base salary increase for Mr Marsh was made to continue to align his compensation package with our CEO succession plan and our need to retain key senior executives through the eventual CEO transition process.
- Base salary and LTI target increases for Mr Gadd were made to properly align his overall compensation package with the increase in role scope and accountability that occurred for Mr Gadd during fiscal year 2017.
- No changes were made to the operation or components of the company performance plan ("CP Plan") or individual performance plan ("IP Plan") for our annual STI program for fiscal year 2018 other than to establish new targets which align with our strategic initiatives as we do every year. A complete description of the performance hurdles applicable for fiscal year 2018 for the CP Plan is set out in the section titled "Incentive Arrangements" later in this Remuneration Report.

- After careful consideration of strategic priorities, as well as investor feedback and LTI Plan design alternatives, the Remuneration Committee made the following changes to the design of the LTI Plan for fiscal year 2018:
 - (i) shifted the allocation of LTI target amongst the three components of the LTI plan as follows, to strike a better balance of strategic and operational performance with financial and share price performance metrics:

LTI Component	FY2017	FY2018
ROCE RSUs	40%	25%
Relative TSR RSUs	30%	25%
Scorecard LTI	30%	50%

- (ii) increased the Return on Capital Employed ("ROCE") Restricted Stock Unit ("RSU") performance hurdles; and
- (iii) eliminated the re-testing feature from the Relative Total Shareholder Return ("TSR") RSU awards.

A complete description of the LTI program, including the applicable performance hurdles is set out in the section titled "Incentive Arrangements" later in this Remuneration Report.

During fiscal year 2018, we also continued to make significant investment in our people and organizational capability, including expanding our already strong Global Management Team ("GMT"). In April 2017, Jack Truong joined us as President of our International Operations, bringing with him over 30 years of business experience from his previous senior leadership roles at Electrolux and 3M Company. Further, in August 2017, Zean Nielsen joined us as our Executive Vice President of Sales, bringing with him over 20 years of experience in sales and marketing from his time with Bang and Olufsen and Tesla Motors.

Finally, the Remuneration Committee carefully considered the CEO transition process in fiscal year 2018 and the need to retain our experienced management team through our eventual CEO transition process. As a result of this consideration, the Remuneration Committee determined to issue special one-time retention grants, which contain both performance and service vesting components, to Messrs Marsh, Gadd, Truong and Nielsen. The terms applicable to these special grants are discussed in detail below and such grants are not expected to recur in the future.

Fiscal Year 2018 Total Target Compensation

Remuneration packages for Senior Executive Officers reflect our remuneration philosophy and comprise a mixture of fixed base salary and benefits and variable performance-based incentives. The Remuneration Committee seeks to appropriately balance fixed and variable remuneration in order to align our total compensation structure with our pay-for-performance philosophy. The following chart summarizes total target compensation awarded to each Senior Executive Officer in fiscal year 2018:

Summary of Fiscal Year 2018 Senior Executive Officer Target Compensation				
Senior Executive Officer	FY2018 Annual Base Salary (US\$)	FY2018 STI Target Value (US\$)	FY2018 LTI Target Value (US\$)	FY2018 Total Target Compensation (US\$)
L Gries	950,000	1,187,500	4,000,000	6,137,500
M Marsh	600,000	420,000	1,200,000	2,220,000
S Gadd	500,000	300,000	800,000	1,600,000
J Truong	600,000	420,000	1,000,000	2,020,000
Z Nielsen	500,000	300,000	1,000,000	1,800,000

Results of 2017 Remuneration Report Vote

In August 2017, our shareholders were asked to cast a non-binding advisory vote on our remuneration report for the fiscal year ended 31 March 2017. Although we are not required under applicable Irish, Australian or US laws or regulations to provide a shareholder vote on our executive remuneration practices, the Board believes that it is important to engage shareholders on this important issue and we have voluntarily submitted our remuneration report for non-binding shareholder approval on an annual basis since 2005 and currently intend to continue to do so.

At our 2017 Annual General Meeting, our shareholders approved our remuneration report, with just over 83.2% of the votes cast in support of our remuneration program. The Remuneration Committee considered the results of this advisory vote, together with investor feedback and other factors and data associated with strategic priorities discussed in this Remuneration Report, in determining our executive remuneration policies, objectives and decisions and related shareholder engagement efforts for fiscal year 2018.

APPROACH TO SENIOR EXECUTIVE REMUNERATION

Remuneration Philosophy

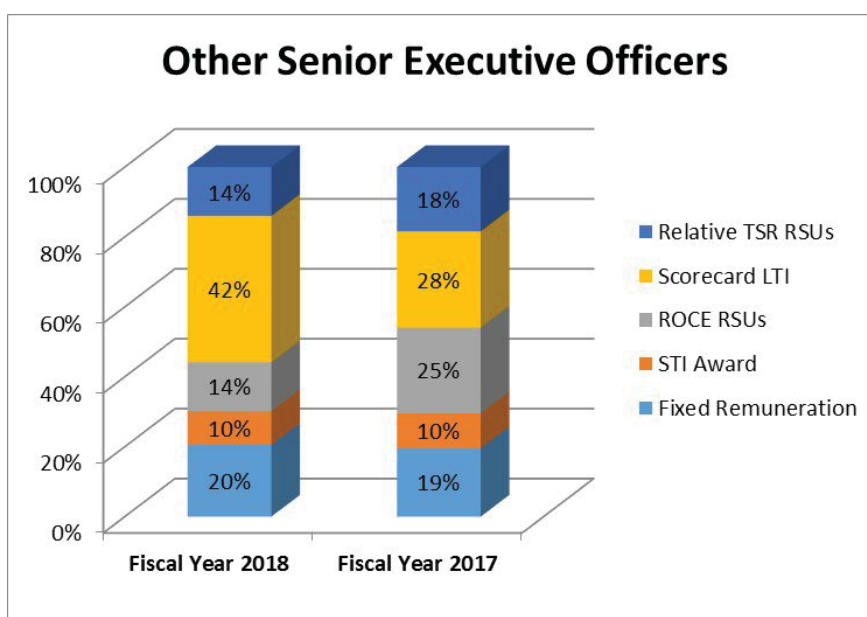
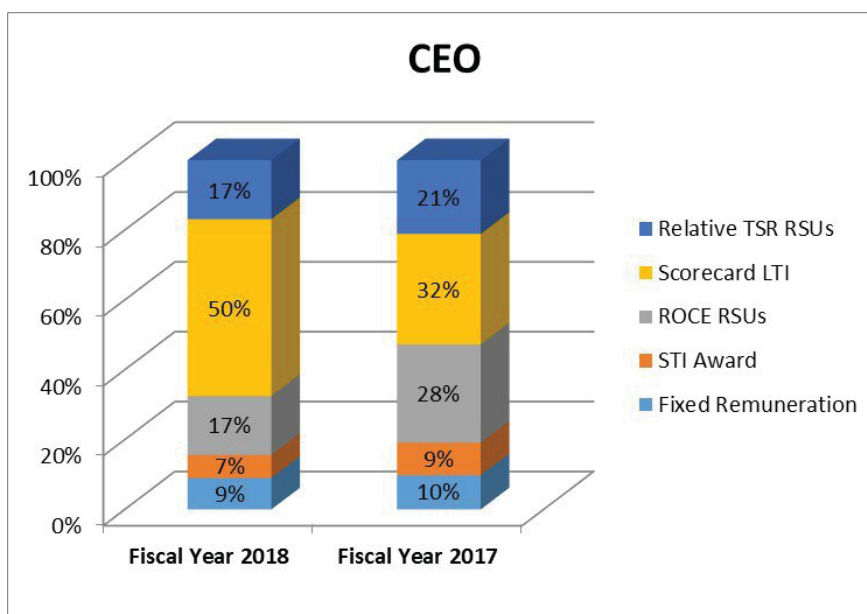
As our main business and all of our Senior Executive Officers are located in the US, our remuneration philosophy is to provide our Senior Executive Officers with an overall package that is competitive with Peer Group companies (defined herein) exposed to the US housing market. Within this philosophy, the executive remuneration framework emphasizes operational excellence and shareholder value creation through incentives which link executive remuneration with the interests of shareholders. Our remuneration plans and programs are structured to enable us to: (i) attract and retain talented executives; (ii) reward outstanding individual and corporate performance; and (iii) align the interests of our executives to the interests of our shareholders, with the ultimate goal of improving long-term value for our shareholders. This pay-for-performance system continues to serve as the framework for executive remuneration, aligning the remuneration received with the performance achieved.

Composition of Remuneration Packages

In line with our remuneration philosophy, our goal is to position Senior Executive Officer fixed base salary and benefits at the median and total target direct remuneration (comprising fixed and target variable remuneration) at the 75th percentile of our Peer Group, if stretch short and long-term target performance goals are met. Performance goals for target variable performance-based incentive remuneration are set with the expectation that we will deliver results in the top quartile of our Peer Group. Performance below this level will result in variable remuneration payments below target (and potentially zero for poor performance). Performance above this level will result in variable remuneration payments above target.

Relative Weightings of Fixed and Variable Remuneration

The charts below detail the relative weightings of fixed versus variable remuneration for the CEO and other Senior Executive Officers for fiscal years 2018 and 2017. Fixed remuneration includes base salary and other fixed benefits. Variable remuneration is comprised of STI awards and the following three LTI components: (i) Relative TSR RSUs; (ii) ROCE RSUs; and (iii) Scorecard LTI, each of which are discussed in more detail in this Remuneration Report. STI awards include amounts earned under the CP and IP plans for each fiscal year, paid in June of the following fiscal year, and LTI components are shown at total maximum grant value.



Setting Remuneration Packages

Remuneration decisions are based on the executive remuneration philosophy and framework described in this Remuneration Report. The Remuneration Committee reviews and the Board approves this framework each year.

Remuneration packages for Senior Executive Officers are evaluated each year to make sure that they continue to align with our compensation philosophy, are competitive with our Peer Group and developments in the market, and continue to support our business structure and objectives. In making decisions regarding individual Senior Executive Officers, the Remuneration Committee takes into account both the results of an annual remuneration positioning review provided by the Remuneration Committee's independent advisers and the Senior Executive Officer's responsibilities and performance.

All aspects of the remuneration package for our CEO and CFO are determined by the Remuneration Committee and ratified by the Board. All aspects of the remuneration package for the remaining Senior Executive Officers are determined by the Remuneration Committee on the recommendation of the CEO.

Remuneration Committee Governance

The remuneration program for our Senior Executive Officers is overseen by our Remuneration Committee, the members of which are appointed by the Board. As prescribed by the Remuneration Committee Charter, the duties of the Remuneration Committee include, among other things: (i) administering and making recommendations on our incentive compensation and equity-based remuneration plans; (ii) reviewing the remuneration of directors; (iii) reviewing the remuneration framework for the Company; and (iv) making recommendations to the Board on our recruitment, retention and termination policies and procedures for senior management. The current members of the Remuneration Committee are Steven Simms (Chairman), Brian Anderson, Russell Chenu, Michael Hammes and Alison Littlely, all of whom are independent non-executive directors. A more complete description of these and other Remuneration Committee functions is contained in the Remuneration Committee's Charter, a copy of which is available in the Corporate Governance section of the Investor Relations page on our website (www.ir.jameshardie.com.au).

Summary of Executive Compensation Practices

The following table summarizes certain of the key governance practices employed by the Remuneration Committee relative to our executive compensation practices, including those practices which we believe are important drivers of both short- and long-term corporate performance and those practices which we believe are not aligned with the long-term interests of our shareholders:

Compensation Practices We Employ	Compensation Practices We Avoid
✓ Retain independent compensation advisers reporting directly to the Remuneration Committee	✗ Prohibition on hedging of stock held by executives and directors
✓ Pay for performance model, with approximately 85% of our CEO's total target compensation being performance-based "at risk" compensation and an average of approximately 71% total target compensation being performance-based "at risk" compensation for our other Senior Executive Officers	✗ Limited employment agreements and severance arrangements
✓ Circuit breaker on annual STI awards to ensure that no annual incentive awards are paid unless minimum US growth and corporate performance levels are achieved	✗ Limited change-in-control benefits
✓ Set robust share ownership requirements for all directors and Senior Executive Officers	✗ No dividends paid on unvested equity awards
✓ Broad clawback policy on performance-based compensation	✗ Limited perquisites and other benefits
✓ Set performance-based vesting conditions for all equity grants to Senior Executive Officers	✗ No annual time-based LTI equity grants to Senior Executive Officers
✓ Provide the Remuneration Committee with ability to exercise "negative" discretion when determining the vesting and payout of our LTI programs	✗ No excessive retirement or deferred compensation arrangements

Remuneration Advisers

As permitted by the Remuneration Committee Charter, the Remuneration Committee retained Aon Hewitt (in the US) and Guerdon Associates (in Australia) as its independent advisers for matters regarding remuneration for fiscal year 2018. The Remuneration Committee reviews the appointment of its advisers each year. Both Aon Hewitt and Guerdon Associates provided the Remuneration Committee with written certification during fiscal year 2018 to support their re-appointment. In those certifications, the advisers: (i) confirmed that their pay recommendations were made without undue influence from any member of our management; and (ii) provided detailed responses to the six independence factors a Remuneration Committee should consider under relevant NYSE rules, and confirmed their independence based on these factors.

The Remuneration Committee reviewed these certifications before re-appointing each adviser for fiscal year 2019.

Benchmarking Analysis

To assist the Remuneration Committee in making remuneration decisions, the Remuneration Committee evaluates the remuneration of our Senior Executive Officers against a designated set of companies (the "Peer Group"). The Peer Group, which is reviewed by the Remuneration Committee on an annual basis, consists of companies that are similar to us in terms of certain factors, including size, industry, and exposure to the US housing market. For fiscal year 2018, the Peer Group remained unchanged from fiscal year 2017 with the exception of the removal of Headwaters, Inc, which was acquired by Boral Limited. The Remuneration

Committee believes that US market focused companies are a more appropriate peer group than ASX-listed companies, as they are exposed to the same macroeconomic factors in the US housing market as those we face. The names of the 23 companies comprising the Peer Group are set forth below.

Acuity Brands, Inc	Martin Marietta Materials, Inc	Simpson Manufacturing Co., Inc
American Woodmark Corp	Masco Corporation	Trex Co., Inc
Apogee Enterprises, Inc	Mohawk Industries, Inc	USG Corp
Armstrong World Industries, Inc	Mueller Water Products, Inc	Valmont Industries, Inc
Eagle Materials, Inc	NCI Building Systems, Inc	Valspar Corporation
Fortune Brands Home & Security	Owens Corning	Vulcan Materials Co
Lennox International, Inc	Quanex Building Products Corp	Watsco, Inc
Louisiana-Pacific Corp	Sherwin Williams Co	

The Peer Group was used to benchmark the remuneration of our Senior Executive Officers in fiscal year 2018.

Performance Linkage with Remuneration Policy

During its annual review, the Remuneration Committee assessed our performance in fiscal year 2018 against:

- our historical performance;
- our Peer Group;
- the goals in our STI and LTI variable remuneration plans; and
- the key objectives and measures the Board expects to see achieved, which are referred to as the “Scorecard” and further discussed later in this Remuneration Report.

Based on that review, the Board and the Remuneration Committee concluded that management’s performance in fiscal year 2018 was: (i) on the whole, below target on growth measures and slightly above target on earnings, resulting in STI variable remuneration outcomes being below target for fiscal year 2018; and (ii) when taken together with performance in fiscal years 2016 and 2017, at the 71st percentile of our Peer Group on TSR performance, above expectations on ROCE performance, and on average, at expectations on long-term strategic measures included in the Scorecard, resulting in LTI variable remuneration being above target for fiscal years 2016-2018.

More details about this assessment, including the percentage of the maximum variable remuneration awarded to or forfeited by Senior Executive Officers is set out on pages 39 through 48 of this Remuneration Report.

DESCRIPTION OF 2018 REMUNERATION ELEMENTS

Base Salaries and Other Fixed Remuneration Benefits

Base salary provides a guaranteed level of income that recognizes the market value of the position and internal equities between roles, as well as the individual’s capability, experience and performance. Annual base salary increases are not automatic. Base salaries for Senior Executive Officers are positioned around the market median for positions of similar responsibility and are reviewed by the Remuneration Committee each year.

In addition, Senior Executive Officers may receive certain other limited fixed benefits, such as medical and life insurance benefits, car allowances, participation in executive wellness programs and an annual financial planning allowance. For fiscal year 2018, the base salary and value of other fixed benefits for each of our

Senior Executive Officers are provided in the Base Pay and Other Benefits columns of the remuneration table in the section titled “Remuneration Paid to Senior Executive Officers”.

Retirement Plan

In every country in which we operate, we offer employees access to pension, superannuation or individual retirement savings plans consistent with the laws of the respective country.

In the US, we sponsor a defined contribution plan, the James Hardie Retirement and Profit Sharing Plan (the “401(k) Plan”). The 401(k) Plan is a tax-qualified retirement and savings plan covering all US employees, including our Senior Executive Officers, subject to certain eligibility requirements. Participating employees were able to elect to reduce their current annual compensation by up to US\$18,000 in calendar year 2017 and have the amount of such reduction contributed to the 401(k) Plan, with a maximum eligible compensation limit of US\$270,000. In addition, we match employee contributions dollar for dollar up to a maximum of the first 6% of an employee’s eligible compensation.

Incentive Arrangements

In addition to the base salary and other fixed benefits provided to our Senior Executive Officers, the Remuneration Committee reviews and approves a combination of both short-term and long-term variable incentive programs on an annual basis. For fiscal year 2018, our variable incentive plans for Senior Executive Officers were as follows:

Duration	Plan Name	Amount	Form Incentive Paid
STI (1 year)	IP Plan	20% of STI Target	Cash
	CP Plan	80% of STI Target	Cash
LTI (3 years)	Long Term Incentive Plan 2006 (“LTIP”)	25% of LTI Target	ROCE RSUs
		25% of LTI Target	TSR RSUs
		50% of LTI Target	Cash (Scorecard LTI)

STI Plans

On an annual basis, the Remuneration Committee approves an STI target for all Senior Executive Officers, expressed as a percentage of base salary, which is allocated between individual goals and Company goals under the IP and CP Plans, respectively. For fiscal year 2018, the STI target percentage for Mr Gries was 125% of base salary, 70% of base salary for Messrs Marsh and Truong, and 60% of base salary for Messrs Gadd and Nielsen, with 80% allocated to the CP Plan and 20% allocated to the IP Plan for all Senior Executive Officers.

Since fiscal year 2014, the Remuneration Committee has applied a ‘circuit breaker’ to the STI plans, which for Senior Executive Officers will prevent payment of any STI under the CP and IP Plans unless our performance exceeds a level approved by the Remuneration Committee each year. For fiscal year 2018, the ‘circuit breaker’ was set at 60% of our fiscal year 2018 plan Adjusted EBIT (indexed to housing starts) less any impairment costs the Remuneration Committee determines should be disregarded.

CP Plan

The CP Plan is based on a series of payout matrices for the US and Asia Pacific businesses, which provide a range of possible payouts depending on our performance against hurdles which assess volume growth

relative to, and above, market (“Growth Measure”), earnings (“Return Measure”), and for the US business, performance of the interiors business and performance against certain “wood-look” competitors. Each Senior Executive Officer can receive between 0% and 300% of their STI target allocated to the CP Plan based on the results of the payout multiple the Senior Executive Officer is tied to. All Senior Executive Officers are tied to either the US multiple (Messrs Gadd and Nielsen) or a composite multiple derived from the metrics for the US and Asia Pacific businesses combined (80% US and 20% Asia Pacific for Messrs Gries and Marsh; 30% US and 70% Asia Pacific for Mr Truong).

Payout Matrices

We use both performance measures (Growth Measure and Return Measure) in the payout matrices for our US and Asia Pacific businesses in order to ensure that as management increases its top line market growth focus, it does not do so at the expense of short- to medium-term earnings. Management is encouraged to balance market growth and earnings returns since achievement of a higher reward requires management to generate both strong earnings and growth relative to and above market. Higher returns on one measure at the expense of the other measure may result in a lower reward or no reward at all.

To ensure that the payout matrices represent genuinely challenging targets aligned with our executive remuneration philosophy, the Growth Measure is indexed to take into account changes in new housing starts in both the US and Asia Pacific and the US repair and remodel market, while the Return Measure is indexed to take into account changes in pulp prices. The targets for the Return Measure exclude costs related to legacy issues. The Remuneration Committee has reserved for itself discretion to change the STI paid. Examples of instances when the Remuneration Committee would consider exercising this discretion include external factors outside of management’s control, and for the US CP Plan only, if the general shift toward smaller homes at each segment of the US market is considered sufficiently material. The Remuneration Committee will disclose the reasons for any such exercise of its discretion.

The Remuneration Committee believes that the payout matrices are appropriate because they provide management with an incentive to achieve overall corporate goals, balance growth with returns in our primary markets, recognize the need to flexibly respond to strategic opportunities, incorporate indexing relative to market growth to account for factors beyond management’s control, and incorporate Remuneration Committee discretion to ensure appropriate outcomes. Payouts under the US matrix may range from 0% to 200% of target, while payouts under the Asia Pacific matrix may range from 0 to 300% of target.

We do not disclose the volume Growth Measure and earnings Return Measure targets for our US or Asia Pacific businesses since these are commercial-in-confidence. However, achieving a target payment for the Return Measure under either the US or Asia Pacific payout matrix for fiscal year 2018 would have required performance equal to the average of performance for the previous three years and the fiscal year 2018 plan. Achieving a target payout for the Growth Measure requires growth substantially above market growth.

Additional US Performance Metrics

In order to align and focus management’s performance on initiatives that are key to the success of the US business, the US payout multiple for fiscal year 2018 is determined by performance against the matrix multiple (Growth and Return Measures for 70% of STI opportunity), the interiors product business multiple (for 10% of STI opportunity), and the “Wood-look” multiple (for 20% of STI opportunity). The overarching formula for the US payout multiple is:

$$\text{US Payout Multiple} = \underbrace{(70\% * \text{Matrix Multiple})}_{\text{Matrix Factor}} + \underbrace{(10\% * \text{Interiors Multiple})}_{\text{Interiors Factor}} + \underbrace{(20\% * \text{"Wood-look" Multiple})}_{\text{"Wood-look" Factor}}$$

Each payout factor (Matrix Factor, Interiors Factor, and “Wood-look” Factor) is capped as follows to properly balance management’s focus across volume growth, returns and key initiatives:

- Matrix Factor = capped at 2.0x
- Matrix Factor plus Interiors Factor = capped at 2.3x
- “Wood-look” Factor = capped at 1.25x

The Interiors Multiple is measured as a function of the revenue growth of our interiors business in fiscal year 2018. The “Wood-look” Multiple is measured as our growth against key “wood-look” competition.

We do not disclose the interiors volume growth or “wood-look” targets since these are commercial-in-confidence. However, achieving a target payment for fiscal year 2018 requires interior volume performance above fiscal year 2017 interiors volume and substantial growth against key “wood-look” competition.

IP Plan

Under the IP Plan, the Remuneration Committee approves a series of one-year individual performance goals which, along with goals on our core organizational values, are used to assess the performance of our Senior Executive Officers. The IP Plan links financial rewards to the Senior Executive Officer’s achievement of specific objectives that have benefited us and contributed to shareholder value, but are not captured directly by financial measures in the CP Plan. Each Senior Executive Officer can receive between 0% and 150% of their STI target allocated to the IP Plan based on achievement of individual performance and core organizational values goals.

STI Plan Performance for Fiscal Year 2018

Our CP Plan results and the subsequent STI payouts for fiscal year 2018 were, on the whole, below target as a result of:

- the US business performing above target on the Return Measure in the first half of the fiscal year;
- the US business performing below target on the Growth Measure primarily due to the impact of capacity constraints on demand;
- the US business performing below target on the Interiors Factor and “Wood-look” Factor;
- Asia Pacific performing above target on the Growth Measure; and
- Asia Pacific performing above target on the Return Measure due to higher returns in Australia, partially offset by below target returns in New Zealand and the Philippines.

In regards to the IP Plan, the Senior Executive Officers’ performance and the subsequent STI payouts for fiscal year 2018 were at or above target based on each Senior Executive Officer’s achievement of fiscal year 2018 one-year individual performance and core organizational values goals.

For fiscal year 2018, the amount to be paid to each of our Senior Executive Officers under the STI Plans is provided in the STI Award column of the remuneration table, in the section titled “Remuneration Paid to Senior Executive Officers”. In regards to Mr Nielsen, he received an at-target level bonus, as provided in his terms of employment.

The percentage of the maximum STI Variable Remuneration awarded to or forfeited by each Senior Executive Officer for (individual and company) performance in fiscal year 2018 compared to fiscal year 2017 was:

	STI Award ¹	
	Awarded %	Forfeited %
<i>L Gries</i>		
Fiscal Year 2018	28	72
Fiscal Year 2017	33	67
<i>M Marsh</i>		
Fiscal Year 2018	28	72
Fiscal Year 2017	35	65
<i>S Gadd</i>		
Fiscal Year 2018	16	84
Fiscal Year 2017	34	66
<i>J Truong</i>		
Fiscal Year 2018	63	37
Fiscal Year 2017	—	—
<i>Z Nielsen</i>		
Fiscal Year 2018²	37	63
Fiscal Year 2017	—	—

1 Awarded = % of STI Award maximum actually paid. Forfeited = % of STI Award maximum foregone. STI Award amounts are paid in cash under the CP and IP Plans.

2 Amount shown for Mr Nielsen is a target-level STI bonus for fiscal year 2018 as provided for in his terms of employment.

In addition to his annual bonus under the STI Plan, Mr Gadd also received a one-time cash allotment of US \$150,000 to recognize additional oversight responsibilities undertaken during fiscal year 2018 in the areas of sales and research and development.

LTI Plans

Each year, the Remuneration Committee approves an LTI target for all Senior Executive Officers. The approved target is allocated between three separate components to ensure that each Senior Executive Officer's performance is assessed across factors considered important for sustainable long-term value creation:

- ROCE RSUs are used as they are an indicator of high capital efficiency required over time;
- Relative TSR RSUs are used as they are an indicator of our performance relative to our US peer companies; and
- Scorecard LTI is an indicator of each Senior Executive Officer's contribution to achieving our long-term strategic goals.

Awards issued under the LTI Plans are issued pursuant to the terms of the LTIP. During fiscal year 2018, our Senior Executive Officers were granted the following awards under the LTIP:

	ROCE RSUs	TSR RSUs	Scorecard LTI Units
L Gries	136,441	246,902	409,323
M Marsh	40,932	74,071	122,797
S Gadd	27,288	49,380	81,865
J Truong	34,110	61,726	102,331
Z Nielsen	34,110	61,726	102,331

RSUs issued under our LTI programs will be settled upon vesting in CHES Units of Foreign Securities ("CUFS") on a 1-to-1 basis. Unless the context indicates otherwise, when we refer to our common stock, we are referring to the shares of our common stock that are represented by CUFS.

ROCE RSUs (25% of target LTI)

The Remuneration Committee introduced ROCE RSUs in fiscal year 2013 because the US housing market had stabilized to an extent which permitted the setting of multi-year financial metrics. The Remuneration Committee believes ROCE RSUs remain an appropriate component of the LTI Plan because they:

- tie the reward's value to share price which provides alignment with shareholder interests;
- promote that we earn appropriate returns on capital invested;
- reward performance that is under management's direct influence and control; and
- focus management on capital efficiency as the necessary precondition for the creation of additional shareholder value.

Consistent with fiscal years 2013 through 2017, the maximum payout for the ROCE RSUs is 200% of target LTI. ROCE is determined by dividing Adjusted EBIT by Adjusted Capital Employed². The ROCE hurdles will be indexed for changes to US and Asia Pacific addressable housing starts. The resulting Adjusted Capital Employed for each quarter of any fiscal year will be averaged to better reflect Capital Employed through a year rather than at a certain point in time.

ROCE hurdles for the ROCE RSUs are based on historical results and take into account the recovering US housing market and better optimization of our manufacturing plants. The three-year average ROCE for fiscal years 2015, 2016 and 2017 was 29.9%.

² For purposes of ROCE RSU vesting, "Adjusted EBIT" and "Adjusted Capital Employed" will be calculated as follows:

"Adjusted EBIT" will be calculated as (i) EBIT as reported in our financial results; adjusted by (ii) excluding the earnings impact of legacy issues (such as asbestos adjustments); and (iii) adding back asset impairment charges in the relevant period, unless otherwise determined by the Remuneration Committee.

"Adjusted Capital Employed" will be calculated as Total Assets minus Current Liabilities as reported in our financial results; adjusted by: (i) excluding balance sheet items related to legacy issues (such as asbestos adjustments), dividends payable and deferred taxes; (ii) adding back asset impairment charges in the relevant period, unless otherwise determined by the Remuneration Committee; (iii) adding back leasehold assets for manufacturing facilities and other material leased assets; and (iv) deducting all greenfield construction-in-progress, and any brownfield construction-in-progress projects involving capacity expansion that are individually greater than US\$20 million, until such assets reach commercial production and are transferred to the fixed asset register.

The hurdles for ROCE RSUs granted in fiscal year 2018 (for performance in fiscal years 2018 to 2020) were changed from those granted in fiscal year 2017 as follows:

Fiscal Years 2017-2019 ROCE	Fiscal Years 2018-2020 ROCE	% of ROCE RSUs Granted to Vest
< 24.0%	< 25.0%	0%
≥ 24.0%, but < 26.0%	≥ 25.0%, but < 27.0%	25%
≥ 26.0%, but < 28.5%	≥ 27.0%, but < 29.5%	50%
≥ 28.5%, but < 29.5%	≥ 29.5%, but < 30.5%	75%
≥ 29.5%	≥ 30.5%	100%

At the conclusion of this three-year performance period, the Remuneration Committee will review management's performance based on the quality of the returns balanced against management's delivery of market share growth and performance against the Scorecard. Following this review, the Remuneration Committee can exercise negative discretion to reduce the number of shares received on vesting of the ROCE RSUs. This discretion can only be applied to reduce the number of shares which will vest.

ROCE RSUs Vesting in Fiscal Year 2018 (For Fiscal Years 2015-2017)

As a component of the fiscal year 2015 LTI Plan, we granted ROCE RSUs in September 2014. The ROCE RSUs comprised 40% of each Senior Executive Officer's LTI target and were granted assuming maximum performance (200% of target). Vesting of the ROCE RSUs is dependent on the average ROCE performance for fiscal years 2015-2017 and is subject to the Remuneration Committee's negative discretion based on its judgment regarding the quality of returns balanced against management's delivery of market share growth. The ROCE performance hurdles for this grant were approved as follows:

ROCE Performance Level	% of ROCE RSUs Granted to Vest
< 22.0%	0%
≥ 22.0%, but < 24.5%	25%
≥ 24.5%, but < 27.0%	50%
≥ 27.0%, but < 28.5%	75%
≥ 28.5%	100%

Based solely on the average ROCE result for fiscal years 2015-2017 of 29.9%, 100% of the ROCE RSUs granted (or 200% of target) would have vested. However, based on the Remuneration Committee's assessment of the quality of returns balanced against management's delivery of market share growth, the Remuneration Committee determined that it would apply negative discretion in the amount of 40%. As such, 60% (or 120% of target) of the outstanding fiscal year 2015 ROCE RSUs vested on 18 September 2017. Unvested ROCE RSUs from this grant were forfeited.

ROCE RSUs Vesting for Fiscal Years 2016-2018

As a component of the fiscal year 2016 LTI Plan, we granted ROCE RSUs in September 2015. The ROCE RSUs comprised 40% of each Senior Executive Officer's LTI target and were granted assuming maximum performance (200% of target). Vesting of the ROCE RSUs is dependent on the average ROCE performance for fiscal years 2016-2018 and is subject to the Remuneration Committee's negative discretion based on its judgment regarding the quality of returns balanced against management's delivery of market share growth. The ROCE performance hurdles for this grant were approved as follows:

ROCE Performance Level	% of ROCE RSUs Granted to Vest
< 23.0%	0%
≥ 23.0%, but < 25.0%	25%
≥ 25.0%, but < 27.5%	50%
≥ 27.5%, but < 28.5%	75%
≥ 28.5%	100%

Based solely on the average ROCE result for fiscal years 2016-2018 of 31.0%, 100% of the ROCE RSUs granted (or 200% of target) would have vested. However, based on the Remuneration Committee's assessment of the quality of returns balanced against management's delivery of market share growth, the Remuneration Committee determined that it would apply negative discretion in the amount of 30%. As such, 70% (or 140% of target) of the outstanding fiscal year 2016 ROCE RSUs will vest on 16 September 2018. Unvested ROCE RSUs from this grant will be forfeited.

Relative TSR RSUs (25% of target LTI)

The Remuneration Committee believes that Relative TSR RSUs continue to be an appropriate component of the LTI Plan because they provide alignment with shareholders. Even if macro-economic conditions create substantial shareholder value, Senior Executive Officers will only receive payouts if the TSR of our shares exceeds a specified percentage of our Peer Group over a performance period.

We have used Relative TSR RSUs in our LTI Plan since fiscal year 2009. Consistent with fiscal years 2013 through 2017, the maximum payout for Relative TSR RSUs granted in fiscal year 2018 is 200% of target LTI.

Relative TSR measures changes in our share price and the share prices of our Peer Group; and assumes all dividends and capital returns are reinvested when paid. For fiscal year 2018, our relative TSR performance will be measured against the Peer Group over a three year period from grant date, with no re-testing. To eliminate the impact of short-term share price changes, the starting point and test date are measured using a 20 trading-day average closing price. Relative TSR RSUs will vest based on the following straight-line schedule:

Performance against Peer Group	% of Relative TSR RSUs Granted to Vest
< 40 th Percentile	0%
40 th Percentile	25%
> 40 th , but < 60 th Percentile	Sliding Scale
60 th Percentile	50%
> 60 th , but < 80 th Percentile	Sliding Scale
≥ 80 th Percentile	100%

No re-testing of fiscal year 2018 relative TSR RSUs is permitted.

The Remuneration Committee will continue to monitor the design of the Relative TSR RSU component of the LTI Plan for Senior Executive Officers with the aim of balancing investor preferences with the ability to motivate and retain Senior Executive Officers.

TSR RSUs Vesting in Fiscal Year 2018

As part of the fiscal year 2015 LTI Plan, in September 2014 we granted four and a half year Relative TSR RSUs to senior executives. Vesting of these Relative TSR RSUs was dependent on our TSR performance relative to the peer group in place at that time, based on the following schedule:

Performance against Peer Group	% of Relative TSR RSUs Granted to Vest
< 40 th Percentile	0%
40 th Percentile	25%
> 40 th , but < 60 th Percentile	Sliding Scale
60 th Percentile	50%
> 60 th , but < 80 th Percentile	Sliding Scale
≥ 80 th Percentile	100%

In September 2017, the first test of relative TSR performance was completed, resulting in our TSR performance at the 50th percentile of the peer group in place at the time. As a result, 37.5% of the outstanding Relative TSR RSUs (or 75% of target) vested.

Scorecard LTI (50% of target LTI)

Scorecard LTI have been a component of our LTI Plan since fiscal year 2010. Each year, the Remuneration Committee approves a number of key management objectives and the measures it expects to see achieved in relation to these objectives. These objectives are incorporated into that year's grant of Scorecard LTI. At the end of the three-year performance period, the Remuneration Committee assesses our Senior Executive Officers' collective performance on each key objective and each individual Senior Executive Officer's contribution to those achievements (with scores between 0 and 100) and the Board reviews this assessment. Senior Executive Officers may receive different ratings depending on the contribution they have made during the three-year performance period. Although most of the objectives in the Scorecard have quantitative targets, we consider some of the targets to be commercial-in-confidence. Consistent from fiscal year 2010, the maximum payout for Scorecard LTI is 300% of target LTI.

The Remuneration Committee believes that the Scorecard LTI continues to be an appropriate component of its LTI Plan because it:

- allows the Remuneration Committee to set targets for and reward executives on a balance of longer-term financial, strategic, business, customer and organizational development goals which it believes are important contributors to long-term creation of shareholder value;
- ties the reward's value to our share price over the medium-term; and
- allows flexibility to apply rewards across different countries, while providing Senior Executive Officers with liquidity to pay tax or other material commitments at a time that coincides with vesting of shares (via the other components of the LTI Plan) as payment is in cash.

No specific weighting is applied to any single objective and the final Scorecard assessment reflects an element of judgment by the Board. The Board may only exercise negative discretion (i.e., to reduce the amount of Scorecard LTI that will ultimately vest). It cannot enhance the maximum reward that can be received.

The amount received by Senior Executive Officers is based on both our share price performance over the three years from the grant date and the Senior Executive Officer's Scorecard rating. At the start of the three-year performance period, we calculate the number of shares each Senior Executive Officer could have acquired if they received a maximum payout on the Scorecard LTI at that time (based on a 20 trading-day average closing price). Depending on the Senior Executive Officer's rating (between 0 and 100), between 0% and 100% of the Senior Executive Officer's Scorecard LTI awards will vest at the end of the three-year performance period. Each Senior Executive Officer will receive a cash payment based on our share price at the end of the period (based on a 20 trading-day average closing price) multiplied by the number of shares they could have acquired at the start of the performance period, adjusted downward in accordance with their Scorecard rating.

Further details related to the Scorecard for fiscal year 2018, including the method of measurement, historical performance against the proposed measures and the Board of Director's expectations, were previously set out in our Remuneration Report for fiscal year 2017. An assessment of our Scorecard performance for fiscal years 2016-2018 is set out below. We will provide an explanation of the final assessment of performance under the Scorecard for fiscal years 2018-2020 at the conclusion of fiscal year 2020.

Scorecard LTI for Fiscal Years 2016-2018

After fiscal year 2018, the Remuneration Committee reviewed our performance over fiscal years 2016-2018 against the Scorecard objectives set forth in fiscal year 2016, and the contribution of individual Senior Executive Officers towards the achievement of such objectives. As a result of this evaluation, the Remuneration Committee determined that Senior Executive Officers would receive a weighted average Scorecard rating of 34% (with a range of 33% to 36%) out of a possible 100%.

Performance Measure/Rationale	Performance Metric/Results	Board Assessment for the Three-year Period												
<p>Grow exterior cladding market share and maintain category share in the US business A key strategy for the Company is to maximize its market share growth/retention of the exterior cladding market for new housing starts and for repair & remodel markets.</p>	<p>Goal: Primary Demand Growth ("PDG") above market. Outperformance against 'wood-look' competition.</p> <p>Result: PDG performance below the Board requirement. Growth above key competition, but a decrease in exterior cladding market share.</p>	Performance below expectations												
<p>Build US organizational and leadership capability in support of the 35/90 growth target The amount of growth that 35/90 entails requires lower turnover levels and an increase in management depth and organizational capability.</p>	<p>Goal: Continued focus on turnover, succession planning, engagement initiatives and programs to build organizational capability demonstrated by greater bench strength of high performing managers.</p> <p>Result: Slight increase in total turnover over the three year period, however improvement in the critical areas of leadership development and advancing organizational capability.</p>	Performance met expectations												
<p>Manufacturing effectiveness and sourcing efficiency The Company operates a national US network of manufacturing facilities.</p>	<p>Goal: Commercial-in-confidence metrics for product and process efficiency and material yield used to confirm manufacturing performance and progress as well as service levels are effectively supporting our product leadership strategy.</p> <p>Result: Met Pcl/PdI targets, though did not meet First Pass Quality targets during the three year period while focusing on starting-up and commissioning 4 new lines and 600 new manufacturing employees, resulting in a significantly expanded manufacturing network both in scale and capability.</p> <p>Service surpassed the target in fiscal year 2016, but missed the last two years of the period primarily due to supply/capacity constraints during fiscal year 2017 and the first half of fiscal year 2018.</p>	Performance met expectations												
<p>Safety The safety of our employees is an essential objective of the Company.</p>	<p>Goal: 2.0 or below incident rate ("IR") and 20.0 or below severity rate ("SR").</p> <table border="1"> <thead> <tr> <th>Result:</th> <th>IR</th> <th>SR</th> </tr> </thead> <tbody> <tr> <td>FY2018</td> <td>1.1</td> <td>20.9</td> </tr> <tr> <td>FY2017</td> <td>1.4</td> <td>20.5</td> </tr> <tr> <td>FY2016</td> <td>1.8</td> <td>42.4</td> </tr> </tbody> </table> <p>One fatality in FY18.</p>	Result:	IR	SR	FY2018	1.1	20.9	FY2017	1.4	20.5	FY2016	1.8	42.4	Performance below expectations
Result:	IR	SR												
FY2018	1.1	20.9												
FY2017	1.4	20.5												
FY2016	1.8	42.4												

Performance Measure/Rationale	Performance Metric/Results	Board Assessment for the Three-year Period
<p>Maintain market position on core products in Australian and New Zealand markets and grow Scyon to greater proportion of Australian business Value creating opportunity.</p>	<p>Goal: Grow category share on core Australian and New Zealand products, grow PDG in Australia and New Zealand, and achieve growth of Scyon as a percentage of the Australian business.</p> <p>Result: Asia Pacific business has maintained and grown market position in Australia and New Zealand markets over the period driven by a new management focus on new products and segments, and a continued and substantial investment in management capability and marketing programs. Scyon grew as a percentage of the Australian business over the three-year period.</p>	<p>Performance exceeded expectations</p>
<p>Global start-up of capacity additions Expansion to support expected growth over the next 20 years.</p>	<p>Goal: Completion of building construction, equipment installation and start up at identified sites.</p> <p>Result: The Company expanded global nameplate capacity by ~20% during the three year period. The Company added four brownfield sheet machines in North America and a new sheet machine and new finishing lines in Carole Park over the three year period. The Company's returns will significantly benefit from identification of brownfield capacity versus adding more expensive greenfield capacity.</p>	<p>Performance exceeded expectations</p>
<p>Strategic positioning Developing sustainable growth beyond the Company's traditional markets may create shareholder value through increased profits and diversification for lower risk.</p>	<p>Goal: This measure is subjective and achievement can take many different forms, including developing new technologies, expanding into new product categories, or expanding geographically.</p> <p>Result: Plans in place to move forward with additional product offerings which show great potential in terms of market acceptance and profitability. Additionally, the acquisition of Fermacell has repositioned our European business for greater growth and expansion.</p>	<p>Performance exceeded expectations</p>
<p>Customer experience Necessary to support the Company's 35/90 strategy.</p>	<p>Goal: Demonstrated improvement in the customer experience based on measures set in fiscal years 2015 and 2016.</p> <p>Result: Customer experience initiatives met expectations. The Customer Experience team was disbanded and the initiatives distributed within operations. Operations has had success in continuing to execute on the customer experience strategy despite challenges associated with demand dampening.</p>	<p>Performance met expectations</p>

Performance Measure/Rationale	Performance Metric/Results	Board Assessment for the Three-year Period
Defend market share position against key wood-look competitors Necessary to support the Company's 35/90 strategy.	Goal: Outgrow key wood-look competitors in specific markets in the aggregate measured on a calendar year basis. Result: By the end of the three-year period, the Company's performance was negatively impacted by our supply constraint.	Performance below expectations
Trim market strategy implementation Developing sustainable growth beyond the Company's traditional products.	Goal: Commercial-in-confidence targets will be reviewed to confirm progress is supporting the Company's trim market strategy. Result: Performance for the three-year period is above the prior three-year period and continues to grow in key markets.	Performance met expectations

Fiscal Year 2018 Retention Grants subject to extra service criteria

In addition to the above-mentioned annual LTI grants, the Remuneration Committee also determined to issue a non-recurring retention award grant (the "Retention Grant Awards") to each of Messrs Marsh, Truong, Gadd and Nielsen in fiscal year 2018. In determining to grant these special Retention Grant Awards, the Remuneration Committee carefully considered its desire to maintain a stable management team for the foreseeable future and enhance its co-dependency and cooperation as the Company prepares for its eventual CEO transition process. The number of Retention Grant Awards issued to each of Messrs Marsh, Truong, Gadd and Nielsen were identical to the award amounts and award types granted to such Senior Executive Officers under the LTI Plan for fiscal year 2018 and such Retention Grant Awards contain the same performance-vesting criteria; however, with additional service-vesting criteria. Specifically, at the end of the applicable three-year performance period, James Hardie will determine the amount and type of Retention Grant Awards available for vesting based on the established performance criteria and any Retention Grant Awards which are unavailable for vesting based on the performance criteria will be forfeited. Thereafter, one-third of such Retention Grant Awards will vest and be converted into shares of common stock or cash, as the case may be, and the remaining Retention Grant Awards will vest ratably on each of the fourth and fifth anniversaries of the grant date, subject to the applicable Senior Executive Officer's continued employment with James Hardie.

Fiscal Year 2018 Retention Grants			
	ROCE RSUs	TSR RSUs	Scorecard LTI Units
M Marsh	40,932	74,071	122,797
S Gadd	27,288	49,380	81,865
J Truong	34,110	61,726	102,331
Z Nielsen	34,110	61,726	102,331

CHANGES TO REMUNERATION FOR FISCAL YEAR 2019

Remuneration for Fiscal Year 2019

During May 2018, the Board, with the assistance of the Remuneration Committee and its independent remuneration advisers, undertook its annual review of our existing remuneration policies, programs and arrangements and determined to implement certain changes for fiscal year 2019.

CEO Compensation

For fiscal year 2019, there will be no changes to the CEO's base salary, target STI or target LTI.

Other Senior Executive Officer Compensation

Base pay and target STI increases in fiscal year 2019 for other Senior Executive Officers are as follows:

Name	Base Salary		Target STI	
	Fiscal Year 2018 (US\$)	Fiscal Year 2019 (US\$)	Fiscal Year 2018 (US\$)	Fiscal Year 2019 (US\$)
M Marsh	600,000	630,000	70%	75%
S Gadd	500,000	525,000	60%	No change
J Truong	600,000	630,000	70%	75%
Z Nielsen	500,000	525,000	60%	No change

There are no changes to target LTI for the Senior Executive Officers for fiscal year 2019. Base salary increases for Messrs Marsh, Gadd, Truong and Nielsen were made in line with our annual compensation review guidelines and were adjusted as required to maintain positioning relative to market merit increase levels. The target STI increases for Messrs Marsh and Truong were made to continue to align compensation packages with our CEO succession plan and our need to retain key senior executives through the eventual CEO transition process.

STI Plans

Given the acquisition of Fermacell on 3 April 2018, the CP plan for fiscal year 2019 will include payout matrices for our European businesses based on revenue and returns, similar in nature to the US and Asia Pacific plans. Payouts under the European matrix may range from 0 to 300%.

The Remuneration Committee has also implemented a circuit breaker for the US business which will prevent any fiscal year 2019 CP bonus from being paid to participants tied to the US multiple if performance on the Growth Measure does not meet the minimum threshold set by the Remuneration Committee. In the event of a zero payout for the US multiple, the US multiple used in the calculation of any composite multiple will also be zero.

For fiscal year 2019, all Senior Executive Officers will continue to be tied to either the US multiple (Messrs Gadd and Nielsen) or a composite multiple derived from the metrics for the US, Asia Pacific and European businesses combined (75% US, 15% Asia Pacific and 10% European for Messrs Gries and Marsh; 30% US, 40% Asia Pacific and 30% European for Mr Truong).

There will be no other changes to the operation of the IP or CP Plans for fiscal year 2019 with the exception of establishing new commercial-in-confidence targets aligned with our strategic initiatives as we do every year.

LTI Plan

The Remuneration Committee believes the three components of the LTI Plan continue to (i) align management objectives with shareholder interests (Relative TSR RSU component), (ii) promote the appropriate internal management behaviors related to operating efficiency and the profitability of JHI plc's assets (ROCE RSU component), and (iii) emphasize strategic long-term priorities (Scorecard LTI component). As such, the fiscal year 2019 LTI Plan is consistent with the plan for fiscal year 2018, with minor updates to ROCE RSU hurdles and Scorecard objectives.

The 2018 Notice of AGM contains further details on the Relative TSR RSU and ROCE RSU grants for fiscal year 2019. Changes to ROCE performance hurdles and Scorecard objectives for fiscal year 2019 are set forth below.

Changes to LTI Variable Compensation for Fiscal Year 2019

ROCE RSUs

To incorporate the impact of the Fermacell acquisition into the three-year plan, the Remuneration Committee adjusted the hurdles for fiscal year 2019 ROCE RSUs (for performance in fiscal years 2019 to 2021) from the hurdles for fiscal year 2018 ROCE RSUs as follows:

Fiscal Years 2019-2021 ROCE	Fiscal Years 2018-2020 ROCE	% of ROCE RSUs Granted to Vest
< 24.0%	< 25.0%	0%
≥ 24.0%, but < 26.0%	≥ 25.0%, but < 27.0%	25%
≥ 26.0%, but < 27.5%	≥ 27.0%, but < 29.5%	50%
≥ 27.5%, but < 28.5%	≥ 29.5%, but < 30.5%	75%
≥ 28.5%	≥ 30.5%	100%

The Remuneration Committee believes the adjusted hurdles continue to require management to deliver improved and sustainable operational efficiencies after adjustment for the Fermacell acquisition.

Scorecard LTI

The Remuneration Committee has set the following seven fiscal year 2019 Scorecard goals (for performance in fiscal years 2019 to 2021) to ensure alignment with our strategic priorities:

Performance Goal/Rationale	Performance Metric	Board Expectation
<p>Deliver 3 Key Global Initiatives: Scaling the Company for Sustainable Future Growth.</p> <p>Changing the Company culture to include the engagement of a broader management group to drive how work is done.</p>	<p>Safety A Global Standard in place for safety. One Company Approach is evident.</p> <p>JH Operating System A sustainable and integrated approach to strategic planning process, people management process, and operating the Company.</p> <p>Project Engage Develop, retain and hire next generation JH talent and build high-performing GMT.</p>	<p>Safety See “Zero Harm” goal below.</p> <p>JH Operating System A Company-wide process linking a business plan with talent management and a rigorous and disciplined operating calendar resulting in predictable execution.</p> <p>A Company-wide process to assess employee performance, and linked to talent management processes and strategies.</p> <p>Project Engage See “People” goal below.</p>
<p>Accelerate North America Fiber Cement Organic Growth Rates: Growing market share in all our businesses and geographies.</p> <p>A key strategy for the Company is to maximize market share of the exterior cladding market for new housing starts and for repair & remodel markets in North America, while striving for 90% category share.</p>	<p>Our PDG performance for exterior cladding compared to the underlying market (in standard feet) and outperformance of key competition, and volume growth of our interiors business.</p>	<p>PDG growth above market and outperformance against key competition for exterior cladding and positive volume growth for our interiors business.</p>
<p>People: Continue to invest in the development and promotion of our people.</p> <p>The ability for the Company to realize its growth potential and deliver results in line with shareholder expectations requires higher engagement, lower turnover, an increase in management depth, and greater organizational capability.</p>	<p>A range of factors including the rate of salaried turnover, execution of programs to build organizational capability and bench strength for key roles, and succession planning.</p>	<p>Continued focus on turnover and engagement initiatives, success in external recruitment, onboarding of key positions and programs to build organizational capability, and development of/successful execution on a management team succession plan.</p>
<p>Zero Harm The safety of our employees is an essential objective of the Company.</p>	<p>Days Away Restricted Duty (DART): the number of recordable incidents per 100 <i>fulltime</i> employees that resulted in lost or <i>restricted days</i> or job transfer due to work related injuries or illnesses.</p> <p>Fleet Incident Rate (Fleet IR): incidents per miles driven.</p> <p>Employee engagement on safety.</p>	<p>DART: 0.20 in FY2021.</p> <p>Fleet IR: 5.47 in FY2021.</p> <p>Employee engagement: 85% in FY2021.</p>

Performance Goal/Rationale	Performance Metric	Board Expectation
<p>Hardie Advantage Manufacturing: An unrivalled commitment to research and development; maintaining our manufacturing cost advantage; delivering industry leading quality and service levels; investing in future manufacturing capability and capacity; utilizing technology to better improve our customers' experiences with us; and ensuring we meet our financial returns objective.</p> <p>Adequate capacity, and effective machine utilization, product quality, and service are critical to delivering future growth and optimizing returns through a more efficient manufacturing network.</p>	<p>Completion of capacity projects on budget and schedule. First pass quality and service, as well as sheet machine product and process efficiency metrics. Manufacturing performance data is commercial-in-confidence.</p>	<p>Commercial-in-confidence targets will be reviewed to confirm progress is supporting the Company's product leadership strategy.</p>
<p>Asia Pacific: Pursue organic growth in Asia Pacific markets.</p> <p>Value creating opportunity.</p>	<p>Category share and PDG, continued growth of Scyon and introduction and growth of new products in Asia Pacific, and maintain supply ahead of demand. Manufacturing performance data is commercial-in-confidence.</p>	<p>Maintain category share and PDG on core Australian and New Zealand products.</p> <p>Achieve growth in Scyon as well as the introduction of new products in Asia Pacific.</p> <p>Commercial-in-confidence targets will be reviewed to confirm progress is supporting the Company's product leadership strategy.</p>
<p>JH Europe: Successfully integrate and grow the Fermacell business and develop a business plan to manufacture fiber cement products that meet European market needs.</p> <p>Long-term growth of James Hardie in part requires growth businesses beyond North America and Asia Pacific core fiber cement.</p>	<p>Fiber gypsum market share growth in targeted countries.</p> <p>Deliver fiber gypsum business case for EBIT and cash flow.</p>	<p>Increase in sales revenue and EBIT over the three-year period and progress with the development of the Europe business plan, including local R&D and manufacturing capability.</p>

OTHER EXECUTIVE COMPENSATION PRACTICES

Clawback Provisions

The Remuneration Committee has established an executive performance-based compensation clawback policy in connection with performance-based compensation paid or awarded to certain executives. The clawback policy provides that the Board may, in all appropriate circumstances, recover from any current or former executive regardless of fault, that portion of any performance-based compensation erroneously awarded: (i) based on financial information required to be reported under applicable US or Australian securities laws or applicable exchange listing standards that would not have been paid in the three completed fiscal years preceding the year(s) in which an accounting restatement is required to correct a material error; or (ii) during the previous three completed fiscal years as a result of any errors or omissions in objective, calculable performance measures contained in formal papers presented to and relied upon by the Board for purposes of determining compensation to be paid or awarded, where the absence of such errors or omissions would have resulted in there being a material negative impact on the amount of performance-based compensation paid or awarded.

The clawback policy applies to any person designated as a participant by the Board in the annual LTI Plan and applies to any compensation that is granted, earned or vested based wholly or in part upon the attainment of any financial or other objective, calculable performance measure under any incentive, bonus, retirement or equity compensation plan maintained by the Company, including, without limitation, the STI Plan and LTI Plan. Salaries, discretionary bonuses, time-based equity awards and bonuses or equity awards based on subjective, non-financial measures, including strategic or personal performance metrics, are excluded.

The excess compensation requiring recovery shall be the amount of performance-based compensation that an executive received, based on the erroneous data, less the amount that would have been paid to the executive based on the restated or corrected data. All recoverable amounts shall be calculated on a pre-tax basis. For equity awards still held at the time of the recovery, the recoverable amount shall be the amount vested in excess of the number that should have vested under the restated or corrected financial reporting measure. For vested equity awards which have already been sold, the recoverable amount shall be the sale proceeds the executive received with respect to the excess number of shares.

In addition, all fiscal year 2018 LTI grants made to Messrs Gries and Marsh, as well as all Retention Grant Awards, are subject to a specific clawback provision for violation of a limited non-compete provision that specifically prohibits executives from working for designated competitors or for any company that may enter the fiber cement market within two years of departure. For fiscal year 2019, all LTI grants made to members of the GMT will be subject to this clawback provision.

Stock Ownership Guidelines

The Remuneration Committee believes that Senior Executive Officers should hold a meaningful level of our stock to further align their interests with those of our shareholders. We have adopted stock ownership guidelines for the CEO and other Senior Executive Officers, respectively, which require them to accumulate holdings of three times and one times their base salary, respectively, in our stock over a period of five years from the effective date of the guidelines (1 April 2009) or the date the Senior Executive Officer first becomes subject to the applicable guideline.

Until the stock ownership guidelines have been met, Senior Executive Officers are required to retain at least 75% of shares obtained under our LTI Plans (net of taxes and other costs). Once Senior Executive Officers have met or exceeded their stock ownership guidelines, they are required to retain at least 25% of shares issued under our LTI Plans through the vesting of RSUs (net of taxes and other costs) for a period of two

years (by way of a holding lock), after which time those shares can be sold (provided the Senior Executive Officer remains at or above the stock ownership guideline).

As of 31 March 2018, all Senior Executive Officers have either achieved the minimum share ownership threshold or are within the initial five year accumulation period.

Equity Award Practices

Annual equity awards under the LTI Plan are generally approved by the Remuneration Committee in May of each year with awards generally issued in August of each year. We do not time the granting of equity awards to the disclosure of material information.

For details of the application of our insider-trading policy for equity award grant participants, including our prohibition on employee hedging transactions, see the "Insider Trading" section of this Annual Report.

Loans

We did not grant loans to Senior Executive Officers during fiscal year 2018. There are no loans outstanding to Senior Executive Officers.

Employment and Severance Arrangements

During fiscal year 2018, we maintained employment agreements with each of Messrs Gries and Marsh. Other than as provided under the terms of their respective employment agreements, no other termination payments are payable, except as required under the terms of the applicable STI or LTI plans.

Employment Agreement with Louis Gries

Below is a summary of the key terms of Mr Gries' current employment agreement:

- Executive Employment Agreement renewed effective as of 14 October 2010 providing for service as Chief Executive Officer.
- Mr Gries is an employee-at-will and either he or the Company may terminate his employment at any time or any reason.
- Base salary at an initial annual rate of US\$950,000, subject to annual review and approval by the Remuneration Committee.
- Participation in the Company's annual STI and LTI Plans, with a minimum STI target of 100% of his annual base salary, as established by the Company's Board.
- Participation in the Company's benefit, health and welfare plans and certain fringe benefits made generally available to Senior Executive Officers in accordance with his agreement and Company policies.
- Provisions concerning consequences of termination of employment under specified circumstances, including: (i) termination by the Company for cause; (ii) termination by reason of death or disability; (iii) retirement; (iv) termination by the Company without cause or by Mr Gries with good reason; or (v) termination by Mr Gries without good reason.
- In the event that Mr Gries' employment is terminated by the Company for any reason other than for cause, or if Mr Gries voluntarily terminates his employment for good reason, the Company shall pay to Mr Gries, in addition to any compensation or reimbursements he would otherwise be entitled to up to the date of termination: (i) an amount equal to 150% of his then current base salary; (ii) an amount equal to 150% of his average annual STI bonus actually paid, calculated based on the three full fiscal years immediately preceding the year of termination; (iii) his prorated bonus; (iv) no pro rata forfeiture of his unvested RSUs/Scorecard LTI grants - these will vest in accordance with the terms and timing of the specific grants; and (v) continuation of health and medical benefits at the

Company's expense for the duration of the consultation agreement referenced below, provided that Mr Gries signs the Company's release of claims without revocation and has been and continues to remain in compliance with his confidentiality and noncompetition obligations as set forth in this agreement.

- In the event of Mr Gries' retirement after the age of 65, or prior to age 65 with the approval of the Board, his then unvested RSUs and awards will not be forfeited and will be held through the applicable testing periods.
- In the event that Mr Gries' employment is terminated for any reason other than by the Company for cause or due to his death, in addition to any severance payment he may be entitled to as set forth above, the Company and Mr Gries each agree to enter into a consulting arrangement for a minimum of two years, as long as Mr Gries adheres to certain non-competition and confidentiality provisions and executes a release of claims following the effective date of termination. Under the consulting agreement, Mr Gries will receive his annual target STI bonus and annual base salary in exchange for his consulting services and non-compete.

Employment Agreement with Matt Marsh

Below is a summary of the key terms of Mr Marsh's current employment agreement:

- Effective 15 May 2016, the Company entered into an employment agreement with Mr Marsh (the "Marsh Agreement"), which has an initial term of three years and automatic one year renewals thereafter unless either Mr Marsh or the Company notifies the other party at least 90 days before the expiration date that the Marsh Agreement is not to be renewed. In the event that the Company is the party that determines not to renew, such non-renewal shall be treated as a termination without "Cause" (as defined in the Marsh Agreement) and subject to the termination without "Cause" provisions of the Marsh Agreement.
- The Marsh Agreement provides for a base salary of not less than US\$560,000, or such greater amount as may be established by the Remuneration Committee, for Mr Marsh. The base salary shall be reviewed annually for increase in the discretion of the Remuneration Committee. Additionally, Mr Marsh shall be eligible for an annual STI award with payout opportunities that are commensurate with his position and duties, with a minimum target annual STI award opportunity of not less than 70% of this the current base salary. Mr Marsh shall also be eligible to participate in our annual LTI plan on terms commensurate with his position and duties, with a minimum annual target LTI award opportunity of not less than US\$1,200,000.
- Mr Marsh shall be eligible for participation in our employee benefit, health and welfare plans and certain fringe benefits made generally available to Senior Executive Officers in accordance with Company policies.
- The Marsh Agreement contains provisions concerning the consequences of termination of employment under specified circumstances, including: (i) termination by the Company for Cause; (ii) termination by reason of death or disability; (iii) termination by the Company without Cause or by Mr Marsh with "Good Reason" (as defined in the Marsh Agreement); or (iv) termination by Mr Marsh without Good Reason. In particular, in the event the Company terminates Mr Marsh without Cause or Mr Marsh voluntarily terminates for Good Reason, Mr Marsh shall be entitled to: (i) a lump-sum amount equal to his unpaid base salary through and including the date of termination, as well as accrued, unused vacation pay and unreimbursed business expenses; (ii) a payment for any earned but unpaid annual incentive award for a completed calendar year prior to the date of termination; (iii) salary continuation for the two year period following the date of termination, provided the aggregate amount of such continuation payments shall be equal to the sum of (A) two times the base salary plus (B) one times the annual incentive award opportunity, as then in effect; (iv) an amount, if any, with respect to the annual incentive award opportunity for the year in which such termination of employment occurs, as determined under the terms and conditions of the Company's annual incentive program(s); (v) all outstanding equity awards will remain subject to the terms and conditions of the applicable equity incentive plan and any corresponding award agreement(s); (vi)

monthly payments for a period of 18 months equal to the premium Mr Marsh would be required to pay for COBRA continuation coverage under James Hardie's health benefit plans, determined using the COBRA premium rate in effect for the level of coverage that Mr Marsh has in place immediately prior to termination; and (vii) the Company will assist Mr Marsh in finding other employment opportunities by providing to him, at James Hardie's limited expense, reasonable professional outplacement services through the provider of James Hardie's choice for a period of up to 24 months.

- Pursuant to the confidentiality, non-competition and non-solicitation provisions of the Marsh Agreement, for a period of 24 months following any termination of Mr Marsh's employment, Mr Marsh shall be prohibited from: (i) directly or indirectly acting, engaging in, have a financial or other interest in, or otherwise serving as an employee, agent, partner, shareholder, director, or consultant for certain designated competitors of the Company; and (ii) employing or retaining or soliciting for employment any person who is an employee or consultant of the Company or soliciting suppliers or customers of the Company or inducing any such person to terminate his, her, or its relationship with the Company.

Severance Employment Arrangements with Jack Truong and Zean Nielsen

In connection with their initial retention, we have agreed to certain severance provisions and other employment terms with each of Messrs Truong and Nielsen. In regards to severance, Messrs Truong and Nielsen may be entitled to severance compensation in the event of the termination of either Mr Truong's or Mr Nielsen's employment under specified circumstances. In particular, in the event the Company terminates Mr Truong or Mr Nielsen without cause (as defined in their respective offer letters) or Mr Truong or Mr Nielsen voluntarily terminate their respective employment for Good Reason (as defined in their respective offer letter), then Mr Truong or Mr Nielsen, as the case may be, shall be entitled to: (i) a lump-sum amount equal to his unpaid base salary through and including the date of termination, as well as accrued, unused vacation pay and unreimbursed business expenses; (ii) a payment for any earned but unpaid annual incentive award for a completed calendar year prior to the date of termination; (iii) salary continuation for the two year period following the date of termination, provided the aggregate amount of such continuation payments shall be equal to the sum of (A) two times the base salary plus (B) one times the annual incentive award opportunity, as then in effect; (iv) an amount, if any, with respect to the annual incentive award opportunity for the year in which such termination of employment occurs, as determined under the terms and conditions of the Company's annual incentive program(s); (v) all outstanding equity awards will remain subject to the terms and conditions of the applicable equity incentive plan and any corresponding award agreement(s); (vi) monthly payments for a period of 18 months equal to the premium Mr Truong or Mr Nielsen, as the case may be, would be required to pay for COBRA continuation coverage under James Hardie's health benefit plans, determined using the COBRA premium rate in effect for the level of coverage in place immediately prior to termination; and (vii) the Company will assist Mr Truong or Mr Nielsen in finding other employment opportunities by providing to him, at James Hardie's limited expense, reasonable professional outplacement services through the provider of James Hardie's choice for a period of up to 24 months.

In addition to the severance arrangement outlined above, in connection with their initial retention, we also agreed to: (1) provide Mr Truong a one-time signing bonus of US\$200,000; and (2) provide Mr Nielsen a series of six cash payments each in the amount of US\$133,333, for an aggregate payment amount of US\$800,000. The first cash payment was provided to Mr Nielsen shortly following his date of hire with us and the remaining payments have been/will be issued on a bi-annual basis. We also agreed to provide Mr Nielsen a target-level STI bonus for fiscal year 2018.

REMUNERATION PAID TO SENIOR EXECUTIVE OFFICERS

Total Remuneration for Senior Executive Officers

Details of the remuneration for Senior Executive Officers in fiscal years 2018 and 2017 are set out below:

(US dollars)	Primary			Post-employment	Equity Awards		Other	TOTAL
	Name	Base Pay ¹	STI Award ²	Other Benefits ³	401(k)	Ongoing Vesting ⁴	Mark-to Market ⁵	
L Gries⁷								
Fiscal Year 2018	950,000	902,500	99,201	16,200	5,891,642	213,689	—	8,073,232
Fiscal Year 2017	979,269	1,061,625	117,701	15,900	6,164,203	1,678,876	—	10,017,574
M Marsh								
Fiscal Year 2018	589,231	319,200	73,023	16,754	1,947,188	111,348	—	3,056,744
Fiscal Year 2017	569,231	370,048	77,579	16,454	1,339,162	241,857	—	2,614,331
S Gadd								
Fiscal Year 2018	475,231	130,200	58,888	17,474	1,300,430	51,661	150,000	2,183,884
Fiscal Year 2017	421,231	227,174	34,429	16,011	913,691	178,409	—	1,790,945
J Truong⁸								
Fiscal Year 2018	576,923	718,515	44,685	24,508	621,741	39,814	302,355	2,328,541
Fiscal Year 2017	—	—	—	—	—	—	—	—
Z Nielsen⁸								
Fiscal Year 2018	298,077	300,000	24,263	—	621,741	39,814	266,667	1,550,562
Fiscal Year 2017	—	—	—	—	—	—	—	—
TOTAL								
Fiscal Year 2018	2,889,462	2,370,415	300,060	74,936	10,382,742	456,326	719,022	17,192,963
Fiscal Year 2017	1,969,731	1,658,847	229,709	48,365	8,417,056	2,099,142	—	14,422,850

1 Base pay for FY2017 includes salary paid to Senior Executive Officers for the 27 bi-weekly paychecks received during FY2017 as compared to 26 bi-weekly paychecks as is typically standard in most fiscal years, including FY2018. This additional bi-weekly pay period was a function of the number of bi-weekly pay dates during FY2017 only and does not represent an increase in the base salary rate for Senior Executive Officers.

2 For further details on STI awards paid for fiscal years 2018 and 2017, see "Incentive Arrangements" above in this Remuneration section. Amounts reflect actual STI awards to be paid in June 2018 and paid in June 2017, for fiscal years 2018 and 2017, respectively.

3 Includes the aggregate amount of all other benefits received in the year indicated. Examples of benefits that may be received include medical and life insurance benefits, car allowances, membership in executive wellness programs, and financial planning and tax services.

4 Includes equity award expense for grants of Scorecard LTI awards, relative TSR RSUs and ROCE RSUs, including the Retention Grant Awards. Relative TSR RSUs are valued using a Monte Carlo simulation method. ROCE RSUs and Scorecard LTI awards are valued based on the Company's share price at each balance date as well as the Remuneration Committee's current expectation of the percentage of the RSUs or awards which will vest. The fair value of equity awards granted are included in compensation based upon an estimate of the number of awards that are expected to vest. For ROCE RSUs and Scorecard LTI awards, this amount excludes the equity award expense in fiscal years 2018 and 2017 resulting from changes in the Company's share price, which is disclosed separately in the Equity Awards "Mark-to-Market" column.

5 The amount included in this column is the equity award expense in relation to ROCE RSUs, Scorecard LTI awards and Retention Grant Awards of ROCE RSUs and Scorecard LTI resulting solely from changes in the fair market value of the US dollar share price during fiscal years 2018 and 2017. During fiscal year 2018, there was an 11.5% appreciation in our underlying share price from US\$15.72 to US\$17.53. During fiscal year 2017, there was a 14.9% appreciation in our underlying share price from US\$13.68 to US\$15.72, as a result of changes in the AUD/USD exchange rate.

- 6 Includes the aggregate amount of non-recurring payments or other benefits received in the year indicated. Examples include one-time signing bonus or other limited payments connected to initial retention, one-time discretionary bonus payments and relocation allowances and costs.
- 7 L Gries base pay includes US\$196,876 and US\$189,005 in fiscal years 2018 and 2017, respectively, which is allocated for tax purposes to his services on the Company's Board.
- 8 Messrs Truong and Nielsen joined the Company during fiscal year 2018. Mr Truong was hired 10 April 2017 and Mr Nielsen was hired 21 August 2017.

Variable Remuneration Payable in Future Years

Details of the accounting cost of the variable remuneration for fiscal year 2018, including Retention Grant Awards that may be paid to Senior Executive Officers in future years are set out below. The minimum amount payable is nil in all cases. The maximum amount payable will depend on the share price at time of vesting, and is therefore not possible to determine. The tables below are based on the fair value of the RSUs and Scorecard LTI according to US GAAP and our estimate of the rating to be applied to Scorecard LTI.

Scorecard LTI¹ (US dollars)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	TOTAL
L Gries	905,907	1,489,442	1,493,523	583,535	—	—	4,472,407
M Marsh	471,860	775,806	777,382	418,539	124,988	33,047	2,601,622
J Truong	393,217	646,505	647,818	348,782	104,157	27,539	2,168,018
Z Nielsen	393,217	646,505	647,818	348,782	104,157	27,539	2,168,018
S Gadd	314,573	517,204	518,255	279,026	83,326	22,031	1,734,415
	2,478,774	4,075,462	4,084,796	1,978,664	416,628	110,156	13,144,480

ROCE RSUs² (US dollars)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	TOTAL
L Gries	226,475	372,358	373,378	145,883	—	—	1,118,094
M Marsh	117,965	193,951	194,346	104,635	31,247	8,262	650,406
J Truong	98,304	161,626	161,955	87,196	26,039	6,885	542,005
Z Nielsen	98,304	161,626	161,955	87,196	26,039	6,885	542,005
S Gadd	78,643	129,301	129,564	69,756	20,831	5,508	433,603
	619,691	1,018,862	1,021,198	494,666	104,156	27,540	3,286,113

Relative TSR RSUs³ (US dollars)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	TOTAL
L Gries	381,625	627,447	629,166	245,822	—	—	1,884,060
M Marsh	204,253	335,821	336,494	182,977	56,072	14,825	1,130,442
J Truong	170,211	279,851	280,413	152,481	46,727	12,355	942,038
Z Nielsen	170,211	279,851	280,413	152,481	46,727	12,355	942,038
S Gadd	136,167	223,877	224,326	121,983	37,381	9,884	753,618
	1,062,467	1,746,847	1,750,812	855,744	186,907	49,419	5,652,196

1 Represents annual SG&A expense for Scorecard LTI granted in August 2017. The fair value of each award is adjusted for changes in our common stock price at each balance sheet date until the final Scorecard rating is applied in August 2020, at which time the final value is based on our share price and the Senior Executive Officers Scorecard rating at the time of vesting.

- 2 Represents annual SG&A expense for the ROCE RSUs granted in August 2017. The fair value of each RSU is adjusted for changes in our common stock price at each balance sheet date until August 2020 when ROCE results are known and the Remuneration Committee makes a determination on the amount of negative discretion to be applied and some, all or none of the awards become vested.
- 3 Represents annual SG&A expense for the Relative TSR RSUs granted in August 2017 with fair market value estimated using the Monte Carlo option-pricing method.

OUTSTANDING EQUITY AWARDS HELD BY SENIOR EXECUTIVE OFFICERS

The following tables set forth information regarding outstanding equity awards held by our Senior Executive Officers as of 30 April 2018.

Options

As at 30 April 2018, no Senior Executive Officers held stock options.

Restricted Stock Units

Name	Grant Date	Release Date	Holding and Unvested at 1 April 2017	Granted	Total Value at Grant ¹ (US\$)	Vested	Lapsed	Holding and Unvested at 30 April 2018	Fair Value per RSU ² (US\$)
<i>L Gries</i>	16-Sep-14 ^{3,5}	16-Sep-17	260,346	260,346	\$ 1,883,812	(97,629)	—	162,717	\$ 7.2358
	16-Sep-14 ⁴	16-Sep-17	232,980	232,980	\$ 2,607,442	(139,788)	(93,192)	—	\$ 11.1917
	16-Sep-15 ³	16-Sep-18	292,514	292,514	\$ 2,448,459	—	—	292,514	\$ 8.3704
	16-Sep-15 ⁴	16-Sep-18	254,480	254,480	\$ 3,227,875	—	—	254,480	\$ 12.6842
	16-Sep-16 ³	16-Sep-19	218,159	218,159	\$ 2,334,585	—	—	218,159	\$ 10.7013
	16-Sep-16 ⁴	16-Sep-19	194,626	194,626	\$ 3,045,566	—	—	194,626	\$ 15.6483
	21-Aug-17 ³	21-Aug-20	—	246,902	\$ 1,884,060	—	—	246,902	\$ 7.6308
	21-Aug-17 ⁴	21-Aug-20	—	136,441	\$ 1,936,357	—	—	136,441	\$ 14.1919
<i>M Marsh</i>	16-Sep-14 ³	16-Sep-17	38,787	38,787	\$ 280,655	(14,545)	—	24,242	\$ 7.2358
	16-Sep-14 ⁴	16-Sep-17	33,283	33,283	\$ 372,493	(19,969)	(13,314)	—	\$ 11.1917
	16-Sep-15 ³	16-Sep-18	65,816	65,816	\$ 550,906	—	—	65,816	\$ 8.3704
	16-Sep-15 ⁴	16-Sep-18	57,258	57,258	\$ 726,272	—	—	57,258	\$ 12.6842
	16-Sep-16 ³	16-Sep-19	65,448	65,448	\$ 700,379	—	—	65,448	\$ 10.7013
	16-Sep-16 ⁴	16-Sep-19	58,388	58,388	\$ 913,673	—	—	58,388	\$ 15.6483
	21-Aug-17 ³	21-Aug-20	—	74,071	\$ 565,221	—	—	74,071	\$ 7.6308
	21-Aug-17 ⁴	21-Aug-20	—	40,932	\$ 580,903	—	—	40,932	\$ 14.1919
<i>S Gadd</i>	16-Sep-14 ³	16-Sep-17	38,787	38,787	\$ 280,655	(14,545)	—	24,242	\$ 7.2358
	16-Sep-14 ⁴	16-Sep-17	33,283	33,283	\$ 372,493	(19,969)	(13,314)	—	\$ 11.1917
	16-Sep-15 ³	16-Sep-18	47,533	47,533	\$ 397,870	—	—	47,533	\$ 8.3704
	16-Sep-15 ⁴	16-Sep-18	41,353	41,353	\$ 524,530	—	—	41,353	\$ 12.6842
	16-Sep-16 ³	16-Sep-19	35,451	35,451	\$ 379,372	—	—	35,451	\$ 10.7013
	16-Sep-16 ⁴	16-Sep-19	31,627	31,627	\$ 494,909	—	—	31,627	\$ 15.6483
	21-Aug-17 ³	21-Aug-20	—	49,380	\$ 376,809	—	—	49,380	\$ 7.6308
	21-Aug-17 ⁴	21-Aug-20	—	27,288	\$ 387,269	—	—	27,288	\$ 14.1919
<i>J Truong</i>	21-Aug-17 ⁶	21-Aug-20	—	49,380	\$ 376,809	—	—	49,380	\$ 7.6308
	21-Aug-17 ⁷	21-Aug-20	—	27,288	\$ 387,269	—	—	27,288	\$ 14.1919
	21-Aug-17 ³	21-Aug-20	—	61,726	\$ 471,019	—	—	61,726	\$ 7.6308
	21-Aug-17 ⁴	21-Aug-20	—	34,110	\$ 484,086	—	—	34,110	\$ 14.1919
<i>Z Nielsen</i>	21-Aug-17 ⁶	21-Aug-20	—	61,726	\$ 471,019	—	—	61,726	\$ 7.6308
	21-Aug-17 ⁷	21-Aug-20	—	34,110	\$ 484,086	—	—	34,110	\$ 14.1919
	21-Aug-17 ³	21-Aug-20	—	61,726	\$ 471,019	—	—	61,726	\$ 7.6308
	21-Aug-17 ⁴	21-Aug-20	—	34,110	\$ 484,086	—	—	34,110	\$ 14.1919

- 1 Total Value at Grant = Fair Value per RSU multiplied by number of units granted.
- 2 Fair Value per RSU is estimated on the date of grant using a binomial lattice model that incorporates a Monte Carlo simulation for Relative TSR RSUs. For ROCE RSUs, the grant date fair value is our stock price on the date of grant. For service vesting RSUs, the fair value is our stock price on the date of grant, adjusted for the fair value of estimated dividends as the RSU holder is not entitled to dividends over the vesting period.
- 3 Relative TSR RSUs granted under the LTIP. These RSUs are subject to performance hurdles.
- 4 ROCE RSUs granted under the LTIP. These RSUs are subject to performance hurdles as well as the potential application of negative discretion.
- 5 Mr Gries was also granted a cash-settled award (equivalent to 11,164 units) on 16 September 2014. This cash-settled award may vest based on the same vesting criteria as his relative TSR RSU grant and may only vest in the event that his relative TSR RSU grant vests in full. Upon vesting, the award will be settled in cash based on the number of units vested and the fair market value of our shares of common stock as of the relevant vesting date.
- 6 Special one-time retention grant of Relative TSR RSUs granted under the LTIP. These RSUs are subject to performance hurdles and service-based vesting criteria.
- 7 Special one-time retention grant of ROCE RSUs granted under the LTIP. These RSUs are subject to performance hurdles and service-based vesting criteria, as well as the potential application of negative discretion.

Scorecard LTI

Name	Grant Date	Release Date	Holding and Unvested at 1 April 2017	Granted	Vested ¹	Lapsed	Holding and Unvested at 30 April 2018
<i>L Gries</i>	16-Sep-14	16-Sep-17	262,103	262,103	(123,188)	(138,915)	—
	16-Sep-15 ²	16-Sep-18	286,290	286,290	—	—	286,290
	16-Sep-16	16-Sep-19	218,954	218,954	—	—	218,954
	21-Aug-17	21-Aug-20	—	409,323	—	—	409,323
<i>M Marsh</i>	16-Sep-14	16-Sep-17	37,443	37,443	(21,716)	(15,727)	—
	16-Sep-15 ²	16-Sep-18	64,415	64,415	—	—	64,415
	16-Sep-16	16-Sep-19	65,686	65,686	—	—	65,686
	21-Aug-17	21-Aug-20	—	122,797	—	—	122,797
	21-Aug-17 ³	21-Aug-20	—	122,797	—	—	122,797
<i>S Gadd</i>	16-Sep-14	16-Sep-17	37,443	37,443	(21,716)	(15,727)	—
	16-Sep-15 ²	16-Sep-18	46,522	46,522	—	—	46,522
	16-Sep-16	16-Sep-19	35,580	35,580	—	—	35,580
	21-Aug-17	21-Aug-20	—	81,865	—	—	81,865
	21-Aug-17 ³	21-Aug-20	—	81,865	—	—	81,865
<i>J Truong</i>	21-Aug-17	21-Aug-20	—	102,331	—	—	102,331
	21-Aug-17 ³	21-Aug-20	—	102,331	—	—	102,331
<i>Z Nielsen</i>	21-Aug-17	21-Aug-20	—	102,331	—	—	102,331
	21-Aug-17 ³	21-Aug-20	—	102,331	—	—	102,331

- 1 Represents the number of Scorecard LTI awards vesting after the Remuneration Committee's application of the Scorecard in respect of fiscal years 2015-2017. A detailed assessment of the reasons for the Scorecard ratings was set out in the fiscal year 2017 Remuneration Report.
- 2 Scorecard LTI awards in respect of fiscal years 2016-2018 will vest on 16 September 2018. A detailed assessment of the Remuneration Committee's assessment of management's performance is set out on pages 46 through 48 of this Remuneration Report.
- 3 Special one-time retention grant of Scorecard LTI awards granted under the LTIP, which are also subject to service-based vesting criteria.

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

Fees paid to non-executive directors are determined by the Board, with the advice of the Remuneration Committee's independent external remuneration advisers, within the maximum total amount of base and committee fees pool approved by shareholders from time-to-time. Shareholders at the 2017 AGM approved the current maximum aggregate base and committee fee pool of US\$2.8 million per annum. No additional Board fees are paid to executive directors.

Remuneration Structure

Non-executive directors are paid a base fee for service on the Board. Additional fees are paid to the person occupying the positions of Chairman and Board Committee Chairman (and had been paid to the Deputy Chairman prior to his retirement), as well as for attendance at ad-hoc sub-committee meetings.

During fiscal year 2018, the Remuneration Committee reviewed non-executive directors' fees, using market data and taking into consideration the level of fees paid to chairmen and directors of companies with similar size, complexity of operations and responsibilities and workload requirements. The Remuneration Committee recommended an increase in the non-executive director base fee for calendar years 2018 and 2019 and the fee increase was effective from the start of the calendar year. The fee adjustment when calculated on a fiscal year basis equates to a 4.5% increase in base fee.

Position	Fiscal Year 2018 (US\$)	Fiscal Year 2019 (US\$)
Chairman	411,937	420,794
Board member	196,877	205,734
Audit Committee Chair	20,000	20,000
Remuneration Committee Chair	20,000	20,000
Nominating & Governance Committee Chair	20,000	20,000
Ad-hoc Board sub-committee attendance ¹	3,000	3,000

¹ Fee is payable in respect of each ad-hoc Board sub-committee attended.

During fiscal year 2016, the Remuneration Committee approved a non-executive director tax equalization policy, in order to ensure that the Company continues to attract highly qualified persons to serve on the Board irrespective of their tax residence. In accordance with the policy, the Company will ensure that each non-executive director does not have an increased income tax liability as a direct result of their appointment to the Board. Accordingly, if Irish income taxes levied on their director compensation exceed net income taxes owed on such compensation in their country of tax residence, assuming it had been derived solely in their country of tax residence, such director is eligible to receive a tax equalization payment in respect of that excess.

As the focus of the Board is on maintaining the Company's long-term direction and well-being, there is no direct link between non-executive directors' remuneration and the Company's short-term results.

Board Accumulation Guidelines

Non-executive directors are encouraged to accumulate a minimum of 1.5 times (and two times for the Chairman) the non-executive director base fee in shares of the Company's common stock (either personally, in the name of their spouse, or through a personal superannuation or pension plan). The Remuneration Committee reviews the guidelines and non-executive directors' shareholdings on a periodic basis.

Director Retirement Benefits

We do not provide any benefits for our non-executive directors upon termination of their service on the Board.

Total Remuneration for Non-Executive Directors for the Years Ended 31 March 2018 and 2017

The table below sets out the remuneration for those non-executive directors who served on the Board during the fiscal years ended 31 March 2018 and 2017:

(US dollars)

Name	Primary Directors' Fees ¹	Other Payments ²	Other Benefits ³	TOTAL
M Hammes				
Fiscal Year 2018	426,936	604,100	94,308	1,125,344
Fiscal Year 2017	410,065	—	28,142	438,207
D McGauchie				
Fiscal Year 2018	—	—	—	—
Fiscal Year 2017	151,610	—	21,882	173,492
B Anderson				
Fiscal Year 2018	237,876	—	—	237,876
Fiscal Year 2017	215,005	—	8,906	223,911
D Harrison				
Fiscal Year 2018	209,887	—	10,410	220,297
Fiscal Year 2017	209,005	—	10,324	219,329
A Littlely				
Fiscal Year 2018	205,875	—	—	205,875
Fiscal Year 2017	195,005	—	16,030	211,035
J Osborne				
Fiscal Year 2018	86,302	—	—	86,302
Fiscal Year 2017	201,005	—	—	201,005
R van der Meer				
Fiscal Year 2018	219,876	—	—	219,876
Fiscal Year 2017	209,005	—	1,531	210,536
R Chenu⁴				
Fiscal Year 2018	214,876	—	—	214,876
Fiscal Year 2017	195,005	—	4,390	199,395
A Gisle Joosen				
Fiscal Year 2018	199,876	—	—	199,876
Fiscal Year 2017	189,005	—	1,406	190,411
S Simms				
Fiscal Year 2018	186,957	—	—	186,957
Fiscal Year 2017	—	—	—	—
P Lisboa				
Fiscal Year 2018	33,146	—	—	33,146
Fiscal Year 2017	—	—	—	—
Total Compensation for Non-Executive Directors				
Fiscal Year 2018	2,021,607	604,100	104,718	2,730,425
Fiscal Year 2017	1,974,710	—	92,611	2,067,321

- 1 Amount includes base, Chairman, former Deputy Chairman, Committee Chairman fees, as well as fees for attendance at ad hoc sub-committee meetings.
- 2 Amount relates to a tax equalization payment in relation to income from the years ended 31 December 2010 through 31 December 2016 and includes US and Irish taxes due in connection with this payment in circumstances where Irish income taxes levied on director compensation exceeded net income taxes owed on such compensation in their country of tax residence. This tax equalization payment was made in accordance with the non-executive director tax equalization policy approved by the Remuneration Committee in fiscal year 2016.
- 3 Amount includes the cost of non-executive directors' fiscal compliance in Ireland and other costs connected with Board-related events paid for by the Company and Company product received in accordance with the Policy on Products for Friends and Family.
- 4 In addition to the compensation set forth above, Mr Chenu continues to receive certain tax services from the Company, and remains eligible for certain tax equalization benefits relative to the vesting of previously granted equity awards, stemming from his prior service as an executive officer of the Company.

Director Remuneration for the years ended 31 March 2018 and 2017

For Irish reporting purposes, the breakdown of director's remuneration between managerial services (which only relate to Mr Gries) and director services is:

(In US dollars)	Years Ended 31 March	
	2018	2017
Managerial Services ¹	\$ 7,876,356	\$ 9,828,569
Director Services ²	2,927,303	2,256,327
	<u>\$ 10,803,659</u>	<u>\$ 12,084,896</u>

- 1 Includes cash payments, non-cash benefits (examples include medical and life insurance benefits, car allowances, membership in executive wellness programs, financial planning and tax services), 401(k) benefits, and amounts expensed for outstanding equity awards for L Gries.
- 2 Includes compensation for all non-executive directors, which includes base, Chairman, former Deputy Chairman, Committee Chairman and cost of non-employee directors' fiscal compliance in Ireland, and Company product received in accordance with the employee program as well as other costs connected with Board-related events paid for by the Company. It includes a proportion of the CEO's remuneration paid as fees for his service on the JHI plc Board in fiscal years 2018 and 2017.

SHARE OWNERSHIP AND STOCK BASED COMPENSATION ARRANGEMENTS

As of 30 April 2018 and 30 April 2017, the number of CUFS and RSUs beneficially owned by Senior Executive Officers is set forth below:

Name	CUFS at 30 April 2018	CUFS at 30 April 2017	RSUs at 30 April 2018	RSUs at 30 April 2017
L Gries	504,507	404,038	1,505,839	1,453,105
M Marsh	61,251	59,557	501,158	318,980
S Gadd	55,101	36,407	333,542	228,034
J Truong	—	—	191,672	—
Z Nielsen	—	—	191,672	—

As of 30 April 2018 and 30 April 2017, the number of CUFS and RSUs beneficially owned by non-executive directors is set forth below:

Name	CUFS at 30 April 2018	CUFS at 30 April 2017
M Hammes ¹	44,109	44,109
B Anderson ²	18,920	18,920
R Chenu	105,518	105,518
A Gisle Joosen	2,480	2,480
D Harrison ³	19,259	19,259
P Lisboa	—	—
A Littlely ⁴	2,045	2,045
J Osborne ⁵	—	22,551
S Simms	—	—
R van der Meer	17,290	17,290

- 1 35,109 CUFS held in the name of Mr and Mrs Hammes and 9,000 CUFS held as American Depositary Shares (“ADSs”) in the name of Mr and Mrs Hammes.
- 2 7,635 CUFS held in the name of Mr Anderson, 390 CUFS held as ADSs in the name of Mr Anderson and 10,895 CUFS held as ADSs in the name of Mr and Mrs Anderson.
- 3 2,384 CUFS held in the name of Mr Harrison, 1,000 CUFS held as ADSs in the name of Mr Harrison and 15,875 CUFS held as ADSs in the name of Mr and Mrs Harrison.
- 4 2,045 CUFS held as ADSs in the name of Ms Littlely.
- 5 Ceased to be a director on 18 August 2017.

Based on 441,524,118 shares of common stock outstanding at 30 April 2018 (all of which are subject to CUFS), no director or Senior Executive Officer beneficially owned 1% or more of the outstanding shares of the Company at 30 April 2018 and none of the shares held by directors or Senior Executive Officers have any special voting rights. As of 30 April 2018, there were no options outstanding under any of the Company’s stock-based compensation arrangements. Individual’s holding RSUs have no voting or investment power over these units.

Stock-Based Compensation Arrangements

At 31 March 2018, we had the following equity award plans:

- the LTIP; and
- the 2001 Plan.

LTIP

The Company uses the LTIP as the plan for LTI grants to Senior Executive Officers and selected members of executive management. Participants in the LTIP receive grants of RSUs and Scorecard LTI, each of which is subject to performance goals. Participants and award levels are approved by the Remuneration Committee based on local market standards, and the individual’s responsibility, performance and potential to enhance shareholder value. The LTIP was first approved at our 2006 AGM, and our shareholders have subsequently approved amendments to the LTIP in 2008, 2009, 2010, 2012 and 2015. The Company intends to present the LTIP to shareholders for re-approval at the 2018 AGM.

The LTIP provides for plan participants' early exercise of certain benefits or early payout under the plan in the event of a "change in control," takeover by certain organizations or liquidation. For RSUs, a "change of control" is deemed to occur if (1) a takeover bid is made to acquire all of the shares of the Company and it is recommended by the Board or becomes unconditional, (2) a transaction is announced which would result in one person owning all the issued shares in the Company, (3) a person owns or controls sufficient shares to enable them to influence the composition of the Board, or (4) a similar transaction occurs which the Board determines to be a control event. On a change of control, the Board can determine that all or some RSUs have vested on any conditions it determines, any remaining RSUs lapse.

RSUs - From fiscal year 2009, the Company commenced using RSUs granted under the LTIP. RSUs issued under the LTIP are unfunded and unsecured contractual entitlements and generally provide for settlement in shares of our common stock, subject to performance vesting hurdles prior to vesting. Additionally, the Company has on occasion issued a small number of cash settled awards.

As of 31 March 2018, there were 3,517,048 RSUs outstanding under the LTIP, divided as follows:

Restricted Stock Units				
Grant Type	Grant Date	Granted	Vested as of 31 March 2018	Outstanding as of 31 March 2018
TSR	September 2014	459,317	156,812	281,954
TSR	September 2015	579,262	—	555,776
ROCE	September 2015	503,944	—	483,512
TSR	September 2016	456,819	—	430,865
ROCE	September 2016	407,539	—	384,385
TSR	August 2017	685,490	—	642,282
ROCE	August 2017	378,809	—	354,931
TSR - Retention	August 2017	246,903	—	246,903
ROCE - Retention	August 2017	136,440	—	136,440
Total Outstanding				3,517,048

Scorecard LTI - From fiscal year 2010, the Company commenced using Scorecard LTI units granted under the LTIP. The Scorecard LTI is used by the Remuneration Committee to set strategic objectives which change from year to year, and for which performance can only be assessed over a period of time. The vesting of Scorecard LTI units is subject to the Remuneration Committee's exercise of negative discretion. The cash payment paid to award recipients is based on JHI plc's share price on the vesting date (which was amended from fiscal year 2012 to be based on a 20 trading-day closing average price).

As of 31 March 2018, there were 2,450,503 Scorecard LTI units outstanding under the LTIP, divided as follows:

Scorecard LTI				
Grant Type	Grant Date	Granted	Vested as of 31 March 2018	Outstanding as of 31 March 2018
Scorecard	September 2015	566,936	—	543,950
Scorecard	September 2016	458,484	—	432,435
Scorecard	August 2017	1,131,309	—	1,064,794
Scorecard - Retention	August 2017	409,324	—	409,324
Total Outstanding				2,450,503

For additional information regarding the LTIP and award grants made thereunder, see Note 15 to our consolidated financial statements.

2001 Plan

The 2001 Plan is intended to promote the Company's long-term financial interests by encouraging management below the senior executive level to acquire an ownership position in the Company and align their interests with our shareholders. Selected employees under the 2001 Plan are eligible to receive awards in the form of RSUs, nonqualified stock options, performance awards, restricted stock grants, stock appreciation rights, dividend equivalent rights, phantom stock or other stock-based benefits. Award levels are determined based on the Remuneration Committee's review of local market standards and the individual's responsibility, performance and potential to enhance shareholder value.

The 2001 Plan was first approved by our shareholders and Board in 2001 and reapproved to continue until September 2021 at the 2011 AGM. An aggregate of 45,077,100 shares of common stock were made available for issuance under the 2001 Plan, subject to adjustment in the event of a number of prescribed events set out on the 2001 Plan. Outstanding RSUs granted under the 2001 Plan generally vest at the rate of 25% on the 1st anniversary of the grant, 25% on the 2nd anniversary date and 50% on the 3rd anniversary date.

The 2001 Plan is administered by our Remuneration Committee, and the Remuneration Committee or its delegate is authorized to determine: (i) who may participate in the 2001 Plan; (ii) the number and types of awards made to each participant; and (iii) the terms, conditions and limitations applicable to each award. The Remuneration Committee has the exclusive power to interpret and adopt rules and regulations to administer the 2001 Plan, including a limited power to amend, modify or terminate the 2001 Plan to meet any changes in legal requirements or for any other purpose permitted by law.

The purchase or exercise price of any award granted under the 2001 Plan may be paid in cash or other consideration at the discretion of our Remuneration Committee, including cashless exercises.

The exercise price for all options is the market value of the shares on the date of grant. The Company may not reduce the exercise price of such an option or exchange such an option or stock appreciation right for cash, or other awards or a new option at a reduced exercise price without shareholder approval or as permitted under specific restructuring events.

No unexercised options or unvested RSUs issued under the 2001 Plan are entitled to dividends or dividend equivalent rights.

The 2001 Plan also permits the Remuneration Committee to grant stock options, performance awards, restricted stock awards, stock appreciation rights, dividend equivalent rights or other stock based benefits.

The 2001 Plan provides for the automatic acceleration of certain benefits and the termination of the plan under certain circumstances in the event of a "change in control." A change in control will be deemed to have occurred if either (1) any person or group acquires beneficial ownership equivalent to 30% of our voting securities, (2) individuals who are currently members of our Board cease to constitute at least a majority of the members of our Board, or (3) there occurs the consummation of certain mergers (other than a merger that results in existing voting securities continuing to represent more than 5% of the voting power of the merged entity or a recapitalization or reincorporation that does not result in a material change in the beneficial ownership of the voting securities of the Company), the sale of substantially all of our assets or our complete liquidation or dissolution.

Options - Until fiscal year 2008, the Company issued options to purchase shares of our common stock issued under the 2001 Plan. As of 31 March 2018, there were no options outstanding under the 2001 Plan.

RSUs - Since fiscal year 2009, the Company has issued restricted stock units under the 2001 Plan, which are unfunded and unsecured contractual entitlements for shares to be issued in the future and may be subject to time vesting or performance hurdles prior to vesting. On vesting, restricted stock units convert into shares. We granted 332,262, 315,636, and 327,354 restricted stock units under the 2001 Plan in the years ended 31 March 2018, 2017 and 2016, respectively. Additionally, the Company has on occasion issued a small number of cash settled awards. As of 31 March 2018, there were 620,544 restricted stock units outstanding under this plan, divided as follows:

Restricted Stock Units			
Grant Date	Granted	Vested as of 31 March 2018	Outstanding as of 31 March 2018
December 2015	327,354	139,345	114,545
December 2016	297,388	67,241	181,164
December 2017	320,909	—	320,909
February 2018	3,926	—	3,926
Total Outstanding			620,544

For additional information regarding the 2001 Plan and award grants made thereunder, see Note 15 to our consolidated financial statements.